

# MATERIALITY MATTERS

## THE SUSTAINABILITY REPORT



بنك أبوظبي الوطني  
NBAD



## ABOUT THIS REPORT

This is the fourth annual National Bank of Abu Dhabi (NBAD) Sustainability Report, entitled 'Materiality Matters'.

The report addresses our progress against the commitments we made in our 2011 Sustainability Report - Catalysing Change,<sup>1</sup> relating to the environmental, social, economic and governance issues most material to our business and aligned to our 6 priority focus areas:

- Strengthening our economic performance
- Embracing accountability
- Investing in our people
- Being environmentally smarter
- Delivering quality and innovation
- Building outstanding relationships

Each focus area is covered in its own chapter which includes a summary of our progress against our 2012 commitments, details of further work completed during 2012, and our plans for 2013.

This report covers the financial year ending 31 December 2012, the main scope of which is our data and activities related to NBAD Group Business in the United Arab Emirates. We will begin including more information related to our global operations in the report and will reference this specifically.

This report uses the Global Reporting Initiative's (GRI) International Guidelines and Financial Sector Supplement as guidance for sustainability reporting. We self-declare this report to meet GRI application level B.

More information on our reporting process and parameters, and an index listing the GRI indicators that are included in this report or elsewhere, can be found with the GRI Section at the end of this report.

This is the second report written entirely in-house without external assistance, including this year our Greenhouse Gas Emissions (GHG).

Where we have found inaccuracies in our previous reports necessitating corrections or restatements, we have included these in the relevant area of the document and also listed them as a separate reference - see Appendix G.

<sup>1</sup>Available on [www.nbad.com](http://www.nbad.com)

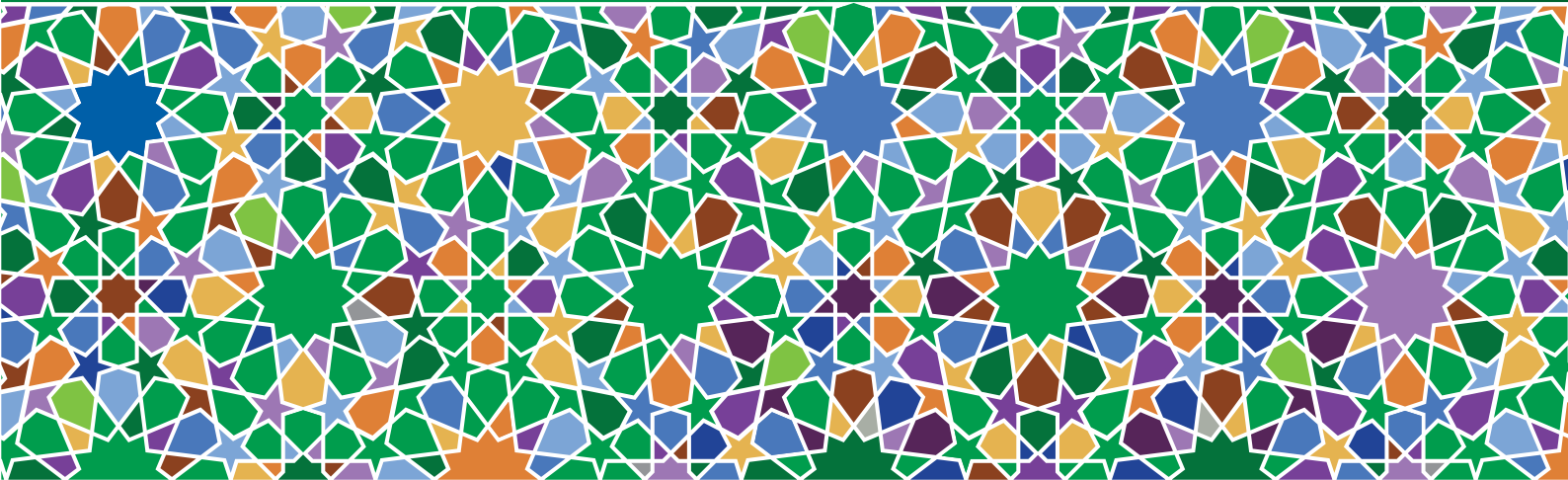




# INDEX

Who we are .....	4
Our sustainability strategy .....	16
Strengthening our economic impact .....	34
Embracing accountability.....	45
Investing in our people .....	54
Being environmentally smarter.....	64
Delivering quality and innovation .....	74
Building outstanding relationships .....	83
Appendices.....	89
GRI section.....	115

# WHO WE ARE



Ranked in 2012 for the fourth time in a row, one of the 'World's 50 Safest Banks' and the 'Safest Bank in the Middle East' by Global Finance.



NBAD was incorporated in 1968, is listed on the Abu Dhabi Securities Exchange (ADX) and was the first local bank in the UAE to surpass US\$ 1 billion net profits.

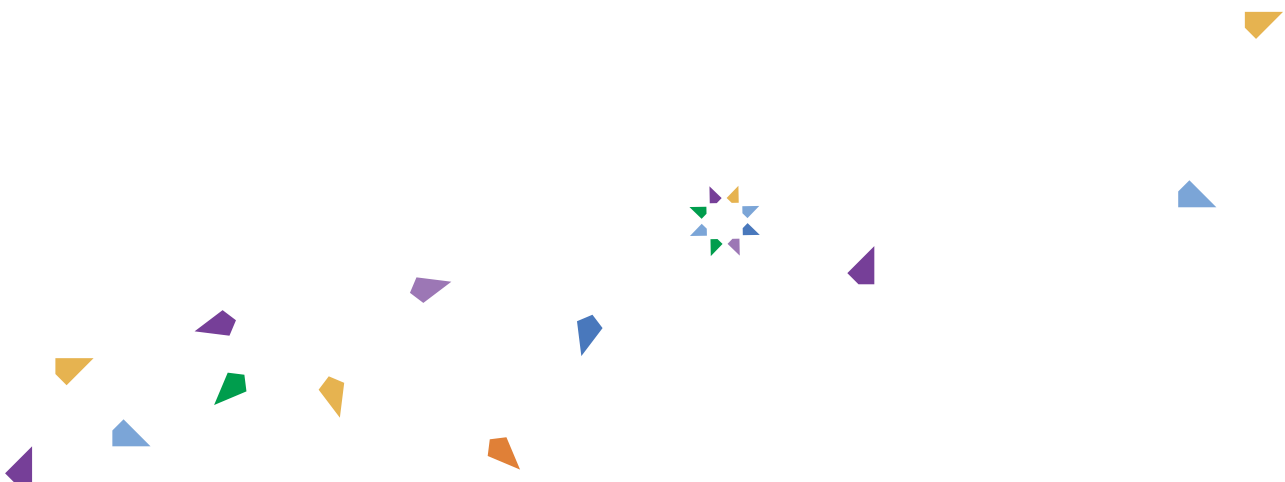
Ranked in 2012 for the fourth time in a row, one of the 'World's 50 Safest Banks' and the 'Safest Bank in the Middle East' by Global Finance.

With a network of 121 branches in the UAE and operating 571 ATMs, we also provide around-the-clock account access through internet banking, the SMS-based payment service Arrow, and personalised customer support through our 24-hour Call Centre.

Outside the UAE, NBAD's network of 57 international premises, stretches across 14 countries - from Hong Kong, China and Malaysia in Asia; Oman, Kuwait, and Bahrain in the GCC; Jordan in the Levant; Egypt, Sudan and Libya in Africa; France, Switzerland and the UK in Europe; to Washington D.C., in the USA.

We provide a wide variety of financial services targeting all segments of the consumer and corporate markets in addition to fund management, brokerage, financial markets, leasing, property management and private banking businesses.

We have been able to grow our business because of the people we employ and who work in the branches, manage the systems, develop the brand, expand the network and lead the business. Our employee base of 70 nationalities in the UAE, and 74 globally, helps us understand and meet the needs of our customers across the world.





Domestic Banking	Financial Markets	International Banking	Corporate & Investment Banking	Global Wealth	Islamic Banking
Consumer Banking	Corporate coverage & e-commerce	Arab World Banking	Corporate Banking Group	Private Banking	Abu Dhabi National Islamic Finance
Elite Banking	Institutional coverage & Primary markets	<ul style="list-style-type: none"> <li>• Egypt Network</li> <li>• Oman Network</li> <li>• Jordan Network</li> <li>• Sudan Network</li> <li>• Bahrain</li> <li>• Kuwait</li> <li>• Libya</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Banking UAE</li> <li>• Multinationals &amp; GREs</li> </ul>	<ul style="list-style-type: none"> <li>• UAE</li> <li>• NBAD Private Bank (Suisse) SA</li> </ul>	NBAD Islamic Division
Business Banking (SME)	Liquidity management & Interest rate products	International Banking	Wholesale Banking Group	Asset Management Group	
	Trading & Investments	<ul style="list-style-type: none"> <li>• United Kingdom</li> <li>• France</li> <li>• USA</li> <li>• Hong Kong</li> <li>• Malaysia</li> <li>• China (Shanghai)</li> </ul>	<ul style="list-style-type: none"> <li>• Global Project &amp; Structured Finance</li> <li>• Syndications &amp; Specialised Portfolio</li> <li>• Financial Institutions</li> <li>• Global Trade Finance</li> <li>• Global Cash Management</li> </ul>	Abu Dhabi Securities (Brokerage Services)	
			Investment Banking Group	<ul style="list-style-type: none"> <li>• Abu Dhabi Brokerage Egypt</li> </ul>	
			Private Equity	Custody Services	
			Abu Dhabi National Property - Real Estate	Investment Group (Investment products & views)	
			Abu Dhabi National Leasing - Leasing		
			Special Asset Advisory		

In addition to Abu Dhabi International Bank NV in the USA, and National Bank of Abu Dhabi Malaysia Berhad and NBAD Private Bank (Suisse) SA, we also operate subsidiaries in Curacao (Abu Dhabi International Bank NV); and Channel Islands (NBAD Trust Company (Jersey) Ltd) as well as Special Purpose Entities in Jersey, Republic of Ireland and the Cayman Islands. See our Annual report on [nbad.com](http://nbad.com), page 99 and pages 146-157, for a full list of all our branches and subsidiaries.



## Our Vision

To be recognised as the World's Best Arab Bank

## Our Mission

To provide our customers with exceptional service by creating products and delivering services of enduring value to help our customers grow

## Our Values

- Value our stakeholders
- Accessible to our customers 24 x 7
- Loyal to our heritage and global in our outlook
- Understand our customers' needs
- Recognise that people are our single biggest asset and empower them
- Teamwork
- Deal with others as we would like them to deal with us





# WHERE WE ARE IN THE WORLD



UAE units include bank branches only, not all office units. International units include both offices and branches.



## MESSAGE FROM THE CHAIRMAN

*National Bank of Abu Dhabi performed well in 2012 despite challenging economic conditions. This strong performance in uncertain times reflects the strength and sustainability of the bank's global diversified business model as well as the quality of the bank's staff, our single most valuable asset.*

*The bank delivered record top line revenues of AED 8.7 billion and net profits grew 17% to AED 4.3 billion for the full year 2012; the growth coming essentially from international business. The bank continued to grow its balance sheet and build upon its strong capital and liquidity positions. Return on average shareholders' funds was 16.5%; assets grew 18% to over AED 300 billion, and our capital adequacy ratios continued to be well in excess of the minimum thresholds required by our regulators.*

*We continued to grow both our domestic and international businesses; our domestic network expanded to reach 121 offices complemented by more than 570 ATMs. These are further supported with 13 Business Banking Centres dedicated to serve the needs of our SME customers.*

**“NBAD's business model is focussed on long term sustainable growth, which generates our continuing success and supports the future growths and development of the UAE.”**

*At the end of 2012, approximately 42% of our business was derived from clients based outside UAE. To support these clients, and to capitalise on new opportunities, we opened new offices in China and Malaysia in 2012, with a target of expanding internationally from 14 to 41 countries by 2022.*

*The Bank is well positioned to continue our growth trajectory in 2013. We will continue to expand our local presence while also moving forward with plans to open more offices internationally. We anticipate opening branches in Lebanon, South Sudan and Brazil in 2013 as we continue to execute against our international expansion strategy.*

**HE Nasser Ahmed Khalifa Alsowaidi**  
Chairman



## MESSAGE FROM THE CHIEF EXECUTIVE

*National Bank of Abu Dhabi delivered another year of solid results in 2012, continuing toward our goal to be recognised as the World's Best Arab Bank and the Super Regional MENA Bank.*

*We were once again one of the 'World's 50 Safest Banks' and the 'Safest Bank in the Middle East' according to Global Finance magazine and, for the third consecutive year, we rose in the S&P/Hawkamah ESG Pan Arab Index, from 6th to 3rd position.*

*These achievements externally validate our transparency, stability and growing sustainability, but most importantly they are benchmarks against which we can hold ourselves accountable, motivating us to ensure we balance our profitability with our responsibility to our wider stakeholders and operate as an ethical and trustworthy organisation.*

*To this end, we have incorporated continued achievement on both these rankings into our group wide balanced scorecard for 2013.*

*In 2012 we were very much focussed on our long-term strategy and the material changes that we need to deliver to be the Best Arab Bank and continue to align with the growth of Abu Dhabi and the 2030 Vision.*

“  
**Sustainability is who we are. It's how we do business, the products we sell and the way we treat our customers. If we are not sustainable, we can never be the World's Best Arab Bank.**  
”

*A key pillar of this strategy is our future Target Operating Model (TOM), which defines how we will drive sustainable growth by becoming more customer-driven, profit-focused and efficient, ensuring that we are well positioned to drive profitable growth, particularly through our international expansion.*

*The true transformation remains, as ever, in the hands of our management team and employees whose talent and commitment have delivered yet another strong and consistent year of achievement and results.*

*As we enter 2013, we are well positioned for success and continued expansion both locally and internationally, but to ensure our growth is delivered responsibly, this coming year of transformation is driven by our strategic theme 'Delivering a Platform for Sustainable Growth'.*

*I am proud of our 2012 performance, and I look forward to more sustainable success in 2013.*

**Michael H Tomalin**  
*Group Chief Executive*



## THE GLOBAL CONTEXT

### *The world*

*Global economic activity grew by 3.2% in 2012, down slightly from 3.9% in 2011, and is projected to rise to 3.5 in 2013, according to the International Monetary Fund (IMF). The US economy is projected to grow by 2% in 2013 – a comparable pace to 2012 – while the near term prospects for the Eurozone, on the other hand, are poor.*

*Developed economies face slow growth because of the necessity to balance their books and tighten belts, banking sector deleveraging, and hesitancy about future prospects holding back activity. Emerging markets are the relative bright spot with growth forecast at 5.5%, up from 5.1% in 2012. More negative scenarios have become less likely with aggressive Central Bank policies particularly in Europe, but also in the US, and elsewhere. Monetary policy will remain accommodative in developed economies as fiscal tightening continues.*

*The picture, while murky, is not all gloom and doom. US home prices have registered consecutive months of increase. Eurozone periphery economies have achieved significant adjustment and no longer run the large external deficits they did two years ago. Alas, the adjustment is a result of economic slowdown, hence the relentless rise in unemployment – in turn, pressuring sovereign fiscal balances. Fear of a deeper crisis has also compelled the Eurozone to take measures towards greater integration.*

*Risks to the outlook include politics getting in the way of necessary measures in the US and Eurozone. Geopolitical risk remains present as ever and a conflict that involves Iran would likely lead to a sharp rise in energy prices. On the other hand, a deeper slowdown emanating from Eurozone would soften energy prices and act as an automatic stabilizer to global activity. Other worries include historically high debt levels and lower than expected growth. Finally, extended period of low interest rates may be creating new bubbles in a number of geographies and asset classes which may burst when rates rise.*





## *The Gulf and UAE*

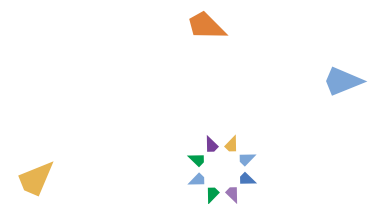
*2012 was a record year for the Gulf Cooperation Council region economies in many respects. It was the second consecutive year with the average price of oil above US\$ 100 per barrel. The average price of crude oil (Dubai, spot) was the highest ever at US\$ 109.1 per barrel.*

*GCC region nominal GDP reached a new record high at about US\$ 1.56 trillion. In aggregate, the GCC region continued its climb and became the 12<sup>th</sup> largest economy in the world, behind 11<sup>th</sup> ranked Canada. For the first time ever, GCC value of exports reached US\$ 1 trillion, with UAE value of exports accounting for about a third of the GCC total.*

*In 2013, real GDP growth rate in the GCC region is expected to slow to the slowest pace since 2009 at about 3.8%. UAE economy is forecast to grow by 3.2% year-on-year. The main culprit for the slowdown is expected to be a flattening in hydrocarbon sector growth, but non-oil sectors are forecast to grow by a healthy 5.4% year on year in 2013, spearheading overall economic activity.*

*In the UAE, banking sector loan growth – a proxy for the pace of non-oil activity – was subdued at 3.4% during the year through November 2012. The loan-to-deposit ratio for the banking system as a whole declined from 100% to 94% through November 2012, driven by deposit growth of 10.6% and signifying healthy liquidity levels across the sector. Banks in the system also continued to maintain capitalisation levels well above regulatory requirements.*

**Dr Giyas Gokkent**  
*Group Chief Economist*



## AWARDS AND RECOGNITION

NBAD approaches awards as a strategic activity - applying for those which not only enhance our reputation, but also allow us to benchmark ourselves against the best and therefore help us continuously improve our own business.

A full list of awards can be found in our annual report but here we look at a small selection of the awards we apply for, and other ways we were recognised during 2012 for our sustainability and community support.

### Safest Bank

For the 4<sup>th</sup> year running we remain one of the 50 Safest Banks in the World<sup>2</sup> according to Global Finance and are also the Safest Bank in the Middle East.

Based on our ratings and liquidity, these rankings demonstrate our strength in the global market and our focus on long-term opportunities, not just short-term profitability. We value this ranking because it communicates to our customers that they can rely on us to protect their future financial stability.

### S&P Hawkamah ESG Pan Arab Index

This index is only 3 years old but is the first which looks exclusively at regional organisations assessing their Environmental, Social and Governance transparency in line with financial success and actual behaviours.

NBAD entered the Index in 8<sup>th</sup> position, moved up to 6<sup>th</sup> in 2011 and at the end of 2012 we were proud to be the 3<sup>rd</sup> ranked organisation.

We believe the index is such an effective measure of our sustainability as a company, that our position in the ranking has been integrated into the performance objectives of the bank - from Group Chief Executive down.

Read more on pages 21 & 23.

<sup>2</sup>31<sup>st</sup> Safest Bank in the World



## The CSR Label

We applied for, and obtained, the Dubai Chamber CSR<sup>3</sup> Label in 2012. Kevin Giersch of the Dubai Chamber of Commerce explains more below.

*The Dubai Chamber CSR Label is based on international standards and best practices but tailored to the Middle East, and specifically the UAE. It is a clear voluntary standard for CSR implementation and supports the business community by providing a valuable framework to help companies review their CSR and benchmark themselves. If a company meets the requirements within the Dubai Chamber CSR Label it offers external recognition for a company's responsible business practices.*



*A company achieving the Label indicates that it has done consistent and significant work in CSR and will continue to develop it further. Since its inception in 2010 more than 50 companies have been awarded the Label, and over 150 companies have been advised on the framework.*

*In 2012 National Bank of Abu Dhabi applied for the CSR Label and in doing so:*

- *Completed an application document on its approach to CSR covering the key impact areas of workplace, marketplace, community, workplace and governance.*
- *Gathered data from across the business to evidence their policies and processes/ KPIs and their objective.*
- *Was assessed through an onsite visit by the CRB and meetings with management.*

*National Bank of Abu Dhabi's participation and achievement of the CSR Label 2012 is an indication of the company's commitment to its employees, customers, suppliers, the communities it serves and the environment. The results and CRB feedback report of the assessment clearly show the road ahead by identifying areas of strength and areas for improvement to further help NBAD drive forward CSR.*

*It is important to see NBAD demonstrate commitment to CSR as well as have a determination to keep improving the impact it has on society.*

**Kevin Giersch**  
*Senior Executive CSR Label programme  
Dubai Chamber of Commerce*

Our first application achieved a score of 61% and we received several useful suggestions for improvement. We intend to complete the application process annually to ensure continuous improvement.

<sup>3</sup> Corporate Social Responsibility


## IFC/Financial Times Sustainable Bank

In 2011 we applied, and were proud to be shortlisted, for the Middle East and Africa regional section of this prestigious award. We looked at the other entrants and peers who were also shortlisted, and were able to identify some key areas where we could improve our own programmes – particularly around women. Much work has been delivered throughout 2012 and, while we did not make the shortlist in 2012 we will continue to apply for the Award and to learn from our peers.

## Blood donation recognition

NBAD was rewarded, by the Sharjah Blood Transfusion & Research Center – Ministry of Health, as one of the best organisers and highest donors in the private sector. This reward recognised the quality of our events in Dubai and Sharjah as well as developing the highest number of donors from the private sector in 2012.

## ADSG training

As founding members of the Abu Dhabi Sustainability Group, with representatives on the General Secretariat, NBAD has invested significant time and commitment to the group with the aim of sharing best practice and developing sustainability for Abu Dhabi in line with the Government's 2030 Vision (see page 22 for further information).

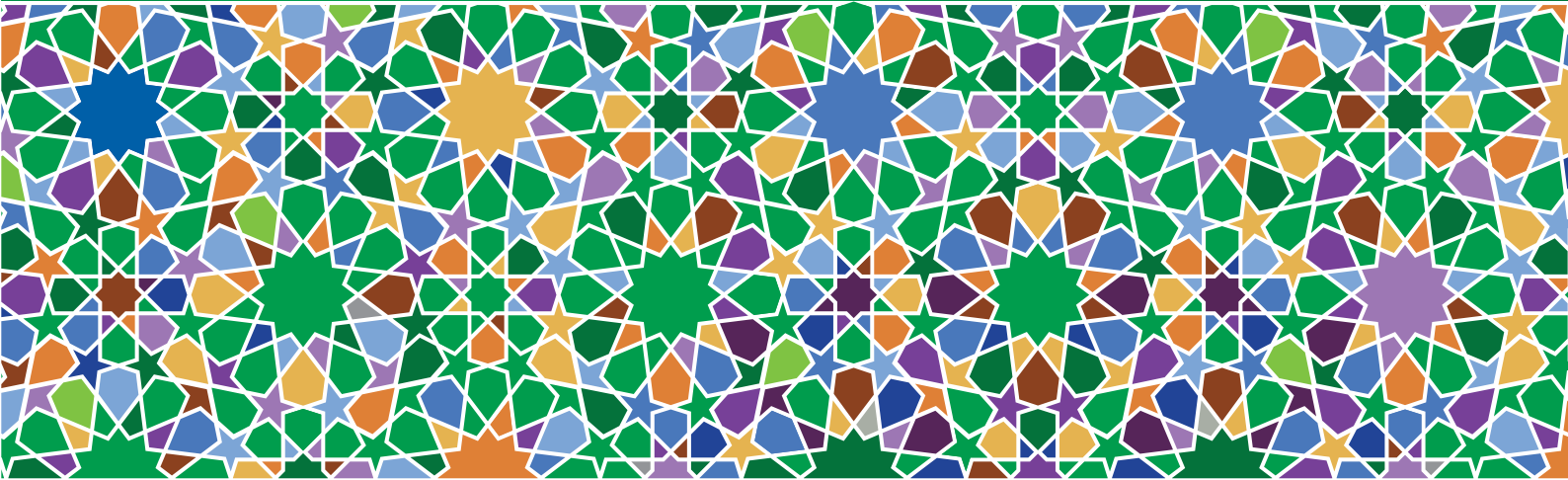
During 2012 we worked with the ADSG, and external experts, to design and deliver a four day professional training course, supported by a Maturity Assessment Tool. We hosted the training for 76 people, including 21 NBAD employees, at our Academy in Abu Dhabi.

We have used the Maturity Assessment Tool extensively in 2012 to design and monitor our 5 year strategy, being asked to present this as part of the course and to support our ADSG colleagues designing their first Sustainability Strategies.

Read more on page 23 and 29 about how we have employed the Maturity Assessment Tool and integrated annual maturity improvements into our bank wide balanced scorecard.



# OUR SUSTAINABILITY STRATEGY



“

Sustainability is who we are. It's how we do business, the products we sell and the way we treat our customers. If we are not sustainable, we can never be The World's Best Arab Bank.

”





## MATERIALITY MATTERS

*It is often the case that by living through a time of economic volatility the greatest behaviour and thought change occurs and this is no less true for NBAD.*

*As a result of the uncertain times in which we are operating, it became even more apparent during 2012 that sustainability is material to our success, and embedding our sustainability goals and initiatives deeply into our group strategy is ever more important.*


*Our sustainability report this year focuses on the importance of materiality because, whilst our business strategy has always focused on growth, profitability, competitive positioning and returns to our shareholders (which it quite rightly should) the environment and context in which we operate has changed, and will continue to do so.*

*Looking back at our sustainability journey we can see ‘tipping points’ occurring regularly. 2012 has been one of those years where a focus on materiality has created a clear link between sustainability indicators and our primary business objectives.*

*The UAE has fared better than many countries, particularly within the MENA region, and seen economic growth in 2012. Similarly our profits grew, we expanded our operations and network, but with an increasing recognition that, to be a successful and sustainable bank, we must avoid short-term thinking and take into consideration the fall-out of the global recession. Through this we will find opportunities to innovate and grow our business differently.*

*We have been thrilled to see the emergence of a different kind of thinking within the bank, that by managing our economic, social, and environmental impacts, and improving our governance structures, we can also maximise our financial performance and long-term value creation.*





*Our third consecutive rise, to 3<sup>rd</sup>, on the annually adjusted S&P Hawkamah ESG Pan Arab Index, catalysed a re-emphasis of the executive management's commitment to being the leading sustainable bank in the region. This has led to greater interconnectedness with the Strategy Team where we have been identifying material issues and best practices that will unlock the way we currently think, and allow sustainable best practice to embed into mainstream strategic planning.*

*This is incredibly exciting and means our sustainability journey has evolved from non-strategic, peripheral and mainly philanthropic activity, through inclusion into performance measures, systems and processes, to real integration into the bank's strategy in just 5 years.*

*The role of the sustainability team changed throughout the year to become an internal adviser to the group businesses. This is in part because of the progression of NBAD in our sustainability journey, influenced by external recognition of our efforts, and also based on the effects of global events and increased understanding of how sustainability challenges can become business opportunities (Al Ain Contact Centre, the partnership with EWS-WWF as a redemption partner on the GEMS Credit Card and investments in Solar Energy Plants are all great examples and are included in this report).*

*The Abu Dhabi Sustainability Group Maturity Assessment tool is the framework on which we will assess ourselves annually and will keep us focused on the most material issues. The challenge in 2013 is to actively support business divisions to convert these issues and sustainability challenges into business opportunities, and engage with both our internal and external stakeholders to help us prioritise the issues most material to them.*

**Belinda Scott**  
*Senior Manager – Corporate Sustainability*



## DEVELOPING A MATERIAL STRATEGY

*The ‘Sustainability Maturity Assessment Tool’ is an on-line tool developed for Abu Dhabi Sustainability Group, which provides a means for member organisations to assess their current sustainability maturity in a quantitative way. The Tool is structured around 7 Areas (Management, Owners, Employees, Suppliers, Customers, Community, Environment), 40 sub-areas and 4 levels:*

***Policies:*** *The degree to which the organisation has policies and the extent these are formalised.*

***Approaches:*** *The degree to which approaches have been adopted by the organisation and the extent these have been deployed to their full potential.*

***Performance Results:*** *The degree to which performance indicators are measured and have improved in the last years.*

***Perception Results:*** *The degree to which stakeholders perceive the organisation to be sustainable.*

*The results of the assessment can be depicted visually in spider diagrams - allowing tracking of the organisation’s performance over time - enabling further drill down of how sustainable the organisation is in a specific sub-area, as well as review of all submitted answers, in order to identify tactical improvements.*

*The Tool has been already used by 12 organisation members of ADSG that participated in the ADSG Training Courses delivered in 2012, providing them the option of managing sustainability based on figures rather than words.*

*NBAD invested a significant amount of time and effort to utilise the Tool, but moreover expanded its use, as it managed to create not only a realistic “as is” quantitative assessment of its current maturity level, but furthermore utilised the Tool to predict its “should be” future maturity level, based on what improvements it can implement in 1, 2 and 3 years, in each of the 7 Areas the Tool addresses.*

*This allowed NBAD to strategically prioritise the Areas it should seek to improve, plan next steps for each Area and develop detailed and achievable plans. The broader picture is that NBAD can now handle its Sustainability maturity level in a planned and measurable way, as its actions can be based on facts, quantitative reviews and targeted corrective actions.*

*We are confident that the time invested by NBAD to utilise the Tool is well spent, as it will significantly support its Sustainability Journey in the commencing years.*

**Emmanuel Perakis**  
**STREAM Management**

*Lead developer and trainer for ADSG Sustainability Maturity Assessment Tool*

# OUR SUSTAINABILITY STRATEGY

We impact and are likewise impacted by many stakeholders including our shareholders, investors, regulators, customers, employees, environment, community, Government, partners and suppliers. Meeting their needs and addressing their issues and interests is core to achieving sustainability.

Our stakeholders were identified in 2009, in line with our beta testing of the ISO 26000 guidelines, through a mapping process carried out with internal business stakeholders and facilitated by external consultants to ensure the widest possible view. Through this process we identified the issues most material to our business and thereby our Priority Focus Areas.<sup>4</sup>

In 2012 we made some changes to the titles of our Priority Focus Areas, making them more action oriented, to better reflect our aims and help us to align our strategy and activity more closely with our framework and policy.

## Our stakeholders and ‘priority focus areas’

Relevant Stakeholders	Material Issues	Priority Focus Areas
Investors and Shareholders, Employees, Regulators and Society	Strong Financial Performance, Shareholder Returns	Strengthening Economic Performance
Investors and Shareholders, Employees, Regulators and Society	Governance, Transparency and Accountability, and Tackling Financial Crime	Embracing Accountability
Employees	Training and Education, Emiratisation, Salary & Benefits, Health & Safety, Diversity and Equal Opportunities	Investing in Our People
Investors and Shareholders, Employees, the Environment	Water Consumption, Energy Consumption, CHG Emissions, Paper Use and Waste	Being Environmentally Smarter
Customers, Investors and Shareholders, Regulators	Responsible Lending and Investing, Product and Service Innovation, Quality Services and Customer Satisfaction, Financial Inclusion, and Product Responsibility	Delivering Quality and Innovation
Partnerships, Suppliers, Community	Creating Outstanding Relationships with our Stakeholders - Business Partners, Suppliers and the Community	Building Outstanding Relationships

<sup>4</sup> To read more about how we developed our primary strategy and framework, please refer to our baseline 2009 Sustainability Report which is available on our website - [www.nbad.com](http://www.nbad.com)



## Upgrading our strategy

Our sustainability strategy is directly aligned to our bank wide strategy and during 2011 and 2012 this has been achieved with greater pace through progressive application of the balanced scorecard. For 2013 the bank wide strategic theme will be 'Building a platform for sustainable growth'. Therefore, we needed to think about how we could help our colleagues across the bank to understand their part in delivering the strategy.

To this end, we looked at our overall sustainability strategy, checked how far we have come, and considered the best way to move forward.

We reviewed the outcomes of our applications to strategic awards, what our industry peers were delivering in terms of sustainability programmes, and how we were aligning to the Abu Dhabi Vision 2030.

Assessing our delivery against our Annual Sustainability Commitments since 2009, we felt we were trying to deliver too many activities rather than focussing on a limited number of key issues. In 2011 for instance, we successfully completed only 51% of our Commitments with a further 31% behind schedule or off target. We needed a way to cut back to the most productive activities.

With these issues in mind, we stepped back and considered what the next phase of our Sustainability Journey should look like, and how we would measure success. The ADSG training, guidance, and Maturity Assessment Tool (see page 19) were important catalysts, helping us to think more about the materiality of activities and reporting in relation to our overall strategy and goals. This led us to identify 6 core tools which we will use to guide measure and benchmark ourselves for the next 3 to 5 years.

These are:

1. The Abu Dhabi Vision 2030
2. Our Sustainability Policy
3. The ADSG 'Maturity Assessment Tool'
4. S&P Hawkamah ESG Pan Arab Index
5. Strategic Awards
6. Global Reporting Initiative indicators





## 1. Abu Dhabi Vision 2030

The Abu Dhabi Vision continues to be the compass for how we support Abu Dhabi and the UAE. In the past we aimed to support the Vision across 10 dimensions but we believe a tighter focus will help us be more delivery oriented and ensure that what we achieve supports the Vision by design.

We have therefore refocused on the following 4 most material policy priorities and objectives for the next 3 to 5 years.

Abu Dhabi Vision 2030 Priority	2030 Objective	What we did in 2012	Page
Build a sustainable economy	Enhance competitiveness	Supporting SME development	43
Balanced social and regional economic development	Increase participation of women in the workforce	Al Ain Call Centre	44
Develop a highly skilled, highly productive workforce	Enhance productivity of the labour force	Learning and development	62
Enable Financial Markets to become key financiers of economic sectors and projects	Increase savings and depth of deposits	Financial literacy	29 & 46

To understand our impacts we will investigate methods by which we can quantitatively measure our economic impact. Go to page 35 & 36 for further details.

## 2. Our sustainability policy

Our bank wide policy is how we guide our internal stakeholders to align their activities with the broader NBAD goals.

We expanded our Sustainability Policy in 2011 so that each of our priority focus areas has a statement describing what it means to us (see Appendix C for the full policy). Our annual commitments have always been aligned to one of the 6 priority focus areas but this year we have specifically reduced the number of commitments and ensured direct alignment with the aims of our policy.

Each focus area has a chapter in this report and therefore each chapter will be opened with the policy statement relevant to it so the reader can understand the value of the 2013 commitments in supporting our policy goals.



### *3. ADSG 'Maturity Assessment Tool'*

The Abu Dhabi Sustainability Group (ADSG) Maturity Assessment Tool has led us to think far more clearly about the activities we have planned and their value to both NBAD and Abu Dhabi.

Based on best practice from internationally recognised standards, such as EFQM, GRI, ISO 26000 and AA1000, and weighted against significant issues to Abu Dhabi, the ADSG Maturity Assessment Tool allows organisations to carry out a self-assessment of their overall sustainability maturity across stakeholder groups and action types.

We have used the tool to set our baseline maturity for 2012 and to model our potential maturity over 3 years to 2015. Read more in 'Developing a material strategy' (see page 19, and page 50).

### *4. S&P Hawkamah ESG Pan Arab Index*

Launched in 2010, NBAD has always ranked in the top 10 organisations of the index and was originally the only financial institution in that top 10 group. In 2012 we reached 3rd position but are no longer the leading financial institution, demonstrating the speed with which our competitors are increasing disclosure levels and sustainable activity.

The Index is important to us as a regional validation of our transparency and responsibility but also as a commercial measure of our potential value to investors. As such our 2013 ranking has been included as a bank wide KPI on our Balanced Scorecard to ensure we stay in the top 10 and seek to take back our position as the top ranked financial institution.

### *5. Strategic awards*

We use awards to challenge ourselves and align with standards and awards which represent and reward best practice internationally and require us to stretch ourselves to improve. By continuing to apply for awards we would like to win, rather than those we know we can win, we seek to deliver the highest standards, maintaining a focus on the future, not only on regional trends or easier wins.

We continue to search out new standards and awards but currently we are working toward the Sheikh Khalifa Excellence Award locally and the IFC/Financial Times Sustainable Bank Award internationally.





In 2011 we applied for, and were proud to be shortlisted, for the Middle East and Africa regional section of this prestigious award. We looked at the other entrants and peers who were also shortlisted, and were able to identify some key areas where we could improve our own programmes – particularly around women. Much work has been delivered throughout 2012 and, although we did not make the shortlist in 2012 we will continue to apply for the award and learn from our peers.

## *6. Global Reporting Initiative indicators*

As part of a wider group of ADSG members we participated in the consultation process for the update of the GRI standard to version G4.

While we support many of the suggested improvements to the standard, we do not believe it will be possible to begin reporting at the level required by the draft document without significant investment of resources.

We await the final standard in 2013 before making a decision and continue to believe that GRI is the right tool for developing international reporting quality. However, if we are not able to align with G4 within the timelines suggested, we intend to target a greater number of GRI indicators each year, to progressively increase our transparency.

For 2012 we are reporting 64 indicators and 42 profile disclosures fully and 22 indicators partially against the G3.1 standard.

## **Annual ‘commitments’**

Our commitments have been reduced from 35 in 2012 to 19 for 2013 and, in line with our plans for GRI reporting (see previous), we will be monitoring and reporting the number and ratio of quantitative vs. qualitative indicators annually as well as percentage achieved.

2012 - 57% of our 35 commitments were completed. 9 were quantitative of which we completed 5.

2013 - 10 (53%) of our 19 commitments are quantitative.

Many of our commitments are now directly aligned to the balanced scorecards of our top executives and, therefore, to the objectives of every employee.







## Stakeholder engagements

We engage with our stakeholders regularly to understand their perceptions of us and the issues important to them.

Our Global People Survey, carried out in August, registered a slight reduction in employee satisfaction for 2012 versus 2011. However, more employees felt actions had been taken in response to their feedback in 2011 and this focus on delivery will continue in 2013 with the goal of improving employee working conditions and their engagement with NBAD. We survey our customers on a rolling process through online tools – read more on page 79 and 80.

We currently do not have a supplier feedback mechanism but with the development of a new Procurement Department 2 new processes to monitor and manage the supply chain have been planned for 2013 – see page 27 for further information.

## Sustainability Stakeholder Group and Champions

Our Sustainability Stakeholder Group (SSG) members provide guidance from across our organisation to ensure that our sustainability strategy is fully aligned with bank strategy and to help deliver activities in their areas of influence, while our Champions' key role is to act as communicators of information and advisors within their team. Both are keys to ensuring our strategy is inclusive and that sustainable thinking embeds into our culture.

During 2012 both the SSG and Champions roles and responsibilities were redeveloped and the SSG was restructured to be leaner.

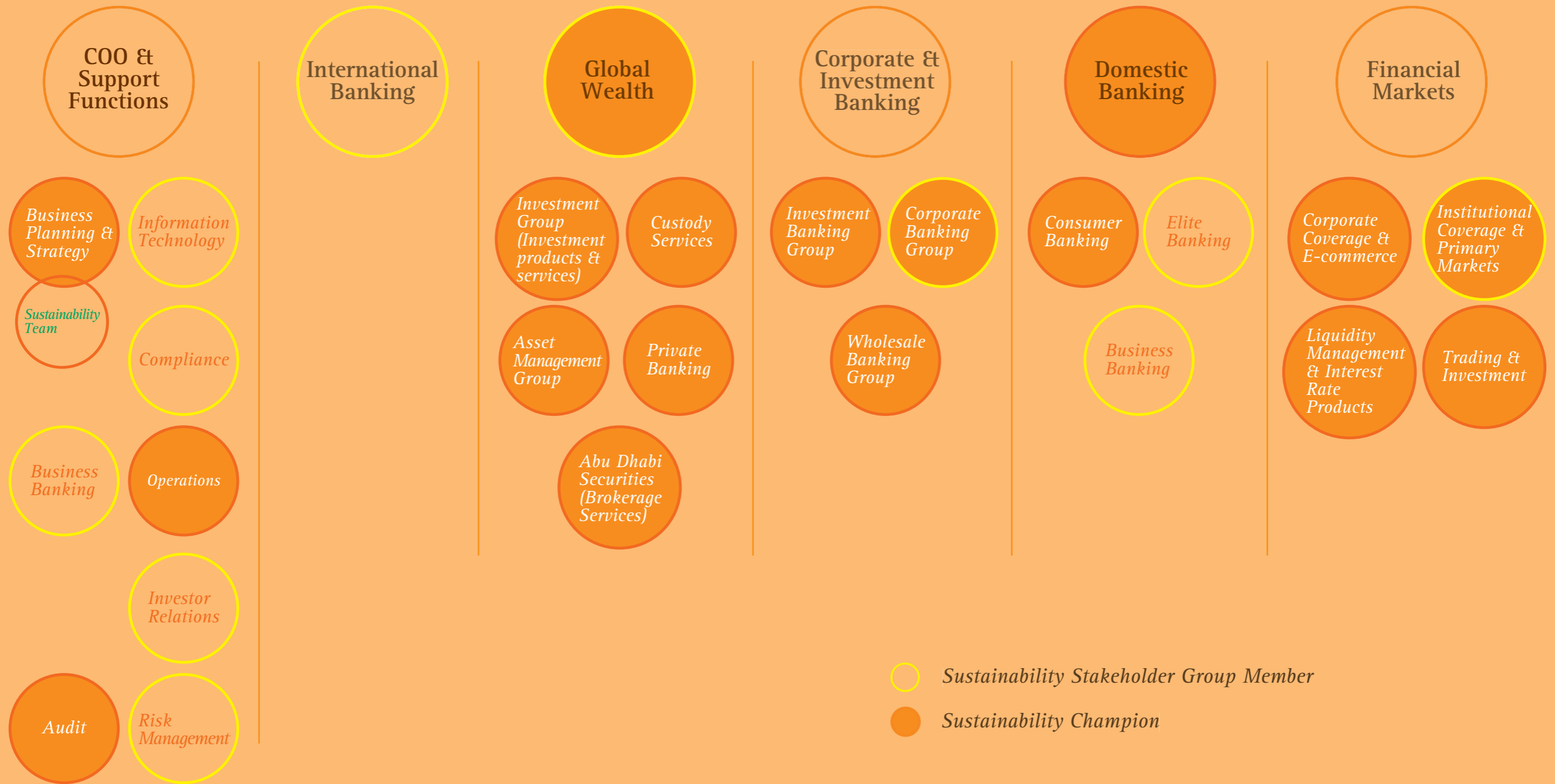
A process of validation of Champions through line managers was carried out and Champions were invited to the first 'Champions Training Day' during our inaugural Sustainability Week in October. This proved to be a great success for attendees, not only as a learning experience but also an opportunity to network and provide ideas and opinions.

One member of the SSG and several of our most committed Champions attended the 4 day Abu Dhabi Sustainability Group Capacity Building Workshop along with key representatives from departments such as Operational Risk and Internal Audit. To leverage the best outputs from our Champions and SSG Members we will be developing further training opportunities for all during 2013, both in Abu Dhabi and in the Northern Emirates. We will also be reaching out to our international network to identify Champions in each country.



A BANK WIDE  
SUSTAINABILITY NETWORK

# CEO





## HOW OUR CULTURE IS CHANGING

Unlike the many UAE businesses NBAD is a mature organisation and our corporate culture and processes have grown organically over time. This means we have benefited from experience but equally we have deeply embedded processes which are often challenging to change.

With the rapid increase in our Arab region presence and our international expansion into new countries, it is time for new thinking and new ways of working. To this end NBAD is in the process of taking several leaps forward in terms of bank wide business improvements and upgrades.

We view the following three as key changes to our corporate culture which will support the growth of our business success, leverage further positive change and increase our sustainability maturity.

### Development of a central procurement system

Until the end of 2012 the responsibility for corporate purchasing was split across the organisation with individual departments owning relevant areas of procurement.

Human Resources Group for instance held the business travel because they needed to organise staff travel. Corporate Communications held the marketing budget because they are our subject matter experts and the Administration Department have performed various aspects of corporate purchasing since the bank was inaugurated and have built long-term partnerships with suppliers over many years. This has provided us with a reliable supply chain who know us well and who we understand. The challenges now are how to:

- Leverage these relationships and processes across an organisation of thousands of people across many countries;
- Understand and manage new opportunities and risks related to responsible supply chain management; and
- Improve operational and resource efficiencies.

To benefit from these challenges a new Procurement and Commercial Management Department was formed at the end of 2012 to centralise our procurement activities, with clear and transparent policies and procedures into which sustainability factors have been embedded.

The team will continually develop our framework for managing procurement group wide, leveraging greater purchasing power, forward planning, standardisation and integration of responsibility directly into operations, using the best in class practices such as Lean and Six Sigma, etc.





## Target operating model

NBAD's "Target Operating Model" (TOM) is a set of business capabilities that once deployed, will enable NBAD to pursue efficient and effective international growth, thus contributing to NBAD's vision: To be recognised as the world's best Arab bank.

The TOM Programme aims to introduce 5 key categories of changes (also referred to as change themes). These are:

**1. *Global Products*** - Building globally harmonised products will expedite international deployment, standardise customer experience and improve our cost economics.

**2. *Global Coverage*** - Cross-selling our products through unified and proactive relationship management will improve our wallet share (in key accounts) and improve customer convenience

**3. *Shared Services*** - Standardising and centralising our business support services will optimise our costs and assure the quality of delivery.

**4. *Advanced Management Reporting*** - Understanding the drivers of our revenues and costs will help us zero in on the improvement opportunities that will yield the greatest value based on geography, customer segment, product and process.

**5. *Matrix Reporting Structure*** - Certain organisational roles at a country-level will have an additional reporting line to their counterparts at the corporate office in the UAE to ensure proper coordination in terms of global products planning, global clients planning and shared services planning.

Reporting directly to the Group Chief Transformation Officer, under the executive sponsorship of the Group Deputy Chief Executive, and with the full support of the executive management team, the TOM office is well-positioned to effect positive change across all areas of the organisation. Upon implementation, the TOM themes referenced above, will benefit our customers, shareholders and employees and position NBAD to be recognised as the world's best Arab bank.



## Balanced scorecard

NBAD has been consistently successful, showing continuous profit and growth for many years, but to maintain this success, we must attract and retain the best experts and talent in the market.

Based on feedback received from staff in the 2011 Global People Survey, it was identified that there were gaps in employees' understanding of group strategy and alignment of individual performance objectives to it.

To address these gaps, a series of workshops and 'Town Halls' for senior and middle management, and two e-learning modules, were developed in 2012 to reinforce key messages and to provide a readily accessible source of information for all staff in NBAD – including those that are based internationally. A dedicated e-mail address has been created to support staff with additional queries on strategy, performance objective setting and appraisals.

In 2012 divisions were incentivised to outperform their budgets and maximise value to key stakeholders in line with our strategic goals using performance modifiers. Performance ratings of each business division were aligned fully to the Balanced Scorecard rating and, in the 2012 cycle, bonus pool allocation for all divisions was based on the Balanced Scorecard Rating. This is in line with our objective of evolving into a performance-driven organisation, with a transparent and objective reward and recognition strategy, that rewards high performance.

In order to further improve transparency and to challenge the business to outperform their targets, performance will be measured against three levels - Baseline, Stretch and Outperform – in the 2013 system.

Developing a performance led culture in the bank will transform employees focus from effort to delivery. By connecting their performance to the success of the bank, and rewarding the high performers, we believe all employees will understand how they can achieve, be motivated to do so and, as a result, make NBAD more successful.



## WOMEN AND FINANCE

We had noted that, in 2011, our turnover of female employees was high but we also achieved positive goals, like 50% of our UAE branch managers being women and the launch of women focussed products for one section of our customer base which proved to be popular.

Research showed that women could be a significant area of interest for business growth as well as economic and social development of the UAE, particularly around small business and entrepreneurship, but that there are challenges concerning financial knowledge and access, as well as obstacles for women in the workplace related to work/life balance.



*Women are the most under-utilised economic asset in the world's economy*

Angel Gurría  
Secretary General OECD



Some key programmes already delivered or being developed are flexible working (page 59); Velvet Account and Fursati Programme (page 43) and we will be developing women as a key theme in 2013.

What follows is a thought piece by Tari Lang who has been working with a small group of NBAD women to develop ideas around 'Women and Finance'. Tari is a seasoned international adviser in leadership development and reputation risk. Based in the UK, she has spent many years working actively in the Middle East at senior levels of corporations and governments.

### *Women - for growth and sustainability*

*Every organisation strives for sustainability, competitiveness, efficiency and profitability. NBAD's mission is to provide customers with exceptional service by creating products and delivering services of enduring value to help those customers grow. Recruiting and nurturing the best talent is essential to achieve these in today's tough marketplace. Having recruited the best people, the Bank strives for continuous professional skills development, offering attractive rewards and providing a safe and healthy workplace. The competition is aware of this.*

*Compelling evidence exists that women are powerful drivers of economic growth and influence. Women are spenders. Goldman Sachs says that globally, they are responsible for an annual \$20 trillion of spending, expected to grow to \$28 trillion by 2014. Booz & Co's Third Billion report 2012 shows that nearly one billion women will enter the global economy during the coming decade. In the UAE, matching female employment to male levels could have a direct impact on GDP of 12%. However, greater involvement from women goes way beyond just numbers.*

*Women are generating employment, driving exports, contributing to local development and innovation. Female entrepreneurs contribute significantly towards improving the quality of life for women and their households. In the Middle East and North Africa, SMEs are the most substantial presence in the economy. They foster competition and strengthen the private sector. In the UAE, where almost 12,000 businesswomen own some 20,000 companies, about a third of SMEs are owned by women.*

*Women therefore are central to NBAD's employee, leadership and customer focus. Women play a strategic role in the Bank's determination to help meet the Abu Dhabi Vision 2030 of empowering women in the economy and maximising the participation of national women in the workforce.*

### *Women as customers, leaders and managers*

*Strong leaders of both genders are needed to help organisations grow and compete in a challenging market. Women double the size of the available talent pool. Research makes it all very clear.*

*Boston Consulting Group found that more than half the women it surveyed thought wealth managers could do a better job of meeting the needs of female clients. Credit Suisse's 2012 Gender Diversity Performance reported four key findings within the average financial metrics of companies with women on the board versus those without. Such companies reported four percentage points higher return on equity, lower gearing, a third higher price/book value, and better average growth of four percentage points.*



*Evidence, from Catalyst and McKinsey, shows that companies with significant numbers of women in management have a much higher return on investment. CERAM Business School found that firms in the CAC40 (the French equivalent of the Dow Jones Industrial Average), with a high ratio of women in top management, had better resistance to the financial crisis. The fewer female managers in a company the greater the drop in its share price since January 2008.*

*And finally, Harvard Business School found that gender-inclusive leadership and corporate social responsibility (CSR) are linked. Companies, and the society of which they are a part, win when business leaders are gender diverse.*

*The barriers to women's career progression known as 'the glass ceiling' are variously identified as attitudes of senior male managers, organisational culture, lack of flexible working opportunities and, more than anything else, a lack of female role models. In the UAE and elsewhere, the encouragement of male and female champions throughout the organisation, and declaring that gender diversity is a business imperative, are crucial prerequisites to breaking the glass ceiling.*

### *The UAE - a glimpse of the opportunities*

*In a survey of 3,900 male and female executives in 31 countries, Accenture found that 80 per cent of women in the UAE were willing to take on more responsibility and challenges to advance their career. That compared with a global average of just 58 per cent.*

*Despite the fact that 70% of university graduates in the UAE are women, they still have more difficulty finding employment. Barriers to advancement in women's careers in the UAE include a lack of opportunity or clear career expectations, cited four times more often as family responsibilities. Perhaps on the positive side though, more than a third of those questioned said they had suffered no impediments to their career progression.*

*The UAE government is committed to providing the highest standard of education for both men and women. The UAE Constitution promotes gender equality, including equal pay for equal work under the Labour Law and the right of women to inherit property, and the Federal Government has indicated it will be mandatory to have female board members in every company and government agency in the UAE. All of this has created fertile ground for the seeds of female entrepreneurship.*







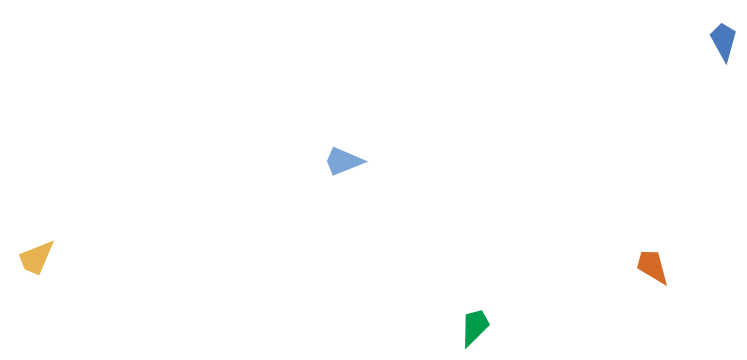
## *So what of the future?*

*Role models are crucial in challenging orthodox social attitudes and encouraging change for the better. IMF's Christine Lagarde talks of inclusive growth - 'when women do better, economies do better'. Today's visionary companies are making investments in women central to their business strategies.*

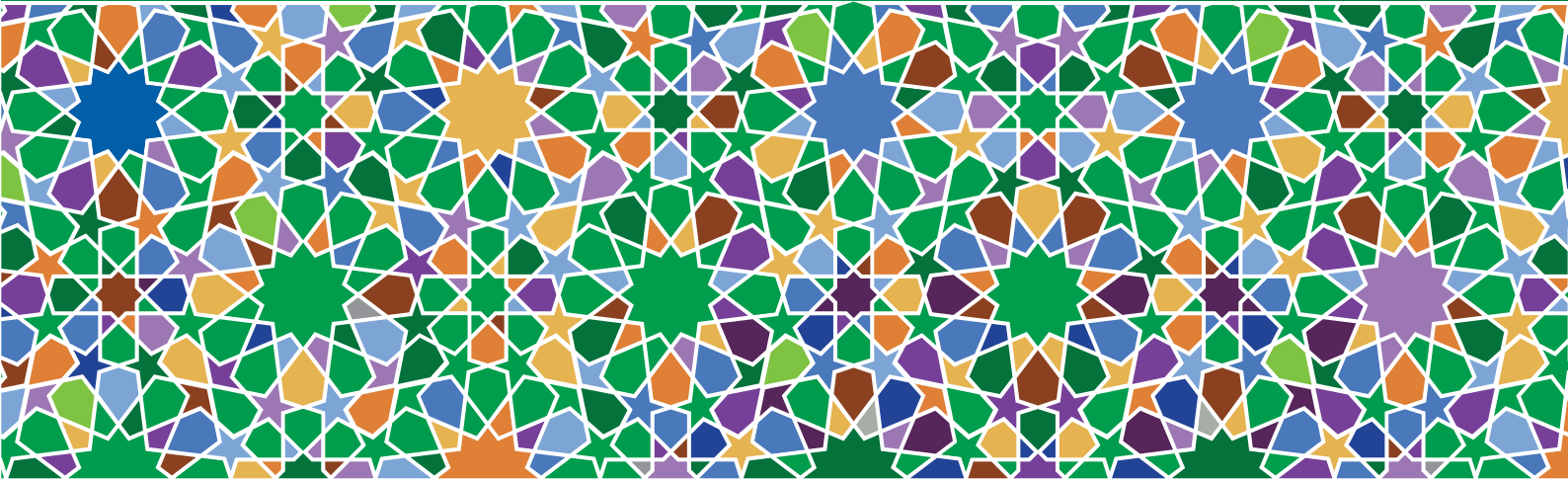
*How can global market leaders harness the power of women for business growth and progress? First, they must embrace a broader definition of corporate citizenship, by treating women as critical partners in every part of the value chain. The glass ceiling deprives corporations of talent, energies and insights that can propel growth and market opportunities. Committing to greater diversity in management and corporate governance is key. Women entrepreneurs, and SMEs, need to be integrated aggressively into the supply chain. The barriers to finance and credit that women face need to be eliminated. Investing in women is proven to be low-risk, high yield.*

*Over many years I have worked with top governments, international corporations and foundations to help them build sustainable, stronger and more effective leadership teams. This means working with highly able, committed and ambitious men and women in equal measure. NBAD is to be commended for its determination to build female participation in its leadership development, and to make this a strategic focus for the organisation.*

**Tari Lang**  
*Advisor*



# STRENGTHENING OUR ECONOMIC PERFORMANCE



**Policy:** Our primary responsibility is to remain profitable and thereby maintain consistent shareholder returns; create economic value; and support our community through the provision of jobs and financial services.





## OUR 2012 COMMITMENTS

### *Maintain an average return on shareholder funds of 20%<sup>5</sup>*

○ We achieved 16.5% in 2012, an improvement on 2011 (16.3%) but still off-track. We believe that the investments we are making now to improve our operations will allow us to achieve our 20% overall goal. See Appendix A for the five year trend data.

### *Report back on how the Bank's Corporate Strategy supports the Abu Dhabi Economic Vision*

☑ Refer to page 22 to find out more about the specific activities we have delivered and below to read about our economic value to Abu Dhabi.

### *Expand our business presence in at least 4 existing and 2 new countries.*

☑ We opened a new representative office in China (Shanghai) and subsidiary in Malaysia. We opened our fourth branch in Sudan, four new branches in Egypt and were working on a further 4 branches and offices in Jordan and Oman. Refer to pages 42 & 43 for more information about our international expansion in 2012 and 2013.

## RATINGS

NBAD has one of the strongest combined credit ratings of any bank in the MENA region demonstrating the reliability and consistency of our operations.

	Fitch	Moody's	S&P
Long Term	AA-	Aa3	A+
Short Term	F1+	P1	A-1

## OUR DIRECT ECONOMIC IMPACTS

In 2011 Abu Dhabi Sustainability Group published a report which estimated that the collective impact in 2009 of ADSG members accounted for over 5% of Abu Dhabi's GDP that year. As a member of the General Secretariat and having aligned our strategy with the Abu Dhabi 2030 Vision we will be progressively trying to quantify our impacts as an organisation.

<sup>5</sup> This is a medium term KPI, not a year-on-year target.

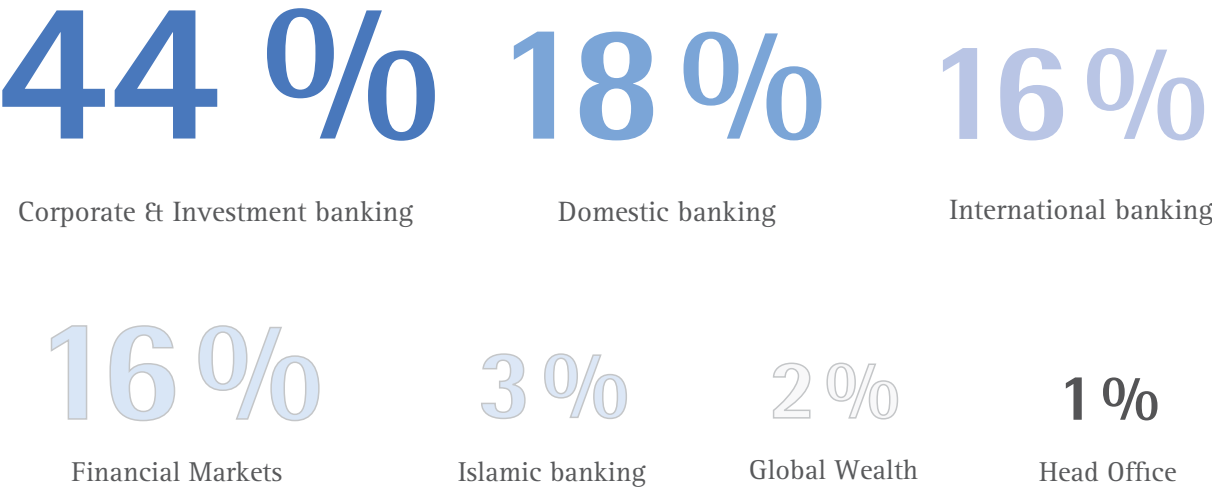


For this report we are beginning by looking at our financial payments to 3 key stakeholder groups, our shareholders, employees and the community in the following ways:

Stakeholder	Type of contribution	AED
Employee	Salary, benefits and rewards paid to employees	1,927,242,000
Shareholders	Total dividends provided to shareholders	861,013,000
Community	Direct charitable donations and sponsorships	36,877,000

Our overall financial contribution was AED 2,825,132,000 during 2012.

**WHERE WE MADE  
OUR PROFIT IN 2012**  
Contribution to 2012 Group Profit





## Corporate and Investment Banking Division

### *Corporate Banking*

CBG comprises the coverage teams for GREs and corporate clients in the UAE and continues to play a customer centric role connecting all businesses and product partners to the bank's clients.

### *Multinational Global Coverage*

The team began developing industrial sector specialisation and have dedicated teams for both Japanese and Korean clients and worked closely with the product teams resulting in a significant number of regional transactions in Debt Capital Markets, Global Project & Structured Finance, Trade Finance, and others across the region.

### *Wholesale Banking Group*

Global Projects & Structured Finance Team (GPSF) won several important mandates during the year in diverse sectors such as aviation, nuclear energy, rail transport, petrochemicals, aluminium, and acquisition financing, winning the 'Highly Commended Deal of the Year 2012' award for Shams Power Company in the Infrastructure and Project Finance category for the Middle East by The Banker FT Business magazine. The team also won the 'Emerging EMEA Loan of the Year 2012 Award' for JAFZA and IFN Award for the 'Best Corporate Finance Deal of the Year 2011' for Emaar Malls.

### *Financial Institutions Group (FIG)*

The division was re-organised in 2012 into two separate units – Portfolio Management and Coverage. Clients were further divided into 3 geographies – MENA, Europe & Americas, and Asia. A separate vertical for Non-Banking Financial Institutions Coverage was set up to look after NBFI's globally.

FIG was instrumental in winning 10 DCM mandates and was ranked No. 3 in the FI League Tables in the GCC. The team successfully arranged and closed a number of deals as Mandated Lead Arranger across the GCC, Turkey, India, Brazil, Chile and other countries. FIG was at the forefront in cross-selling Trade Finance, Treasury, Custody and other products and services of the bank to its clients.





## *Syndications & Specialised Portfolio (SSP)*

SSP has garnered extensive expertise across a wide variety of transactions at the highest levels in key roles such as Bookrunner, Mandated Lead Arranger and Underwriter while managing syndicates of local, regional, and international corporates and banks.

In 2012, NBAD ranked 5th as a Bookrunner and 6th as a Mandated Lead Arranger in the Dealogic syndications league tables for GCC, Egypt and Turkey.

## *Global Transaction Banking (GTB)*

Global Cash Management and Global Trade Finance businesses merged in 2012 to form Global Transaction Banking (GTB). The new GTB business with Regional Heads in Europe, USA, Egypt, and Asia Pacific regions has invested in state-of-the-art platforms to facilitate end-to-end seamless processing of transactions.

Among other products, GTB offers letters of credit (import & export), letters of guarantee (inward & outward), documentary credits & collections, standby LCs, bills for collection (inward & outward), bridge financing (trust receipts, bills discounting, etc.) and structured trade finance products.

The Bank now offers its corporate clients new electronic banking services under the NBAD iBanking™ flagship brand comprising advanced features such as electronic payment solutions, liquidity and collections management, as well as all related trade finance products and services.

## *Investment Banking Group (IBG)*

On the Advisory front, IBG was mandated, with Goldman Sachs, to advise on the merger of Sorouh Real Estate and Aldar Properties, two leading listed UAE real estate development companies. This was a major successful milestone for NBAD in terms of participating in a large-cap M&A transaction alongside global investment banking firms.

NBAD further cemented its position in investment banking by winning private mandates advising corporate and government related clients on a host of project and corporate finance related (private debt and M&A) transactions across different economic sectors.

And on the private equity front, NBAD joined forces with the Khalifa Fund for Enterprise Development in launching an investment vehicle supporting Emirati entrepreneurs.





## *Debt Capital Markets*

Our Originating team ranked amongst the top 3 banks in the GCC Bookrunner league tables. They also ranked 1st among the MENA regional Bookrunners. The DCM team executed a record 20 transactions during 2012 in the MENA region including Turkey.

## *Abu Dhabi National Leasing (ADNL)*

Major financing deals were executed in the Aviation, Infrastructure and Sustainable energy sectors, including Abu Dhabi Ports Company, Etihad Airways, National Petroleum Construction Company and Emirates Airlines.

## *Abu Dhabi National Property (ADNP)*

In order to improve operational efficiencies and better positioning in the marketplace, ADNP benefited from a comprehensive review of its operating model and market competitiveness conducted with a view of realigning the Company's strategic objectives with those of the Group.

## **Domestic Banking Division**

Our Consumer and Elite Banking divisions continued to perform strongly in 2012 developing a net profit to the Bank of more than AED 800 Million.

Customer numbers grew to 280,000 while our customer satisfaction grew to almost 90% and complaint management speed increased.

Our Credit Card and merchant acquiring business gained market share and we developed new bancassurance and investment products.

In 2012 we expanded our branch network to 121 making it the largest in the UAE. We also developed our other customer touch points, increasing our ATMs to 571, redeveloping and launching the new NBAD Online system and continuing to improve our mobile services with Apps launched for all major devices.

One such service - NBAD Arrow - was awarded Best Mobile Payment Application at the Smart Card Awards. Arrow allows fast, affordable and convenient money transfers across the world for all NBAD cardholders, including our Ratibi payroll cards demonstrating our commitment to providing secure financial services to the unbanked population of the UAE. NBAD will continue to expand the growing and important smart phone services and we are determined to be at the forefront of mobile phone banking in the Arab world.

Our new Al Ain Call Centre became operational in 2012 and fully staffed with UAE Nationals and our Business Banking Group continued to expand and support SMEs (Read more on pages 33 & 34).



## International Banking

NBAD Group stretches across 14 countries outside the UAE, providing varying services depending on the needs of our customers in those markets.

Our international network of branches and offices developed year-on-year growth of 26% in terms of contribution to Group operating profit during 2012, by achieving some key deals and projects.

Cross border activity was evident in Bahrain, where the team successfully referred business to the Paris Office and to London. We established new a Treasury function in Paris, giving us access to the European Central Bank, and received approval to issue commercial paper, assisting us in raising liquidity.

Our Hong Kong business reached AED 56.8 Million in profit in its third year of opening – a 2430% growth. Our total CD issuance funds raised reach US\$ 289 Million by the end of 2012 despite only launching the year before.

Abu Dhabi International Bank (AIB)<sup>6</sup> created a US\$ 225 Million loan for Marriot.

Our international expansion increased in pace with key people identified for our planned new offices in Brazil, Lebanon and South Sudan.

Our International business expansion will continue in 2013. To read more go to page 43.

## Global Wealth Division

Global Wealth faced a challenging year given the continued unrest in some of our core markets and the global economic uncertainty, but performed strongly, more than doubling its contribution to operating profits from AED 66 million (1.2%) in 2011 to AED 138 million in 2012 (2.4%) and growing Assets under Administration fourfold.

### *Private Banking*

The strongest contributors to the division's performance in 2012 were our Private Banking activities in the UAE and Switzerland. Assets under Management in Private Banking again grew by 50% and the team were awarded Best Private Banking provider in the UAE by the Financial Times' Private Wealth Management Magazine and by The Banker.

<sup>6</sup> AIB is a fully owned subsidiary located in Washington DC and incorporated in Curacao, Netherlands Antilles.





## *NBAD Securities*

In 2012 we rebranded our brokerage subsidiary from Abu Dhabi Financial Services to NBAD Securities whilst significantly upgrading our order management and online trading systems, making the business well positioned to take advantage of the expected return of confidence in the UAE equity markets.

## *Asset Management Group & Custody*

AMG more than doubled its Assets under Management in 2012 and won numerous awards across many investment strategies, while Custody activities became fully operational showing strong growth and are continuing to focus on expanding geographical reach and product depth.

## **Global Financial Markets**

Our Financial Markets Division became Global Financial Markets (GFM) at the end of 2012 to more closely reflect the role the team plays as a nerve centre of the Bank, managing the flow of funds on behalf of other operating divisions whether they be deposits, loans, foreign exchange transactions, equities, money market or fixed income in nature.

GFM in itself is also a business unit within the Bank serving several thousand customers who have various needs ranging from managing their foreign exchange and interest rate risk to meeting their portfolio requirements as investors in bonds and other financial instruments.

The business of GFM is underpinned by its customer base – it is in the end, as any other, a people related and oriented business. We pride ourselves in developing and growing our customer base and gaining customers' loyalty, respect and confidence.

During 2012 our customer base in Europe has grown significantly whilst we have added new capabilities such as e-commerce trading, launched a real estate investment trust (REIT) in the UAE and facilitated IT integration in the form of straight through processing which lowers delivery costs.



A significant achievement in 2012 for GFM was also assisting over 20 issuers of bonds to raise capital totalling US\$ 15 billion, serving the needs of both issuers (borrowers) and investors (lenders) via the capital markets. In each case NBAD was the joint-lead manager as well as joint bookrunner (distributor).

GFM also assists other operating divisions as they seek to serve the broader customer base of the bank. For example where large scale projects require significant funding often exceeding US\$ 1 billion for each project there is often a need for managing the interest rate risk. As these projects are long-term in nature the risk can be sizeable where the variation by way of interest cost to the project can exceed twenty percent of the principal value of the project. GFM assists the borrowers by managing the interest rate risk via hedging instruments which add significant value to the overall project. More recently, the Bank has started offering long dated interest rate swaps to counterparties that has enhanced our reputation and product offering in the market place.

GFM, in partnership with Risk Management Division, is committed to growing its business over the coming years whilst ensuring we manage the Bank's risks appropriately, create systems and processes that underpin growth and use technology to reach new markets whilst lowering delivery and service costs.

## Islamic Banking

The retail segment enjoyed growth in customer finances of 60% in 2012 whilst corporate & commercial segment customer finances declined by 8%, resulting in an overall decrease of 6% in 2012 to AED 6.6 billion in loan balances.

## INTERNATIONAL EXPANSION STRATEGY

NBAD's 2021 goal is to be present in 41 countries. We delivered some key projects in 2012 including the processes for managing our key clients more effectively and developing product plans for both consumer banking in the Middle East and other financial services globally.

Plans to improve our IT infrastructure, to make international activities more efficient, and upgrading our procedures and processes to ensure global continuity were well developed and will continue into 2013.

We began to build successful cross border synergies which will expand as we grow and we identified the chronology for our expansion to ensure we maximise opportunities and optimise resources.





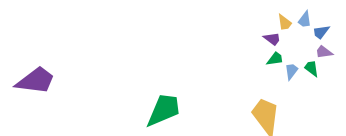
## SMALL BUSINESS AND WOMEN OPPORTUNITIES

While we do not yet see a sustainable demand for microfinance activities in the UAE, we view small business and entrepreneurs as one of the springboards to a successful and diverse economy. Women in the UAE have many of the key attributes to become successful entrepreneurs and small business owners but do not yet have access to all the right kinds of financial support and services to help them succeed.

Our business banking group have made great advances in 2012 reaching 25,206 customers, opening the 10th Business Banking Centre in Deira (Dubai), signing an MOU with the Dubai Chamber of Commerce and launching a new Merchant account for SMEs using merchant processing. In Al Ain they also moved the Business Banking Branch from the main banking branch to a new location in the Industrial area, closer to SME customers.

Our Private Banking Team also launched new services specifically aimed at providing women with the right tools and advice to manage and multiply their finances to increase their future financial stability.

The Velvet - Private Banking for Women service was launched in January 2012, and has been well received in the UAE, providing highly personalised wealth management and banking services to Women. In November 2012, Velvet launched the Fursati ('my opportunity') Economic Empowerment programme. It aims to offer educational seminars, focusing on developing business and investment related skills amongst women. Working in partnership with Business Women Councils, it is the first of its kind in the UAE, aligning NBAD products and services to meet the needs of women in the region.





## JOB CREATION IN AL AIN

Increasing the number of Emirati women in the workforce is a key aspect of the Government of Abu Dhabi's Economic Vision 2030. Women are highly educated in the UAE but there is relatively little flexibility in the marketplace allowing for part time or flexible working hours that would support their preferred balance of work and family life.

Al Ain has a significant level of unemployment, particularly of highly educated women, so when NBAD needed to open a new call centre in 2012, the answer seemed obvious.

Working with the Tawteen Council we were able to benefit from a great opportunity to identify and deliver the right job opportunities to attract Emirati women allowing us to benefit from their untapped potential.

The location for the contact centre was chosen in Al Yahar with the purpose of creating employment in close proximity to neighbourhoods with high levels of unemployed females. The number of candidates identified during the recruitment stage, that were academically qualified and highly proficient in English and IT was impressive, proving that this was the right strategy for the bank.

Having identified the right candidates, training would normally take place at our Academy in Abu Dhabi, but with relatively more traditional family values and many having family responsibilities, the women requested that training take place in Al Ain, and we were pleased to support this.

The contact centre was officially inaugurated in April 2012 with a team of 20 Emirati female staff and by the end of the year it had a unit strength of 39 active employees who had answered 268,844 calls and generated 5808 sales leads.

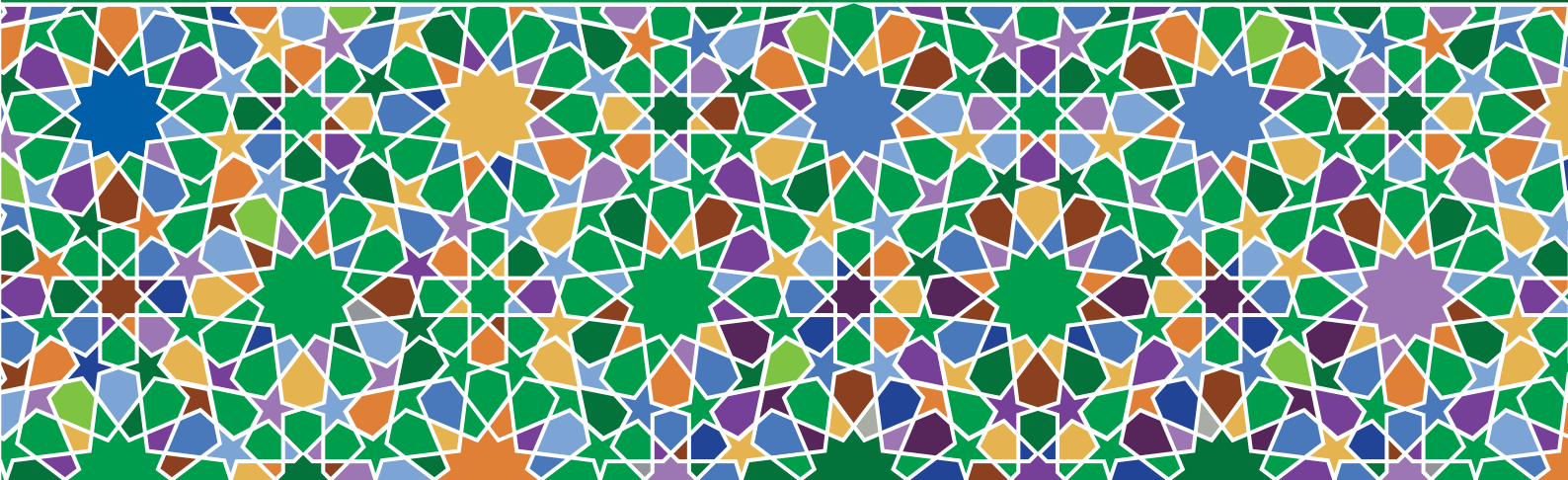
NBAD is not alone in focussing new employment opportunities for women in Al Ain – Etihad have also established a call centre in Al Ain which employs Emirati women and we are certain further organisations will realise the opportunity so they collectively support the economic and social development of the wider UAE.

## OUR COMMITMENTS FOR 2013

- *Maintaining an average return on Shareholder funds of 20%<sup>7</sup>*
- *Begin quantitative measurement of the Bank's financial value to Abu Dhabi*
- *Open new offices in three new international locations*

<sup>7</sup> This is a medium term KPI, not a year-on-year target.

# EMBRACING ACCOUNTABILITY



**Policy:** We will employ best practice in our governance structure and operations; actively seek to tackle financial crime; be transparent with information that is relevant to our stakeholders; and be accountable to our stakeholders for our actions.





## OUR 2012 COMMITMENTS

### *3<sup>rd</sup> Party assurance of the 2012 Sustainability Report*

☒ The launch of the draft G4 Global Reporting Initiative (GRI) standard has led us to reassess our long-term use of the GRI standard. We decided that external assurance against the current G3 standard may not be relevant and will wait for the launch of the final G4 version to consider how we proceed, and what kind of assurance would add value to our reporting.

### *Completing a gap analysis and alignment with the ISO 26000 Guidelines*

☑ A gap analysis of our alignment with ISO 26000 was carried out which identified similar gaps as those identified by the ASDG Maturity Tool. We will therefore continue to incorporate ISO 26000 into our annual reporting with the GRI disclosures index (see GRI Section at the back of this report) but will not follow the guidelines separately, the requirements are already fully covered by the 6 tools we have identified to guide our 3-5 year strategy management. See page 21 for more details.

### *Ensuring consumer debt products are fully explained to customers*

○ We were not able to fully overhaul our customer communications during 2012 but we took some large steps forward in helping them become more aware of responsible debt management and other financial activities.

In the process of developing our new corporate website we included a new page which provides customers with simple advice on how to manage their finances. 'Money Matters' includes information about saving, investing and sensible spending as well as how to make the most out of personal finances.

Through a partnership between our lending business, branch sales support and Learning and Development teams, front line branch employees are being continuously trained in product knowledge and sales techniques which include elements of customer knowledge and awareness.

During 2012 we began a project to standardise our consumer banking terms and conditions and to convert their contents into plain language to help our customers clearly understand our mutual responsibilities to one another.

The terms and conditions will be supported by the application of our new 'Treating Customers Fairly' policy during 2013 which sets out our commitment to deal with customers fairly at all times in the conduct of our business and only sell products that fit their profile and needs. We believe this will help our customers to feel confident in our services and trust us as their bank of choice.





### *Setting Sustainability KPIs for each department/division*

✓ For the second year we applied business owners to each of the annual commitments, published them as an appendix to our policy and shared this with all employees to ensure full accountability for delivery. In addition to this a balanced scorecard was created for the executive management in 2012 which included several sustainability related objectives.

In 2013, sustainability has been hardwired into the bank wide balanced scorecard and therefore the majority of our annual commitments are now aligned to the balanced scorecard.

### *Formal inclusion of Sustainability factors in the internal audit programme*

✓ During 2012, 3 members of our Group Internal Audit Team attended the 4 day ADSG Sustainability Workshop to increase awareness of Sustainability within their team. Considering sustainability factors during the audit process is now standard practice having been included in the Audit Management materials.

### *Making a decision on membership of UNPRI*

✓ Formally integrating sustainability risk assessments into our processes through UNPRI or Equator Principles has been a long-term goal and also a point of consistent challenge for us when it comes to actual implementation. Relevant business divisions must own the process for it to become business as usual but they have been focussed on priority projects with a wider impact on NBAD – such as the TOM.

During 2011 we found that our Project Financing had little environmental or social risk. As a result we believe that responsible and sensible decisions are being made without the need for a specific and formal reference to sustainability factors and therefore membership of UNPRI can be postponed until the time critical projects have been completed.

We have decided not to formally implement UNPRI but to revisit this in 2014.

### *Developing an organisational 'Delegation of Authorities Matrix'*

✓ The Delegation of Authorities Matrix was successfully agreed, approved and in place during 2012. The Matrix clarifies the scope of activities for the key management groups in the bank – The Board of Directors, Board Committees and Executive Team – and ensures that decisions are made at the right level of the business. This increases the strength of our Corporate Governance whilst increasing the pace at which some decisions can be made.



## CORPORATE GOVERNANCE

NBAD is governed by an 11 member Board of Directors who are nominated and approved by the shareholders. Two of our Board are independent, non-executive Directors and 8 are Non-executive Directors. Our current Group Chief Executive joined the board in March 2012 as an Executive Director and will remain part of the Board of Directors after he leaves his current position.

As the majority shareholder (70.48%), Abu Dhabi Investment Council ('The Council') nominates Board Members pro-rata to its shareholding accounting for 6 of the current members. Two independent members are nominated by the Board and elected by the shareholders during the Annual General Meeting (AGM), while the remaining positions are elected through cumulative secret ballots from the AGM without the Council's participation.

The Board of Directors major responsibilities are reflected by our Board Committees which include, the Risk Management Committee, Compensation and Nominations Committee, Audit Committee and Corporate Governance Committee.

During 2012, NBAD revised the charters of its key board and management level risk committees so that their responsibilities and authorities are aligned to Bank's growth strategies and commensurate to the increasing business complexity. This was complemented by committee satisfaction surveys for the key risk committees of the Bank. Further, we implemented a self-evaluation process to enable the committees to assess their effectiveness in ensuring sound risk governance. The self-evaluation also serves as a feedback loop for committees to address any gaps identified.

Board members receive remuneration for their role which is determined through deliberations with relevant parties and presented by the Chairman to the AGM for approval by the shareholders. Directors' fees are published within our annual report as is detailed information about Committee membership and meetings, policies, detailed investor information and presentations.

For further information about our Corporate Governance, including Board remuneration, meetings, policy and processes, please refer to our 2012 Annual Report which is published on [nbad.com](http://nbad.com) in the Investor Relations area.





# MEASURING OUR SUSTAINABILITY

During 2012 we sought to change the way we assess and measure sustainability activity to integrate sustainable thinking into business as usual and drive commercial value from responsibility. Two key measures were identified which helped us to see both the wider value of sustainability and measure our journey in an objective way that is understandable to all stakeholders.

## 1. S&P Hawkamah ESG Pan Arab Index

NBAD already provides transparent information on capital adequacy, capital structure, risk exposures, and risk management and internal control processes under Pillar 3 disclosures in its annual report, but as one of the key tools identified to drive our sustainability strategy, the Index ensures we aim for more and deeper public disclosure of information, which is material to our business and therefore our stakeholders.

As 'bad' behaviour is also measured, the process drives best in class controls and measures to ensure our employees are well trained on proper banking procedures and understand 'responsibility' in its widest sense.

Since launch in 2010 NBAD has consistently moved up the rankings, from 8th position to 6th in 2011 and 3rd in December 2012. We are very proud of this achievement and are excited by the increasing competition from our competitors, which not only drives us, but our entire industry to aim for even greater transparency.

With the trust issues faced by the financial industry globally, external recognition of our openness is critical in developing confidence amongst our stakeholders to ensure that we will act responsibly, identify and admit our mistakes openly, and take immediate corrective action as necessary.

We are therefore committed to retaining our top 10 ranking and, to achieve this, we will be working in 2013 to increase the amount of information we share and the pace with which we are able to make it accessible to stakeholders through our website.

Our new Investor Relations pages have greatly improved the ease of access to up to date financial information and the Sustainability Team will be seeking to support this through greater population of the Sustainability pages.



## 2. ADSG maturity assessment

The Abu Dhabi Sustainability Group 4 day Capacity Building Training and Sustainability Maturity Assessment Tool have helped us to clearly identify our key areas of strength in sustainability but also others where we need to do more.

Our most challenging areas are currently suppliers, customers (particularly around responsible communications) and some very specific employee areas. From an action type perspective the assessment shows that we need to request more direct feedback from a wider variety of stakeholders.

Our strengths are related to corporate governance and management of sustainability, our policies and measurement of performance, but there are still many opportunities for improvement.

Being able to quantify the 'bigger picture' has allowed us to make decisions about where we should focus our efforts and which areas can be left for now as they are less material to our business and therefore less strategically important.

We will not, for instance, focus on creating a community investment strategy in 2013, or investing significantly in 'greening' our existing buildings, as we believe there are other areas which will add more value to our suppliers and customers.

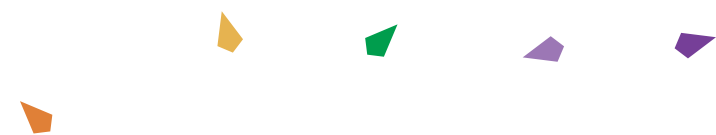
Most importantly the output of the tool allows us to simply and clearly share this information with others in a format they can understand, and to provide detailed guidance for them to see how their parts of the business can support NBAD to become more mature in our Sustainability practices.

*2013* - Achieve *20%* improvement in our overall sustainability maturity.

*2014* - Achieve *50%* improvement in our overall sustainability maturity.

*2015* - Achieve *80%* improvement in our overall sustainability maturity.

We used the assessment process to model our progression over 3 years and therefore develop a set of goals over three years to achieve increased maturity development versus our 2012 baseline.



The chart shows how we plan to increase our sustainability maturity in relation to the 7 key stakeholder groups by 2015.



These plans directly support our positioning on the S&P Hawkamah ESG Pan Arab Index and will also be integrated into bank wide balanced scorecards during 2013 and ongoing.



## AUDITING FOR SUSTAINABILITY

Carrying on from auditing sustainability in 2011, Group Internal Audit (GIA) carried out a follow up audit of the Sustainability Team in November 2012.

The audit focussed on the risks and controls relating to our Group sustainability objectives, reporting, and the Bank's broader sustainability agenda. See Appendix B for a summary of how NBAD has progressed against 4 key audit findings since 2011.

## THE YEAR OF 'COMPLIANCE CULTURE'

NBAD has a strong approach to Compliance with a focus on consistent training and communication to spread the message that 'Compliance is everyone's responsibility'. Since 2010 Anti Money Laundering Training (AML) has been offered for all employees – not just front line staff – and to date 1580 employees have completed the course.

2012 was 'The Year of Compliance Culture' to bring renewed attention to the importance of Compliance in supporting our vision 'To be recognised as the World's Best Arab Bank', and embed a culture of compliance deeper into divisions.

Regulatory and compliance matters are regularly reported to the Executive Management team; on a quarterly basis to our Audit Committee; and also to our Board. The Reputational Risk Committee, introduced at the end of 2011 now meets quarterly to assess issues that could impact the bank's reputation.

Throughout 2012 a series of Compliance Clinics were run for employees covering topics from Economic and Trade Sanctions to Anti Money Laundering. These proved popular and the Compliance Team began publishing a quarterly Compliance Newsletter to keep employees updated, provide a forum to commend whistleblowers and celebrate Compliance successes with examples of 'good compliance in action'.

It is important to recognise that compliance culture is not achieved in a year, but rather that it is a continuum and 2013 has been themed 'The Year of Delivery'.





## WHISTLEBLOWING

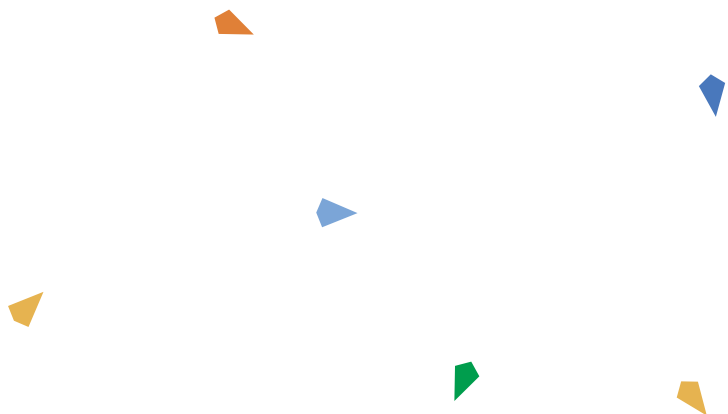
NBAD's whistleblowing system received its first 4 reports in 2012 as awareness of the system grew. Employees have begun to trust the confidentiality and protection afforded to them for acting responsibly to share concerns about non-conformance with business procedures, values and ethics, or suspicions of illegal activity.

All 4 reports were investigated with one being a suggestion for improvement and referred to the relevant department for attention. Two were related to behaviour contrary to NBAD's Code of Conduct and Employee Policies, and the fourth potential illegal activity. All were successfully closed.

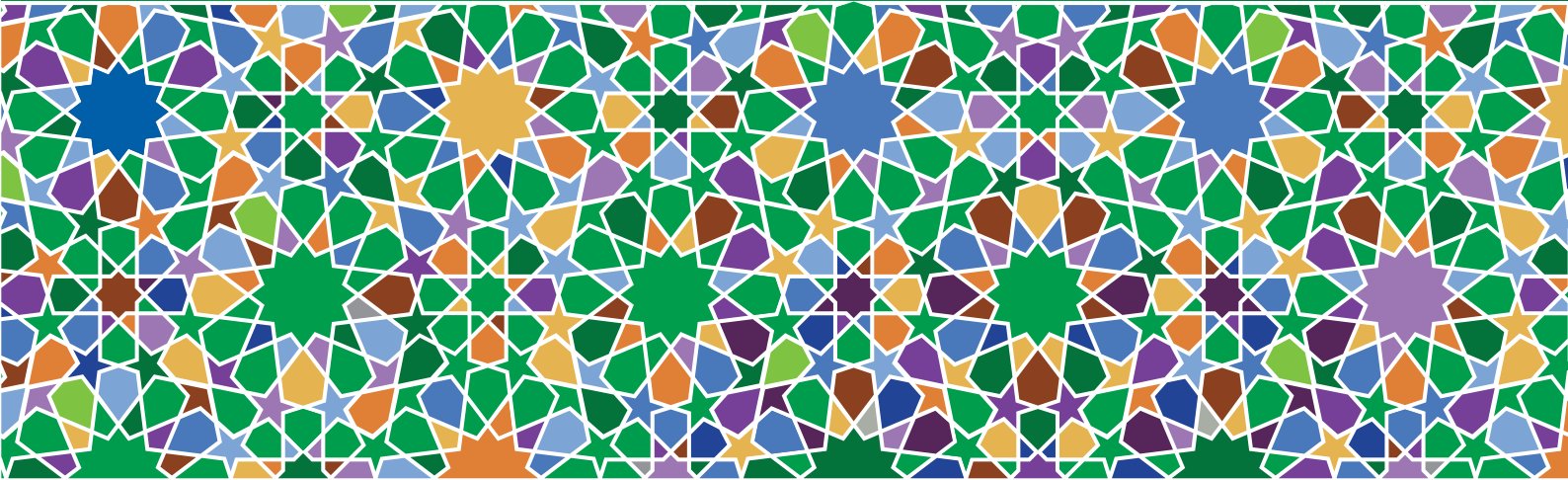
We expect, and hope, to receive many more reports via the whistleblowing system and will continue to use each as an opportunity to strengthen our procedures and support employees who are committed to making NBAD an open workplace, where they can share opinions and issues without fear.

## OUR COMMITMENTS FOR 2013

- *Integrate sustainability into the bank objectives through the 2013 balanced scorecard*
- *Achieve 20% improvement in our overall sustainability maturity*
- *Retain top 10 position on the S&P Hawkamah ESG Pan Arab Index*



# INVESTING IN OUR PEOPLE



“ Policy: To attract and retain the best talent we will continuously develop our employees, offer attractive rewards, and provide a safe and healthy workplace. We will support development of national talent whilst incorporating diversity, and ensuring opportunities for all employees.

”



## OUR 2012 COMMITMENTS

### *Maintaining a 40% Emiratisation rate with a focus on identifying high potential candidates*

☒ By the end of 2012 NBAD's Emiratisation rate had fallen to 37.4% in the UAE.<sup>8</sup> Turnover of Emirati employees was high, particularly of men with only 7 net new Emiratis versus 156 net new Expat employees in the UAE and a net loss of 26 Emirati Men. See page 56 and Appendix A – our people performance indicators, for further information. Programmes, including mentoring, to retain our UAE Nationals are being developed for delivery in 2013.

### *Commencing the delivery of foundation level sustainability training to employees*

○ By late 2012 E-learning was recognised as the most relevant tool to ensure the highest level of access to training and the process of identifying the best service provider to create the tool was in process. The module is planned for develop through Quarter 3 2013 with primary launch and delivery by year end.

### *Develop a mandate for an Occupational Health and Safety Committee*

☒ An ongoing and challenging goal for us which we believe may be too testing at this point until a business owner has been agreed and adequate resources are in place. We will continue to work on this with relevant business stakeholders in 2013.

### *Setting a baseline health and wellbeing strategy in partnership with Health Authority Abu Dhabi*

☒ Our pilot programme with HAAD came up against delays in the first half of 2012 and, while we continued to capture useful information about employee health issues we had not created a rounded health strategy to guide our activities. During 2013 we will focus on a long-term and broad health strategy, linked to the HAAD Health Promotion Programme, including consideration of resources and ownership.



<sup>8</sup> see Appendix B for our calculation methodology.

## Developing roles and responsibilities for Sustainability Champions

✓ A process of validation of Champions was carried out during 2012 to ensure line manager approval and support for Champions in their teams. Both Champions and their Managers were provided with the Roles and Responsibilities and, in addition all Champions were invited to attend a day of training and networking at Head Office. Around 50 Champions (C.47% of the total group) attended the event.

	2011	2012	% Change
International Employees	1202	1296	8%
UAE Employees	4258	4340	2%
Total Group Workforce	5460	5636	3%
Sponsored Students & Trainees	209	284	36%

## OUR PEOPLE

Our employee base in the UAE<sup>9</sup> grew by 2% in 2012 while our international team increased by 8%. We significantly increased our support for full time trainees in our Academy (92) and to sponsor students at University (192). Total turnover remained stable at 9% with contract staff turnover reducing to 17%.

## Emiratisation

We suffered marked losses of UAE Nationals in the UAE during 2012 with Emirati men becoming the smallest group versus Expats and Emirati women (8% of the UAE workforce) and demonstrating a turnover of 18%. However, this group also has relatively greater influence for their numbers with 8% of all Emirati men being in Senior Management (over 1 in 5 of all Senior Management Roles<sup>10</sup>) and 23% in Middle Management – a higher proportion than any other group. Grades 5-8 suffered the highest turnover of Emirati men at 24%.

NBAD is committed to the professional development of Emiratis as one of our key areas of support for

	Hired			Left			Net Change
	Men	Women	Total	Men	Women	Total	
Emirati	37	110	147	63	77	140	+7
Expat	291	103	394	185	53	238	+156

the Abu Dhabi Vision 2030 and building a highly skilled, highly productive and sustainable workforce for the UAE.

From a retention perspective, Government and the public sector are our main competitors and we work hard to engage our UAE national workforce through regular focus groups, direct responsibility of Human Resources Business Partners to ensure key issues for Emiratis are managed, and that UAE National engagement levels are benchmarked annually allowing areas of concern to be highlighted across the organisation.

<sup>9</sup> Our 'workforce' does not include the 192 sponsored students who are not present at our workplaces.

<sup>10</sup> Of the 128 roles in the UAE at grade 12 or above, 28 are held by Emirati men.



Our investment in employee training is significant and, for National training specifically our 2012 budget reached AED 58.9 Million, with 36% more sponsored students and full time trainees at the NBAD Academy than in 2011.

Given the challenges of retaining national talent we have made a commitment to hire at least 100 net new Emiratis this year.

## Women

After a high turnover of women in 2011, 2012 was more positive with an additional 34 women in the UAE workforce versus 2011 (holding at 35% in the UAE) and a slight increase in representation in senior positions from 7% to 8%. Branch managers in the UAE stayed at 51% women with total representation internationally at just over a third, there being only 2 women branch managers outside the UAE – one in Jordan and one in Egypt.

Women	2011	2012
% of Total Group Workforce	-	33%
% of Total UAE Workforce	35%	35%
% of Senior-level Positions (grade 12+)	7%	8%
% of Middle-management Positions (9-11)	24%	24%
% of Branch Managers (Global)	-	35%
% of Branch Managers (UAE only)	51%	51%

Detailed people numbers, including our international workforce, can be found in Appendix A.

## Diversity

Our diversity increased in 2012, growing to 70 nationalities in the UAE from 69 in 2011 and 74 across the world. At the same time we were able to ensure employment for nationals of each of our host countries, with 93% of employees outside the UAE being nationals of the host.

Country of Origin	UAE employees
India	1149
United Arab Emirates	1030
Egypt	344
Jordan	322
Pakistan	202
Syrian Arab Republic	149
Palestine	141
Philippines	138
Lebanon	110
Sudan	98

Within the UAE, Emiratis are the second most populous nationality, and there is a positive skew toward regional employment with the top 10 nationalities heavily influenced by the Gulf, and more widely the MENA region, accounting for 85% of all UAE based employees.

## EMPLOYER OF CHOICE

Seeking to be an employer of choice, NBAD supports work life balance, opportunities for all employees to develop, to be paid fairly for their efforts and rewarded for outperformance.

### Performance management

A key finding in our 2011 Global People Survey, and again in 2012, was that employees wanted to see more transparency in regard to the link between performance and rewards. Upgrades to the HR Management System during 2011 were further enhanced in 2012 with a performance management module and, by the end of 2012, had been expanded through the addition of a direct link for all staff to the Strategy Map of the bank – meaning they must link their personal objectives to a specific area of the Group Strategy and therefore their divisional balanced scorecard.

The direct link between individual performance and bank strategy will help employees to understand their purpose and value to the success of the organisation.

### Fair wages

NBAD benchmarks our total compensation packages against the upper quartile of the pay market and our ‘Pay for Performance’ reward strategy does not look at gender, nationality or age when determining basic salary of our employees.

In 2011 we checked that our actions matched our policy by comparing the basic salary of men to women across 2 specific job roles held by about 10% of our UAE employees. In 2012 we have identified 13 directly comparable job roles in grades 5 to 8, which are held by around 30% (1241) of our employees in the UAE.

Ratio of wages - Men : Women	
2011	0.976 : 1
2012	0.948 : 1

The widest men:women ratio was 1:1.303 but overall they are extremely close with a very slight positive toward women.



## Human rights

NBAD abides by those principles of human rights included in the UAE Federal Labour Law and the Constitution of the UAE. We encourage employees to provide their opinions through our annual Global People Survey and to voice their concerns, without fear of retribution, through our Whistleblowing facility.

No complaints of Human Rights related incidents have been recorded through our Whistleblowing system to date.

## Flexible working

During 2012 Human Resources engaged with relevant Ministries to understand and agree how we could deliver part-time working conditions without compromising the pensions of Emirati employees. A plan to allow employees to work more flexible hours was being developed toward the end of the year for piloting in the first quarter of 2013.

## 2041- A leadership journey to Antarctica

In 2012 five Emirati women Ambassadors from NBAD participated in the '2041 International Antarctic Expedition' - an annual voyage to the Frozen Continent.

The '2041 International Antarctica Expedition', is a non-profit organisation that annually organises trips to Antarctica. Their aim is to highlight the effects of global warming and ensure the continued protection of Antarctica from mining and exploitation beyond year 2041, when the current international agreement ends. During the expedition the group gained time management and team building skills. They were faced with challenging tasks and activities that increased their self motivation, simultaneously developing their leadership skills.

Having returned to the UAE each has been pursuing their responsibilities as NBAD Ambassadors. They are sharing their experiences to motivate others by guest lecturing at educational institutes and through social networking.

As the participation in this expedition proved to be a great success in 2012, NBAD decided to continue its involvement in the '2041 International Antarctic Expedition' in 2013.

In December 2012, a selection process was launched to find four new Ambassadors for the 2013 expedition.



*The expedition helped me to understand how valuable mother earth is for us and it made me realise the importance of climate change and its effect on our daily life.*

*Yasmin al Jawadri  
Compliance Officer*





Participants will experience the wildlife of the frozen continent, live and breathe a sustainable lifestyle, and learn about the importance of preserving natural resources and the role of renewable energy in balancing the ecosystem. In addition to environmental knowledge and sustainable practices, the expedition is designed to develop their personal and leadership skills.

## Imtiaz Awards

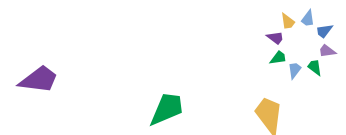
We launched a new employee award programme in 2012 to recognise outstanding achievements and contributions to NBAD and our customers.

Employee feedback in 2011 said that they wanted to see more celebration of NBAD's successes. In response a new employee awards programme was launched – the Imtiaz Awards – Recognising Excellence. There are 5 categories:

- *Deal of the Year - Takes ownership to deliver exceptional deals, that delight our customers, and promotes NBAD as a world-class organisation*
- *Product Development - Anticipates customer demands to develop new products and services to ensure that NBAD is perceived as a market leader*
- *Service Excellence - Goes beyond banking to deliver exceptional customer experience and superior business performance*
- *Creating Value - Innovates to deliver value that delights our people and customers, and increases our shareholder value*
- *CARE - Makes a positive difference to our customers, people & community by building long-term partnerships through value creation*

The awards have strong alignment to the strategic direction of the bank, are commercially focused and reflect the behaviours and values that we would like all employees to adopt. They are relevant to staff working in Business Divisions and Support Functions in the UAE and globally, so that the opportunity to be recognised is open to everyone. A final award category was designed to recognise an exceptional contribution to the Bank - the Group Chief Executive Award for Excellence.

The Awards were delivered during the Annual Global Conference and have generated positive feedback from employees.





## Employee health

A total of 14,414 sick days were recorded in 2012, representing an average of 3.25 days per employee. This is an increase of 0.75 days which we believe is due to more consistent reporting through the improved HR management system.

We are unable to properly assess workplace accidents (see Appendix G) however, there were no employee deaths.

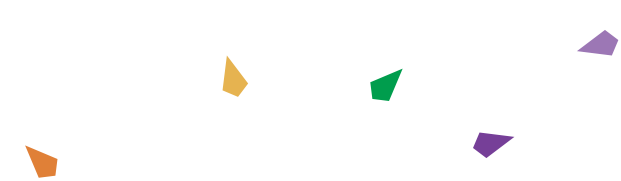
We were unable to launch full Strategic Health and Wellbeing Strategy or an official committee to support it. We did continue to gather and analyse information from our blood donations and wellness events and worked with our health insurance provider to identify the key health issues for our employees. These align closely with the health challenges identified by the Health Authority Abu Dhabi and will form the core focus as we work toward a long term strategy.

During 2012 employees were asked to give feedback on our medical insurance, both service standards and inclusions. In response upgrades were agreed including preventative services such a dental and general health check-ups.

## ILO survey on work-life balance

An International Labour Organisation (ILO) Regional Workshop on 'Women in Business and Management' took place in Beirut, Lebanon during May 2012. This workshop is part of a series of workshops that are being organised by the ILO - Bureau for Employers' Activities (ACT/EMP) in 5 regions across the globe to promote the advancement of women in business and management, and to gather information which will feed into a Global Research Report on Women in Business and Management.

In support of this initiative, we were invited by professors at the University of Beirut to submit data for analysis and inclusion in the report and, as a result of our participation, we were able to highlight gaps in our data where we might gain a clearer understanding not only of the issues involving retention of female employees, but also where we can carry out deeper analysis of employee related issues. We plan to engage with the Human Resources team to develop this further in 2013.



## LEARNING AND DEVELOPMENT



NBAD is committed to supporting the learning, education and growth of our people. As such we continued to invest significant resources in our Learning and Development activities.

During 2012, employees averaged approximately 10 days training and 82% of our people based in the UAE attended a development programme, amounting to 36,310 training days or more than ¼ million hours.

NBAD Academy's focus for 2012 was to continue the assessment and development of the technical and professional expertise of NBAD staff. This has been achieved through divisional qualifications and certification programmes linked to individual positions to ensure that employees remain competent in their role. These are integrated within talent management practices to also ensure that career opportunities are provided across the bank for the corporate Talent Pool.

In addition to delivering programmes for NBAD employees, NBAD academy offered commercial training services to two Public sector organisations, as well as providing the use of the NBAD academy facilities for the Abu Dhabi Sustainability Group Capacity Building workshops throughout the year (see page 15 for more details).

One specific new activity delivered during 2012 was the completion of the diagnostic phase of NBAD Credit Risk Learning Curriculum, which is a collaborative effort between Group Risk Management Division, Learning & Development, and Moody's aimed at improving the Bank's risk culture. The objectives of this project being to improve overall credit knowledge, and skill; enhance current knowledge of NBAD policies and risk management guidelines through NBAD tailor-made training solutions; building a common credit language and consistency across all business divisions; support individual learning, and development of NBAD associates.

## EMPLOYEE ENGAGEMENT ACTIVITIES

### Blood Donations

NBAD has delivered annual employee and public blood donations for the last nine years. We have not only had great success in helping collect large volumes of donations, but also greatly needed rare blood types.

The Annual Blood Donation event allows employees to interact directly with our customers and community toward a common objective and, to add extra value, donors are also now provided with blood sugar screening due to the concerns of the UAE Government about growing numbers of residents suffering from diabetes.



In 2013 we'll be working with our colleagues across the UAE to help them organise and deliver their own blood donation and employee wellness events.

## Sustainability Week

Our first NBAD Sustainability Week was launched in October to raise awareness among our employees about living and working sustainably.

Over five days in October, employees were invited to learn about saving power and water, managing their money, keeping fit and healthy as well as sharing their ideas about how to make NBAD a more sustainable bank.

82 employees donated blood during Wellness Day and the Panda mascot from the Emirates Wildlife Society in association with WWF (EWS-WWF) made a tour of head office encouraging employees to contribute to protecting UAE wildlife by donating their electronic waste, cash and NBAD 'Stars' Reward Points to 'adopt' toy turtles.



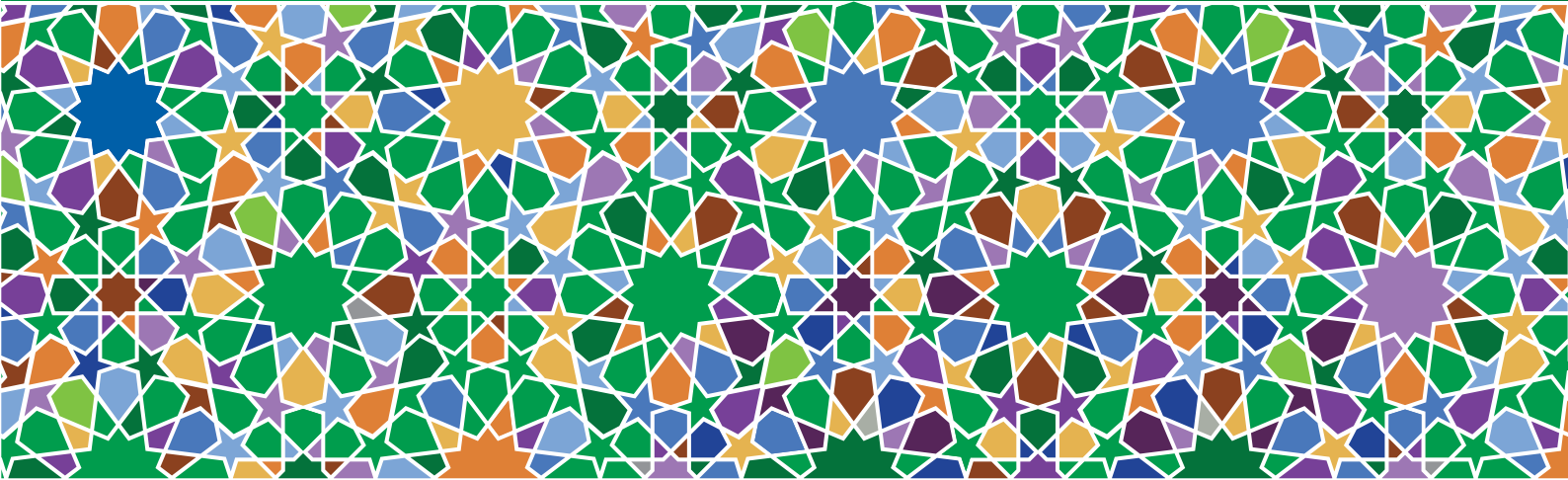
Our employees generously adopted 86 plush toy turtles, recycled 79 old electronic items with our partner IndustryRe and gave further cash donations, totalling AED 18,738. All proceeds were provided to EWS-WWF in support of their Marine Turtle Conservation Project.

## OUR COMMITMENTS FOR 2013

- *Continue to support national talent development through recruitment of 100 net new Emirati employees*
- *Improve access to training by delivering 10,000 training days via e-learning<sup>11</sup>*
- *Continue the development of an annual training programme for Sustainability Champions & Stakeholder Group members*

<sup>11</sup> *These are not only net new training days but a replacement of some existing courses currently held at the NBAD Academies. Replacement with e-learning will improve access to employees, and reduce pressure on the Academy facilities.*

# BEING ENVIRONMENTALLY SMARTER



**Policy:** We will not compromise the environment in pursuit of profit, and are committed to reducing our own impacts through responsible procurement, operations and facilities management.







## OUR 2012 COMMITMENTS

### *Continuing to reduce our per capita power, water and paper consumption*

○ Our water consumption has more than doubled to almost 30 million gallons in the UAE while our power consumption has increased by more than 50%. These figures clearly show that despite concerted efforts to obtain reliable base data validated against billing documents, there is still an issue with our consumption data. Investigations have uncovered some useful findings which will inform our data management ongoing.

○ Our overall paper consumption has increased by 9%. Taking into account our increased workforce, our per capita paper consumption has increased by 5% but our mid-term trend is still down – see ‘Paper’ in this section for more information.

### *Continuing to develop relevant environmental policies*

○ We worked with several environmental experts during 2012 to understand what changes we could make to our existing buildings which would make significant impacts. We decided to wait for the final report on our building health from Tia Kansara (see page 69 for the final outcomes and Appendix H for recommendations).

We also looked at alternative ways to minimise our impact and began engaging with our newly formed Procurement team to integrate responsible criteria into procurement policy. This is in development and will be published in 2013.

### *Propose an environmental upgrade for one ADNP managed building to the partner landlord*

☒ Due to some reorganisation to our Abu Dhabi National Properties team during 2012, we were not able to dedicate the right resources to developing a recommendation that we felt would be strong enough to present to our partner clients. During 2013 we will learn lessons from our own power reduction projects in our Head Office Building (see ‘Our Commitments for 2013’ at the end of this chapter for further details) and re-evaluate the potential of this service activity in 2015.

### *Setting relevant sustainability KPIs for 6 international units<sup>12</sup>*

☑ 6 international units were tasked with trying to consistently monitor 6 of their environmental impacts in line with UAE premises. These are energy, water, paper, business travel, toner cartridges and fuel (fleet cars, etc.). Some had similar data management challenges as we had found in the UAE but others were seeing positive results. See ‘Aligning our international offices’.

<sup>12</sup> KPIs for Bahrain, Hong Kong, London, Paris, Switzerland, Washington based on their currently reported activities are recorded with CS and each of the 6 offices and are agreed by International Banking Division.



## Reporting on the environmental health of Head Office, Khalidiya and NBAD Academy (AD)

☑ We have been working for Tia Kansara, a Doctoral Student from UCL, to monitor comfort factors in 3 of our Abu Dhabi buildings. Tia’s report and main recommendations are can be found in ‘Workplace wellbeing research’ on page 69.

## RESOURCE CONSUMPTION

Our direct environmental impacts are limited to paper, water and energy consumption – and the Green House Gases they produce. Still we take these responsibilities seriously, given the scarce nature of water in particular, and the need to use large amounts of energy to produce fresh water through desalination, adding further weight to the current challenges the UAE faces in producing energy in line with the rapid development and expansion of the country.

### Water and power

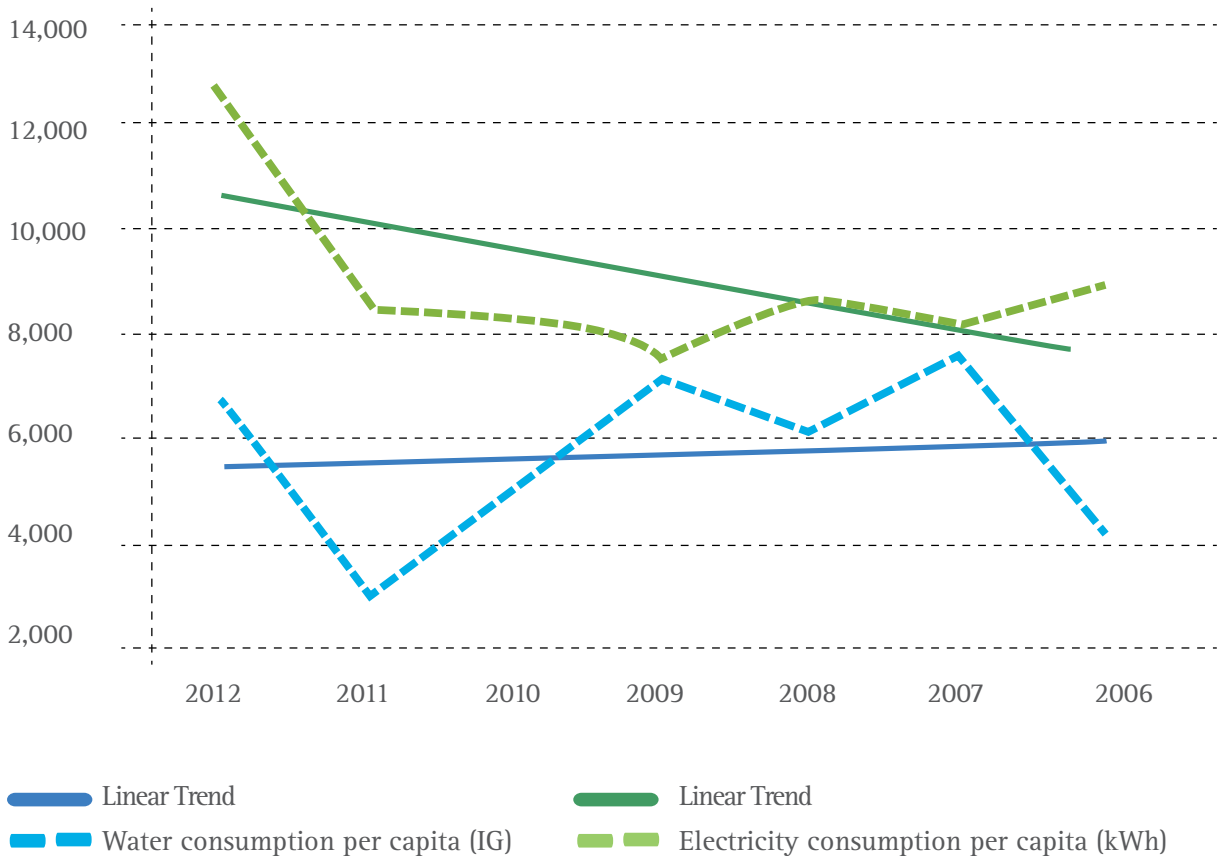
Our utilities figures for 2012 conflict strongly with our 2011 results suggesting significant issues with the base data used.

	2012	2011	2010
Total UAE electricity consumption (kWh)	55,710,665	35,764,423	32,848,098
Electricity consumption per capita (kWh)	12,570	8,399	8,316
Total UAE water consumption (IG)	29,834,766	12,677,130	20,632,128
Water consumption per capita (IG)	6,732	2,977	5,223

Looking at our water consumption over time there is still a downward trend in per capita consumption, whilst for energy there is a strong upward trend, despite a programme of installing energy saving bulbs.

Due to the number of conflicting issues, and the obvious skewing of the data, we cannot provide full and validated utilities figures but are sharing the figures as part of our overall consumption trends.





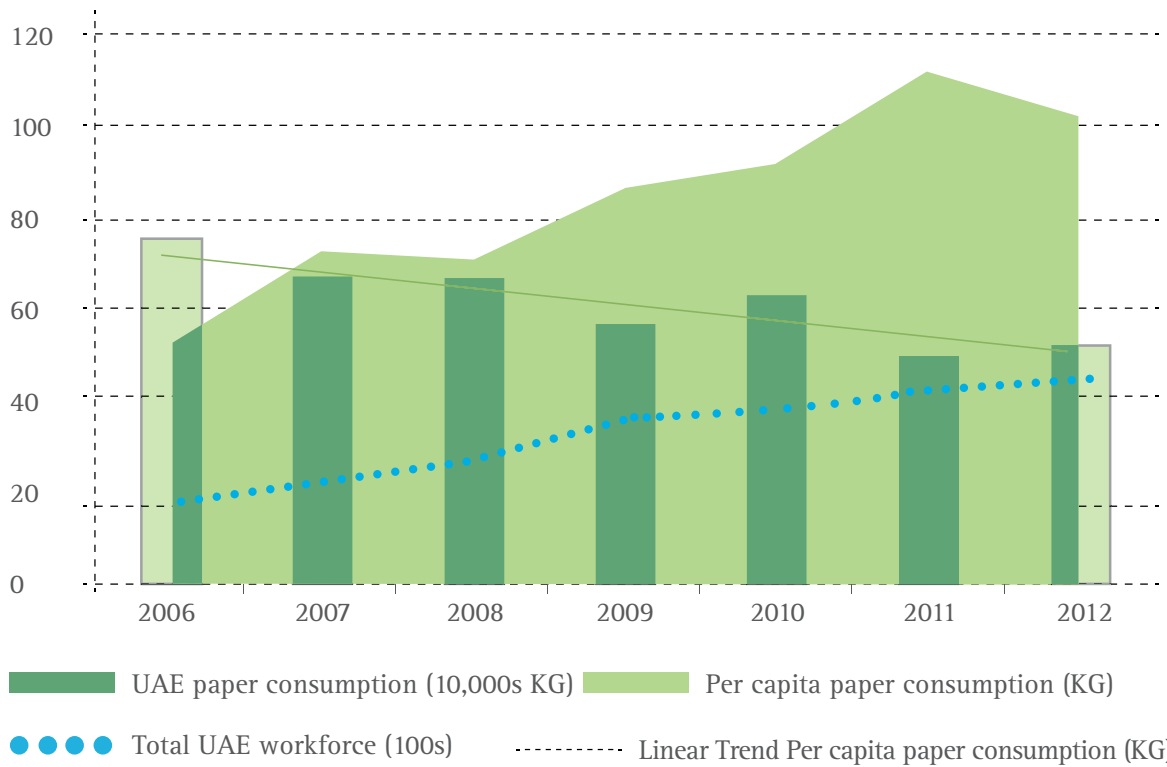
For a fuller discussion of this topic please refer to Appendix G.

## Paper

The amount of paper ordered from UAE stocks this year reached 92,340 reams in 2012, or almost 231 tonnes. This is more than we would have expected, given that our workforce increased by only 2%. Per capita consumption shows that we used 5% more paper each in the UAE.

On a more positive note, our warehouse team made some changes to their processes during the year, actively trying to keep the stock held by departments and branches to a minimum. This helped reduce the amount of paper procured and supports a more efficient use of our warehousing space into the future.





Overall we are demonstrating a reduction trend in our per capita consumption since 2006 but further engagement and awareness activities will be delivered during 2013 until we are able to implement a more structured approach to paper consumption.

## Recycling

We established the Secure Shredding Center (SSC) in 2011 primarily to meet the regulatory requirements for document destruction as directed by the UAE Central Bank and Payment Card International – Data Security Standards, but also to reduce our waste production. In 2012, SSC operations were expanded to provide service to all UAE offices and branches.

Item	2012	2011
Paper Shredded (tonnes)	178	86
Revenue (recycling proceeds AED)	73,001	39,239
Outsourced cost avoided (AED)	169,100	81,700
Cross-cut shredders not purchased	175,000	91,000
<b>Value to NBAD (AED)</b>	<b>417,101</b>	<b>211,939</b>
Total value (AED) over 18 months	629,040	

The SSC has exceeded expectations across the board, recycling not just confidential paper but all printed documents at the end of their life along with newspapers. 2012 collections increased 69% from 2011.

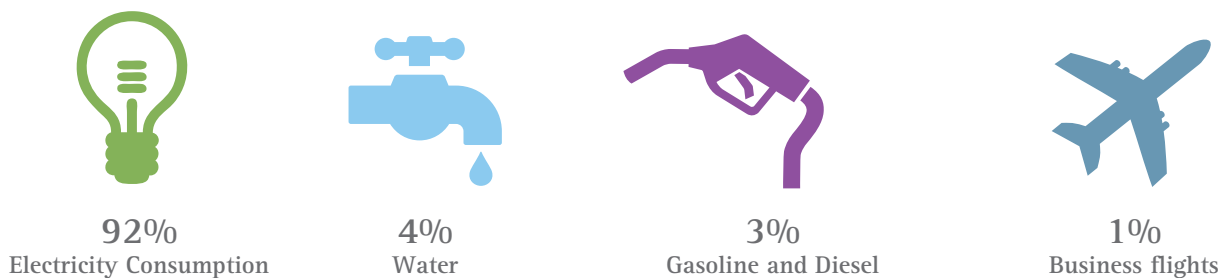
From the outset, we expected a 100% ROI in FY2016, whereas the shredding equipment has an expected life of 10 years. At the current level of operations, we forecast to reach our goal in FY 2015 (four years instead of five years).

## GHG

In 2012 we began to measure our own greenhouse gas (GHG) emissions from our UAE operations using power and water factors developed for Abu Dhabi specifically.<sup>13</sup>

Our total CO<sub>2</sub> emissions in 2012 were 30,946 tonnes based on our business flights, fleet fuel (diesel and petrol), electricity and water consumption. This is a significant increase from 2011, partly due to the new calculation methodology, but more so the ongoing challenges with our raw utilities data.

92% of our GHG emissions come from electricity consumption in our business facilities. We will continue to work on improving operational performance and energy efficiency to reduce GHG emissions.



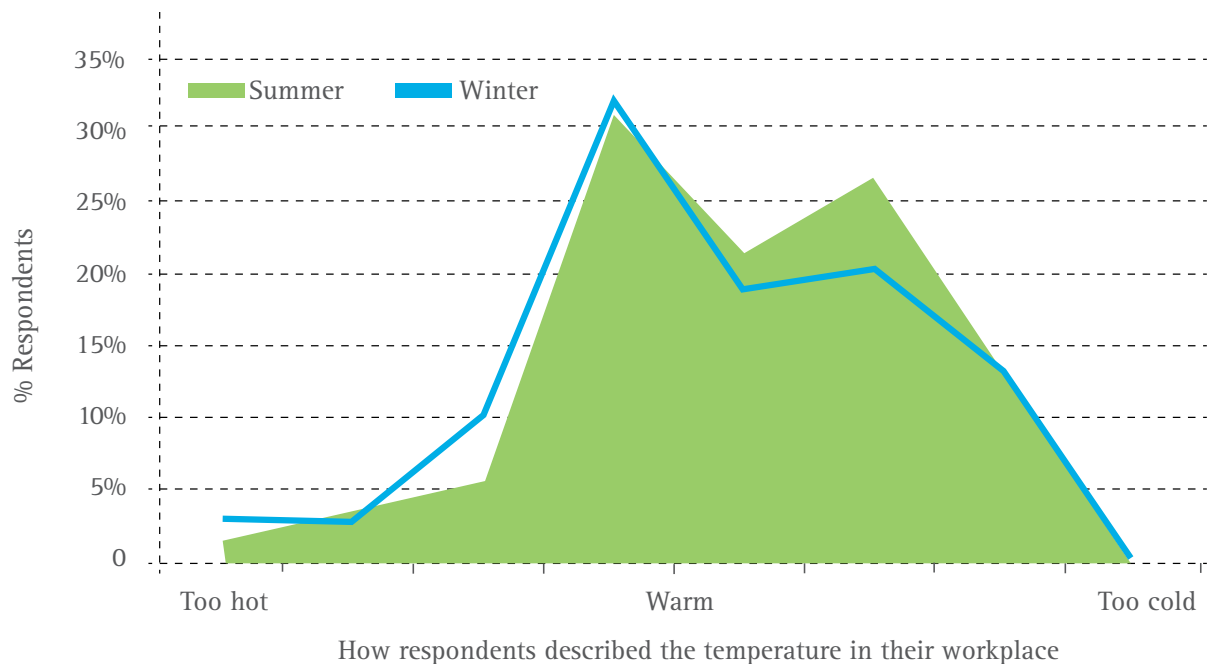
## WORKPLACE WELLBEING RESEARCH

Employee health, wellbeing and productivity can be directly impacted by their working environment, both positively and negatively. We have been working with Tia Kansara, a Doctoral Researcher from UCL Energy Institute, since 2011 to understand how our Abu Dhabi office buildings affect the wellbeing of our employees, our energy consumption as well as the microclimate in and surrounding the building.

<sup>13</sup> Please refer to Appendix G for further information about Emissions Factors used and the resetting of our baseline.



Tia surveyed and interviewed the occupants of three of our Abu Dhabi buildings, including Head Office and found there were striking correlations between productivity, health and behaviour. The occupants were also interested in learning about how the building impacted them.

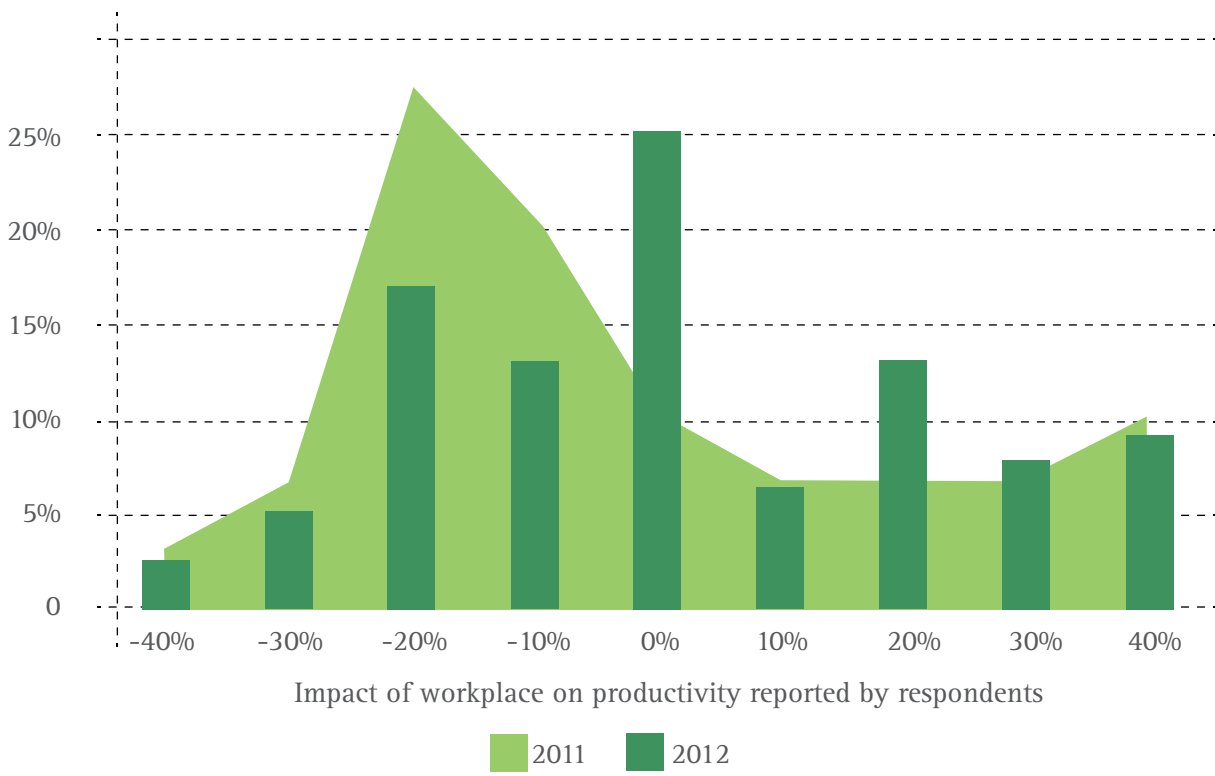


A group of employees took part in a heat stress assessment by walking from the outside into the building and were given personal health reports on how to improve their own wellbeing. The results showed changes in subjective experiences in different areas going through the building, which supports Tia’s primary research on the overall comfort of workspaces.

Main findings include that, while the buildings were designed to deal with the extreme heat stress, there is an overall tendency toward the building being too cold.

To make them more thermally comfortable Tia suggested we could change the internal temperature and save energy, without reducing the comfort of the staff. Testing showed this to be true with an increase in reported comfort and self assessed productivity during the 2012 testing period versus the baseline assessment in 2011.





Tia has provided a list of recommendations (see Appendix H), which can help us to improve comfort and reduce our power and water consumption. The first of these will be implemented in 2013 with our Properties Team reducing our air conditioning capacity by increasing the chiller point temperature by 1 degree in Head Office. Although a 1 degree reduction does not sound much, over the course of a year large savings can be made in energy consumption and it is expected that there will be benefits to employees' health and wellbeing as the temperature of workspaces is incrementally increased to accommodate the decrease in cooling capacity.

The remaining recommendations have been split into those to be implemented at the building level and active behaviour change of the staff, such as changes to clothing policy. We'll be considering which we can take forward and how to achieve them during 2013.

Tia's final study will be completed in August 2013 and is available for download at [tiakansara.com](http://tiakansara.com).

## DESIGNING A 'GREEN' HEAD OFFICE

In 2011 the bank committed to building all of its premises to a minimum of Pearl 3, according to the Estidama Pearl Rating System – a stretching Abu Dhabi standard similar to the internationally recognised LEED system.

A new Head Office building for Abu Dhabi is in design and currently meets the Pearl 3 requirement according to the architect's design.





## PARK & RIDE

As part of our support for the Department of Transport (DoT) Transport Mobility Management Programme (TMM),<sup>14</sup> we piloted a free Park and Ride Service with support from Mawaqif. The pilot was carried out over a month to assess employee opinion, support for the concept and whether it could be developed into a wider programme that might help reduce congestion in the Capital, during June to see if employees supported the concept.

Employees were given passes to allow them access to the free parking on Abu Dhabi Corniche, and NBAD provided mini buses to take them to and from the parking and 4 offices in Abu Dhabi – Head Office, Khalidiya Branch, Corniche Branch and NBAD Securities (formerly ADFS building).

Of the 206 employees who took passes, only 3% were found to be using the service.

Being un-shaded, employee feedback suggested that heat was a major factor, both waiting for the buses and the temperature of their cars when they returned to collect them at the end of the day. This may have improved during the year after the summer, but the location of the parking was a major challenge.

A high density of our employees live relatively close to their workplace but too far to walk and had to drive past their building to use the parking area. Conversely for those driving a longer distance they felt they had already travelled far enough and it was easier to park closer to work.

Positively employees supported the concept of park and ride but we believe it would apply more directly to employees who live further away from their workplaces and would feel greater benefit by parking closer to home.

We will continue to revisit this concept if new park and ride concepts become available. During 2013 we will be working with DoT on a car sharing scheme and identifying existing public transport options which we can encourage our employees to support in place of using their private cars.

<sup>14</sup> A programme aiming to reduce congestion and improve air quality in Abu Dhabi.







## ALIGNING OUR INTERNATIONAL OFFICES

Expanding our business internationally is a cornerstone of our long-term business strategy, but to achieve this expansion efficiently we must ensure business processes and procedures align across borders. The TOM project incorporates significant work to achieve this, including end to end processes and resetting policies to ensure global relevance.

From a sustainability perspective we are also seeking to align our activities with our international colleagues and, during 2012, worked with US, Hong Kong, UK, France, Switzerland and Bahrain to collect data on 6 environmental criteria – energy consumption, water consumption, paper, toner cartridges, business travel and fuel.

We found that they also had challenges in obtaining information with 2 not being charged for their water consumption at all as it is included in their rent and service charges. The Washington Team were particularly interested in the information calculating that they saved 2½ trees in 2012 by recycled about 42 reams of paper through their shredding company!

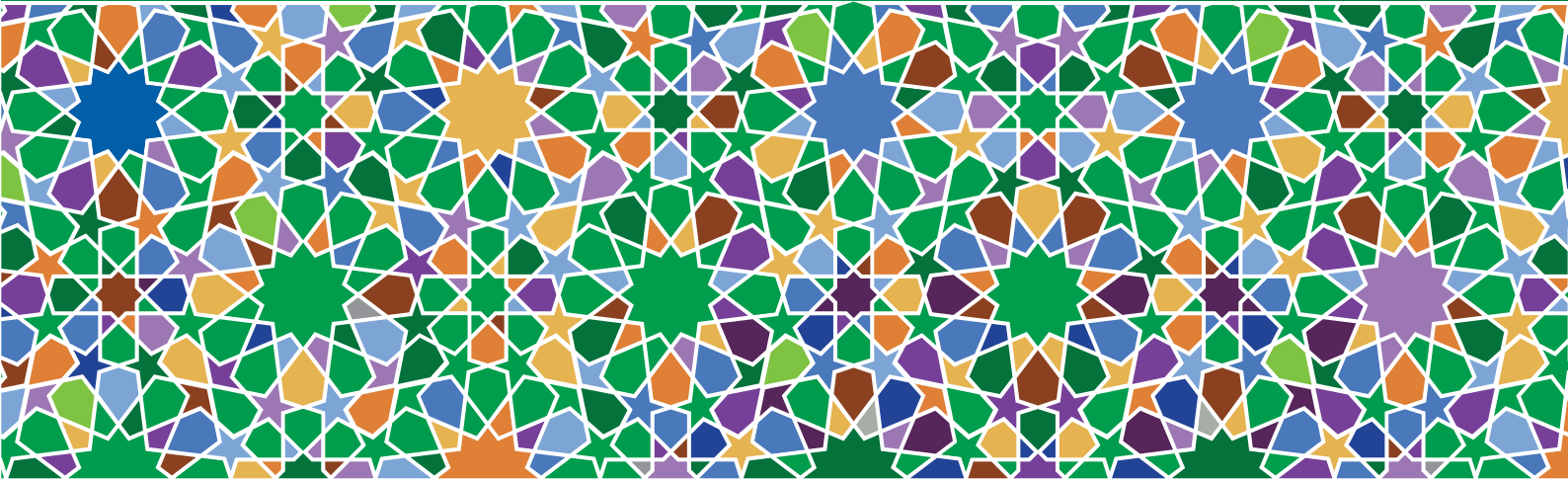
During 2013 we will expand this research and learning to all international offices so that we can set Global standards or KPIs in 2014.

## OUR COMMITMENTS FOR 2013

- *Put in place a system to monitor paper consumption by department/branch*
- *Work with international offices, to understand and record their current sustainability activities, and a set baseline group sustainability status*
- *Reduce NBAD Head Office energy consumption by improving the efficiency of the cooling system and upgrading the Building Management System*



# DELIVERING QUALITY AND INNOVATION



**Policy:** We will offer responsible products and services, to help our customers remain financially secure, and will seek to ensure financial inclusion for as wide a customer base as possible. We will assess the environmental, social and governance (ESG) risks of investment opportunities, and ensure negative impacts are mitigated or resolved, before proceeding. We will design new and innovative products, to meet our clients changing needs and will subject all new products to an analysis of their ESG qualities and risks.





## OUR 2012 COMMITMENTS

### *Reaching 10,000 GEMS Cards*

○ Achieved: 4,726. We decided to take a steady approach to sales of the GEMS Card, rather than merely a sales driven strategy, with minimal push marketing and significant reliance on pull marketing. We expect that we would achieve the 10,000 GEMS Cards by the end of 2013.

### *Increasing ISO 9001 to 58% of a base of 36 business units*

☑ During 2012 we achieved certification of 7 new departments taking the total certified departments to 22 or 61% of 36 depts. During 2013, a further two large departments, under the Operations Group, will be undertaking ISO certification bringing us to 24 departments or 66%. The Internet Banking Unit will also be undertaking the ISO 27000 Information Security standard certification.

### *Create mobile apps and open corridors for remittances*

☑ Mobile apps have been created and launched on iPhone, Google and Blackberry platforms. Corridors have been opened to India through our partnership with Federal Bank and State Bank of India. We also have a partnership with MoneyGram which links us to 300,000 counters in 200 countries.

### *Identify a partner to develop a financial literacy programme*

☑ We will be working with Emirates Foundation during 2013 to create a Financial Literacy programme that will support the whole UAE community.

### *Reaching 25,000 new SME client accounts*

☑ By the end of 2012 NBAD's Business Banking Group had recruited a total of 25,206 clients and was continuing to develop new products and access points. See pag 43 for more information.

### *Increasing job opportunities for women national talent through the delivery of a new call centre in Al Ain*

☑ Al Ain contact centre was launched in March with 50 UAE national women hired and trained. Read more on page 44.





## *Communicate a robust Customer Satisfaction Performance Tracker*

☑ We issued 12 Service Buzz Updates, developed and shared our new customer performance dashboard in all four quarters. These highlight the areas of focus & results of our 'service performance' to encourage our employees to keep customer service levels high.

## *Create service and Quality Standards for all front of house employees*

○ The Service & Quality Standards have been produced and will be delivered to all branch and 'front of house' employees.

## *Develop at least one new 'responsible' product or service<sup>15</sup>*

☑ The NBAD Cautious Income Fund was launched in the first quarter of 2012. It is an open-ended, actively managed bonds based fund, open to private and institutional investors who can invest as little as USD 500 either through lump-sum or regular savings plans through the NBAD Smart Investment Plan. Customers' money is invested in low-risk areas and they can have access to their investment on a weekly basis.

The Ratibi payroll card was upgraded in 2012 with the addition of life insurance paid directly to the cardholder's family in the event of their death – even though they may not be a direct customer of NBAD. Our support for members of the Abu Dhabi community at the lower end of the salary spectrum, is one of the tangible ways that we feel we support the wider community of Abu Dhabi and those who are helping to develop it.

We developed a new IVF Financing product. See page 77 for more details.

## **INSPIRE EMPLOYEE SUGGESTION SCHEME**

Inspire is a bank-wide initiative to encourage NBAD staff of all levels and divisions to come up with creative ideas and improvements to the way we work.

The 'Inspire' suggestions scheme is managed and administered by the Inspire Committee to support a culture of innovation throughout the bank. Suggestions could be for new solutions or improvements to products, services, people management, IT systems, marketing approaches, growth opportunities, or processes. In fact anything that adds value to the customer, the bank, or our employees.

<sup>15</sup> This may include reengineering an existing product to incorporate new sustainable features.



To ensure delivery, the Committee has launched the Inspire Ambassador's Community - employee representatives from all divisions and departments who assist the committee in reviewing suggestions which impact their department as well as facilitating the implementation of approved suggestions.

In the first 3 months after launch, over 250 suggestions were submitted by employees, of which around 10% have been approved for implementation, positively impacting several areas of the business.

Supporting the scheme is a key item in the organisational balanced scorecard and a training programme has been developed - "Inspiring Action" to provide employees with new tools to help them think creatively about new ideas and improvements.

## IVF FERTILITY FINANCING

In November NBAD launched a personal finance initiative to support couples in gaining access to Fertility treatment.

Infertility is a concern among many couples in the UAE and treatment services of private medical facilities are often out of the reach of those couples needing the treatment due to the cost involved. Recognising this concern and in line with NBAD's sense of social responsibility, the Lending Business when approached by Emirates Finance Network worked closely together to develop a NBAD Personal Loans package tailored specifically for this purpose. Loans up to AED 100K can be granted and paid directly to the clinic in which the treatment is obtained. These loans are repayable over one year and priced at a competitive rate of 6.50%, this is to ensure customers' ability to repay is kept in check and that customers do not overstretch themselves financially during a potentially very difficult time.

## PENSION FUNDS



During 2012 the NBAD Trust Team<sup>16</sup> identified an open market space for a new product sector in the form of corporate pensions for expatriates. With no current offerings the opportunity allows NBAD to pioneer the offering for the UAE with the launch of "Wealth Builder Plan" (due first quarter 2013).

### *The service*

Wealth Builder Plan has been specifically designed for domestic and multi-national companies who employ expatriates in the UAE, as a tool to help them increase their return on their human capital by attracting, rewarding and retaining top talent.

<sup>16</sup> NBAD Trust Co. (Jersey) Ltd., part of our Global Wealth Division.





It is essentially a packaged corporate structure underpinned by a range of investment fund options that each employee can choose from based on their own individual risk appetites. The solution can be fully tailored for each client, so companies can choose which staff they offer this service to and how the contributions are structured e.g. solely by the company or by both company and employee.

We truly believe that this is an employee benefit that will help companies differentiate themselves as employers of choice and change the market. Corporate pensions and savings schemes (long established in other financial centres across the world) will encourage greater longevity of top expatriate talent in the UAE, thereby increasing the quality and overall return on investment for employers who rely on the commitment and experience of their expatriate workforce.

It is our assumption that this will soon be an employee incentive that all employers will offer to their staff as part of their long-term incentive plans, and a benefit that employees will expect as part of their employment package - further enhancing the global positioning of the UAE as an attractive and advanced place for skilled professionals to live and work.

### *The story so far*

NBAD is currently the only domestic UAE bank that has been licensed (since March 2012) by the UAE's Central Bank to offer such a service for expatriates. We used 2012 to develop and refine the pension proposition, internally completing a lengthy and thorough new product process, including detailed legal and regulatory reviews, operational risk assessments, market analysis and end to end sales and operational testing.

During 2012 the Department of Economic Development in Dubai (DED) announced that it had completed a feasibility study to launch a Pension scheme for expatriates, with a planned launch date of December 2012. The statement also advocated such schemes be adopted on a Federal level and, since this announcement, there has been rising media coverage about the benefits for both companies & employees.

The Wealth Builder Plan demonstrates NBAD's commitment to innovating new products to support our clients' needs and to help them remain financially secure.



## NAFURA AUTOMATING TRANSACTIONS

We collaborated with Masdar to deliver a more efficient approach to process their daily payment orders. The Nafura system uses technology to migrate from paper-based instructions that previously had to be delivered in hard copy. We estimate that the automation will also reduce errors by a third as well as reducing our, and Masdar's, environmental footprint, and reducing the costs associated with employing a manual process.

Nine other clients have since begun using the system including Etihad Airways, Abu Dhabi Department of Finance, Abu Dhabi National Insurance Company and the Abu Dhabi Chamber of Commerce.

## SERVING OUR CUSTOMERS

We continued to actively ask our customers for feedback during 2012 to learn how to improve our services and their satisfaction. Our Internet Banking Clients displayed a dip in satisfaction during 2011 and 2012 due to the slow response times during the transition period to our new Internet banking platform. We expect this to recover in the next assessment in 2013.

Customer Satisfaction	2009	2010	2011	2012
Internet Banking Users	90%	90%	75%	73%
Card Merchants	-	-	82%	75%
Credit Cardholders	-	88%	81%	-
Contact Centre Users		90%	87%	86%
Elite Banking Clients		90%	92%	93%
Corporate Banking Clients		84%	88%	-
Trade Finance Clients		64%	61%	63%
ADNP Tenants Leasing			64%	-
Project Finance Clients			78%	-
Financial Institutions			77%	-
NBAD Funds Clients				85%

Satisfaction with our Card Centre also shows a downtrend for both Cardholders and Merchants, we believe due to the huge increase in business volumes for credit cards and merchant business - the number of new credit cards issued more than doubled, while the number of merchant relationships increased from 1500 to more than 6000.

Our Contact Centre satisfaction score remains high level, but is 1% down versus 2011. An extensive growth in call volumes from 1.4 million in 2011 to 1.7 million in 2012, means some customers may have experienced a slightly longer wait time before the call was picked up.

	2006	2007	2008	2010	2012
Average mystery shopping score	74%	70%	87%	81%	90%

On the other hand, the Elite Banking satisfaction score has increased due to the launch of new products and facilities for Elite clients, and the average score for our mystery shopping in branches reached 90%.

## Service Ambassadors

NBAD introduced Service Ambassadors in January 2012 to improve customers' service experience in branches. Positioned at the main entrance of the branch, the Service Ambassador welcomes and assists the customer with their banking needs and directs them to the appropriate zone. Ambassadors are highly trained and approachable, showing a real interest in the needs of each customers and taking responsibility for ensuring that customers banking needs are dealt with to the highest standards at all times.

Service Ambassadors help and educate customers with the service facilities, making sure they are aware of all the banking channels available for them. Ambassadors can assist with application forms and ensuring customers have all the correct documentation to avail a product or service, so they don't queue unnecessarily.

During the 2012 Customer Service Week, sponsored by His Highness Lt. General Sheikh Saif Bin Zayed Al Nahyan, Deputy Prime Minister & Minister of Interior UAE, NBAD were recognised and awarded with the Best Customer Service Teamwork Award for our ability to demonstrate exemplary teamwork in the field of customer service.

Credit was given to some of the key customer service initiatives we have developed over the last year which included the introduction of the NBAD Service Ambassador.

Mirroring the customer service proposition offered by the hospitality industry is just one of the many steps we are taking to upgrade the experience our customers enjoy at our branches, differentiating us in the market. We look forward to expanding on the number of our Service Ambassadors in 2013.







## What our future customers want

Learning comes from unexpected directions. In September we hosted, at the NBAD Academy in Abu Dhabi, a fieldtrip for 16 pupils, aged 8–11 years so they could find out what goes on inside a bank and this proved to be a great opportunity to understand the expectations of the future generation.

The children had been identified as Ambassadors by their school - the Dubai American Academy - and are participating in a programme established by the Future Leaders Foundation whose approach is to help them become leaders by being 'multipliers'. It was exciting to see how some of their opinions and understanding of the role of banks changed from 'keeping track of the economy' and 'lending people money' to a much clearer focus.

After spending time visiting our Bain Al Jessrain branch, interacting with the staff and participating in an interactive session in our contact centre, we asked them to imagine creating The Perfect Bank and then to tell us what it would do. Their expectations became more demanding and specific:

- *Meet the needs of all types of customers – rich or poor*
- *Simple and straightforward processes so no running around from place to place to complete work or use services*
- *Courses for children and young people to understand finance*
- *Accounts that grow with you from childhood*
- *Using e-banking and technology to offer much more convenient services*

It is evident, from this visit and in line with research on future generation requirements that they will be demanding and want the banks they deal with to have the flexibility to fulfil their multiple needs. They have grown up with social media and mobile technologies in their daily lives and expect these to be used for banking as well. Clearly there are opportunities to innovate in the e-commerce space, and move beyond reporting balances and funds transfer through mobile, to developing a full range of services using the mobile as a primary channel of contact.

The future generation of customers clearly expect us to provide exceptional customer service and a range of products that grow with them through their lives. As we move into 2013 we plan to engage in multi-stakeholder dialogue so that we can respond to new opportunities and part of this will be through our entry into social media.



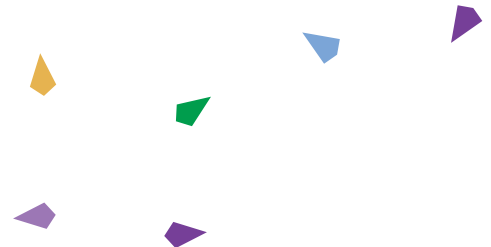
## Customer access strategy

Our branch network has expanded rapidly in the last few years, increasing accessibility for our customers but also our cost base. During 2012 we looked closely at the cost/benefit of our branches with a specific focus on what our customers want.

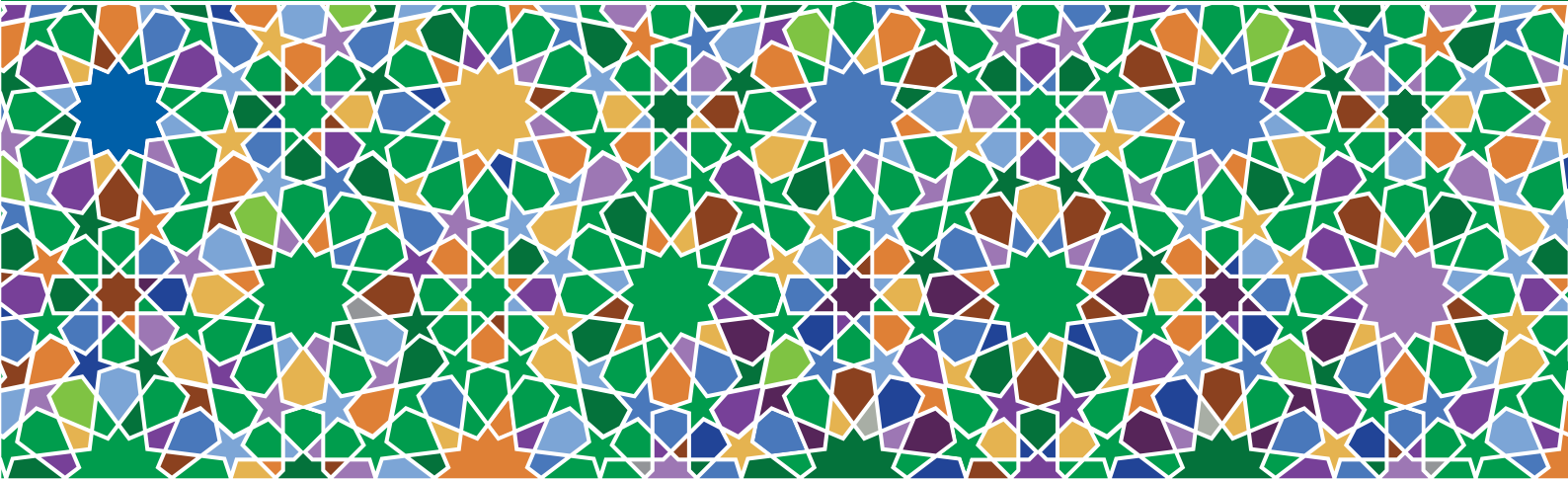
Without a doubt, they told us they wanted to speak to a real person, but that this did not need to be in a full branch and that they preferred to use a mix of channels including online and mobile technologies. Our Arrow mobile application won the Smart Cards 'Best Mobile Payment Application' in 2012 and we are continuing to look at new and innovative channels for our customers to access services. We are also assessing our UAE estate, sales and communications channels to streamline and simplify them in line with customer requirements. We expect to see significant new work during 2013 to increase our efficiency and customer touch points.

## OUR COMMITMENTS FOR 2013

- *Integrate a sustainability evaluation into the annual bank wide policy review process*
- *Deliver new standard product terms and conditions written in plain language*
- *Increase our team of Service Ambassadors to 20 and thereby increase positive customer feedback by 100% in the branches in which they operate*
- *Enhance the positioning of the UAE as an attractive and advanced place for skilled professionals to live and work, by launching the Corporate Pension Product to market, and engage the first 2 corporate clients*



# BUILDING OUTSTANDING RELATIONSHIPS



**Policy:** We understand the importance of engaging with our communities and sharing best practices within our sphere of influence, especially through our supply chain.





## OUR 2012 COMMITMENTS

### *Take part in a banking sector sustainability dialogue*

We worked with other banking members of the Dubai Sustainability Network to develop a working group in 2012 but were not able to progress this to delivery. Similarly we provided a concept note to the Abu Dhabi Sustainability Group (ADSG) for review and will continue in 2013 to create an action plan to deliver productive dialogues with the banking and financial sector.

### *Continue ADSG taskforce support*

We continue to support the ADSG through our place on the General Secretariat and provided input to a Group consultation the draft GRI G4 guidance.

### *Investigate & assess social media opportunities to better engage with the community & external stakeholders*

During 2012, we investigated Facebook, LinkedIn and Twitter in order to assess the best form of engagement with our internal and external customers. Key businesses can directly benefit from an NBAD presence on Facebook and LinkedIn, particularly Human Resources to promote Emiratisation and recruitment.

Opportunities, through Facebook, to post active content related to our consumer products and services as well as communication and promotion of sustainability initiatives were viewed as highly valuable – a key topic potentially being raising financial literacy amongst the youth in UAE.

We will move forward with internal stakeholders in 2013 to open social media channels.

### *Establish an external stakeholder council to understand key concerns and sustainability issues*

We were not able to deliver this but stakeholder engagement and perceptions are a key concern for 2013 and we intend to continue with this goal.

### *Conduct at least 3 internal Town Hall Sessions, which include sustainability issues/topics*

We delivered 2 internal Town Hall sessions in Abu Dhabi but were unable to complete the Northern Emirates session. We are developing a full awareness and training plan for 2013 which will incorporate more Town Halls.



## *Launch the Workplace Transport Mobility Initiative with the Department of Transport*

✓ We launched a Park and Ride scheme during 2012 but did not provide a wider launch of the Initiative to employees. We will continue with our support for the TMM and the Department of Transport during 2013 with a Car-sharing Scheme.

## MEMBERSHIPS

We continued our support of Abu Dhabi Sustainability Group as a member of the General Secretariat and by hosting Capacity Building Workshops for members at our NBAD Academy.

We renewed our membership with the Dubai Sustainability Network and supported knowledge sharing sessions, one of which led to a fellow member issuing their first sustainability report.

## CORPORATE COMMUNITY INVOLVEMENT

Our financial support for community involvement covers commercial sponsorships and community investments. Financial support is managed by our Corporate Communications Team with support from the Sustainability Team where relevant and guidance developed in partnership in 2011. The commercial sponsorships have direct benefits to NBAD business departments, and are aligned to achieve goals and objectives but may have community benefits. We also support strategic Abu Dhabi events such as Formula One which we believe improve the reputation and help to raise awareness of Abu Dhabi internationally, supporting the development of the UAE.

Community investments focus on supporting activities that can benefit our people and wider society where we can focus on initiatives such as financial literacy, protecting the environment, supporting our stakeholders in addition to health and well being.

The following lists show some of the main sponsorships and donations in 2012 with our total support amounting to AED 36,877,000 or 0.8% of our profits.



## Sponsorships

### *Corporate games*

NBAD made Abu Dhabi's first Corporate Games possible as a Gold sponsor and participant in the races that were held in November 2012 under the patronage of HE Sheikh Nahayan bin Mubarak Al Nahayan, the Minister of Higher Education and Scientific Research.

### *Formula One (2009-2012)*

The Abu Dhabi Grand Prix is considered a major initiative supported by the government of Abu Dhabi and NBAD's presence and exposure during the 3 day event is very high and prominent.

### *Jiu Jitsu Championship (2010-2012)*

Jiu Jitsu is supported under patronage and attendance of HH Sheikh Mohamed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi who created an academy to train the young generation in this sport. Certain schools in the emirate have embedded this sport as part of their physical exercise and attendance at the event is high with over 10,000 normally expected.

### *Emirates Wildlife Society (2010-2012)*

Our partnership with Emirates Wildlife Society showcases NBAD as an active and responsible citizen and, in 2012 we activated our Platinum Sponsorship further by allowing our customers to redeem NBAD Stars as a donation to EWS.

We also engaged our employees and customers during Earth Day to find unwanted or broken items of electrical and electronic equipment and bringing them along to NBAD e-waste recycling points. We handed everything donated over to our recycling partner – IndustryRe - for responsible breakdown. Any pieces with a residual value for their parts were evaluated developing a small cash donation for the EWS-WWF Marine Turtle Conservation Project.

The recycling drive took place over Earth Day (22<sup>nd</sup> April) to World Turtle Day (23<sup>rd</sup> May) with a total of 114 pieces of e-waste collected and diverted from landfill.



## Charitable donations

Our Islamic Banking Division – Abu Dhabi National Islamic Finance manages our Zakat Fund and donations. Some of the main donations for 2012 are below.

### *UAE Red Crescent*

Zakat funds were provided to support people with special needs and our customers also donated AED 1,453,912 directly via our ATM machines.

### *Friends of Cancer Patient*

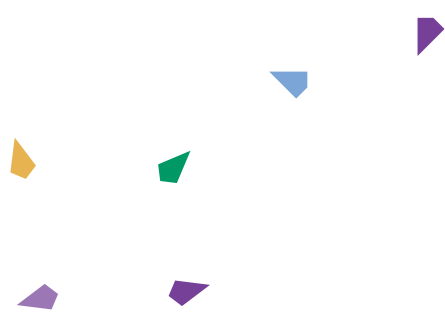
Funds were provided to support in the treatment and medication of cancer patients.

### *Aid campaign*

Funds were provided to support the Yemen Relief Campaign during 2012.

## OUR COMMITMENTS FOR 2013

- *Work with Emirates Foundation to create and launch a UAE community financial literacy programme*
- *Incorporate sustainability criteria into standard procurement policies and processes*
- *Conduct 3 multi-stakeholder dialogues or consultations, to understand their expectations, emerging issues and understanding of NBAD as a sustainable bank, with the aim of seeking solutions and identifying oppo*



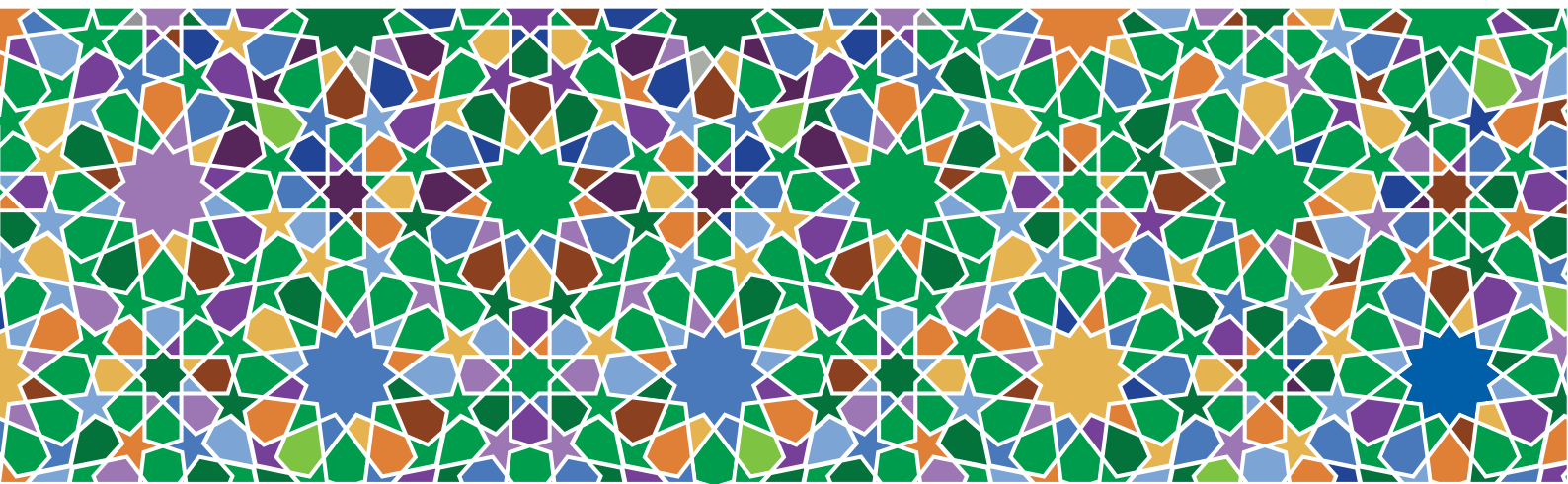
## CONTACT INFORMATION

For further details on any of the information within this report, or if you have any comments, feedback or enquiries, please contact the National Bank of Abu Dhabi Sustainability Team.

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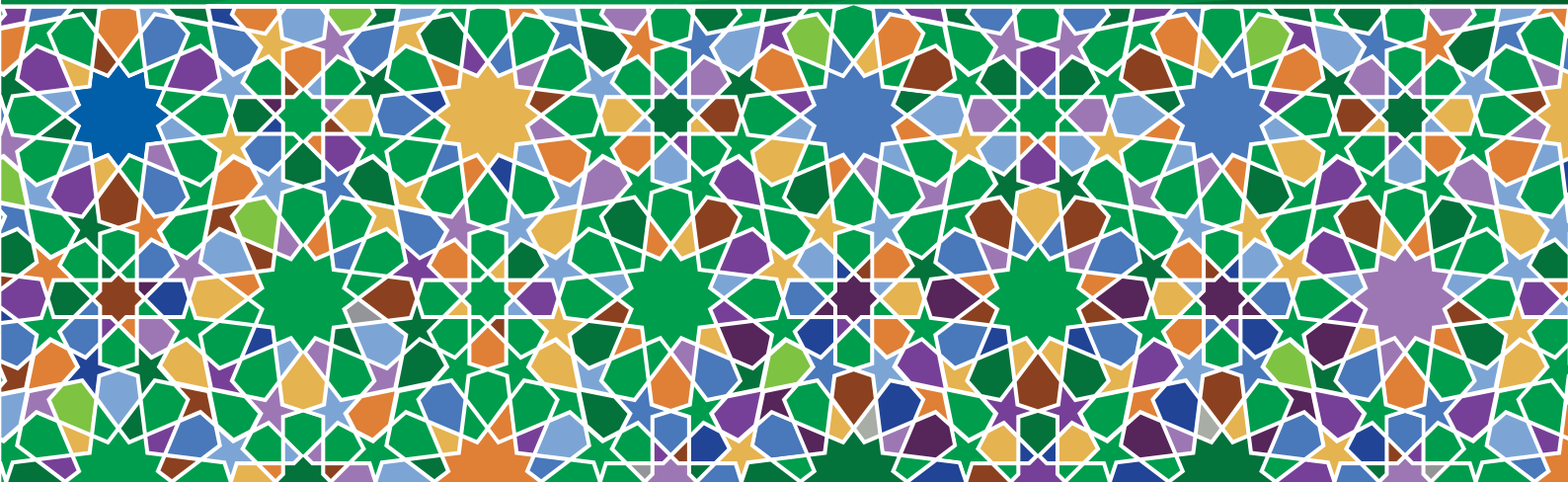
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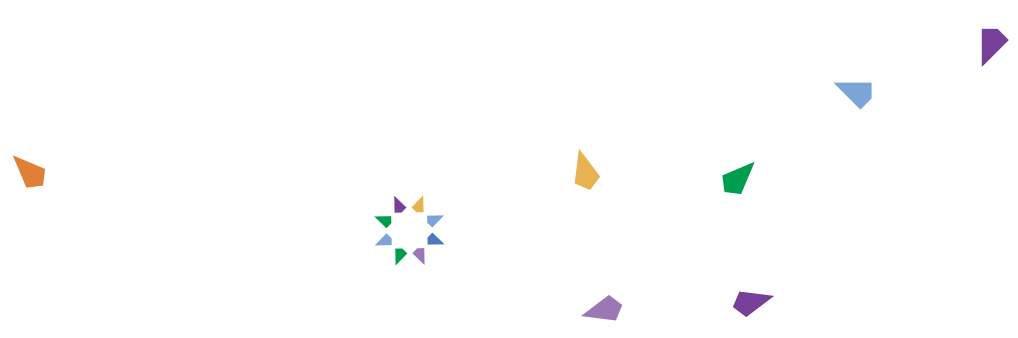


# APPENDICES





<b>Appendix A</b>	Performance indicators and definitions ..... 91
	A1 - Our performance indicators
	A2 - Our people performance indicators
	- Group workforce figures
	- Employee turnover figures
	- Employee training figures
	A3 - Definition of our performance indicators
<b>Appendix B</b>	Internal Audit findings..... 101
<b>Appendix C</b>	Our Sustainability Policy..... 102
<b>Appendix D</b>	Our 2012 Commitments ..... 103
<b>Appendix E</b>	Our 2013 Commitments ..... 105
<b>Appendix F</b>	Glossary of Terms ..... 107
<b>Appendix G</b>	Corrections to our 2011 Disclosures ..... 110
<b>Appendix H</b>	Tia Kansara Workplace Research ..... 113
<b>GRI Section</b>	Reporting Parameters ..... 115
	GRI/ISO 26000 Disclosures Table
	GRI Certificate



## APPENDIX A – PERFORMANCE INDICATORS

### A1 - Summary of our performance indicators

	2012	2011	2010	2009	2008
<b>Economic performance<sup>18</sup></b>					
Direct economic value generated	8,670,785	7,880,862	7,178,534	6,399,053	5,301,282
Revenues (operating income) (AED '000s)	8,670,785	7,880,862	7,178,534	6,399,053	5,301,282
Economic value distributed	4,416,794	3,618,496	3,124,961		
Operating costs (AED '000s)	724,619	639,799	534,238		
Employee compensation (AED '000s)	1,927,242	1,716,380	1,495,821		
Payments to providers of capital (AED '000s)	1,596,095	1,101,013	957,511		
Payments to Government (AED '000s)	131,961	111,036	102,602		
Donations & sponsorships (AED '000s)	36,877	50,269	34,789	25,612	47,313
Donations & sponsorships as % of pre tax profit (AED '000s)	0.83%	1.32%	0.92%	0.83%	1.53%
Economic value retained	4,253,991	4,262,366	4,053,573		
Global net profits (AED millions)	4,332	3,708	3,683	3,020	3,019
Total operating income (revenue AED '000s)	8,670,785	7,880,862	7,178,534	6,399,053	5,301,282
Shareholders' funds (equity AED '000s)	27,133,091	22,389,485	20,113,416	16,440,567	14,356,599
Return on shareholders' funds (%)	16.53%	16.32%	18.84%	18.83%	23.61%
Government of Abu Dhabi Tier-1 Capital notes (AED '000s)	4,000,000	4,000,000	4,000,000	4,000,000	
Subordinated Debt (AED '000s)	5,662,361	7,990,054	8,312,286	2,852,334	3,050,938
Total capital resources (AED '000s)	36,795,452	34,379,539	32,425,702	23,292,901	17,407,537

<sup>18</sup>Financial data is taken from our annual report available in the Investor Relations area of our website [www.nbad.com](http://www.nbad.com).

<sup>19</sup>These are overseas taxation amounts.

	2012	2011	2010	2009	2008
<b>People Performance (Summary)</b>					
Group Workforce (excluding sponsored students)	5,728	5,460			
UAE Workforce (excluding sponsored students)	4,432	4,258	3,950	3,753	2,981
Women in the workforce (UAE)	35%	35%	34%	34%	32%
Women in Senior Management (grade 12+) (UAE)	7.8%	7%	5%	5%	3%
Women in Middle Management (grade 9-11) (UAE)	24%	24%	17%	19%	19%
Trainees	92	127			
Sponsored Students	192	209			
Workforce turnover (UAE)	9%	9%			
Women turnover (UAE)	9%	18%			
Average Training per employee (hours)	71.75	62.02	84.84	28.56	19.04
<b>Reach and Accessibility</b>					
Countries where we have a presence (excluding UAE)	14	12	12	12	10
Number of international units	57	51	49	46	40
Branches in our UAE network	121	119	112	100	84
Branches in low population and economically disadvantaged areas	18	19	19	40	
ATMs in our UAE network	571	502	392	300	251
ATMs in low population and economically disadvantaged areas	49	46	26	30	
Total registered online banking customers	136,428	120,837	107,575	94,081	60,589

	2012	2011	2010	2009	2008
<b>Product and customer performance</b>					
Average branch mystery shopping score	90%		81%		87%
<b>Customer satisfaction</b>					
Internet Banking Users	73%	75%	90%	90%	
Card Merchants	75%	82%			
Credit cardholders		81%	88%		
Contact Centre Users	86%	87%	90%		
Elite Banking clients	93%	92%	90%		
Corporate Banking clients		88%	84%		
Trade Finance clients	63%	61%	64%		
ADNP Tenants leasing		64%			
Project Finance clients		78%			
Financial Institutions		77%			
NBAD Funds clients	85%				
Business units ISO Certified	61%	41%	31%	19%	17%
Total number of customer privacy breaches	0	0	0	1	3
Total number of SME Clients (cumulative)	25,206	19,981	14,883		
UAE Market share <sup>19</sup> of personal loans for investment	11.87%	10.93%	8.17%	7.26%	5.89%
UAE Market share of savings deposits	9.57%	9.29%	8.82%	8.10%	6.82%
Total Ratibi cards issued	758, 977	630,607	431,318	206,164	37,564
Net credit cards in use	136,311	111,387	84,204	75,194	72,146
<b>Arrow Mobile Banking</b>					
Total registered users (cumulative)	26,242	11,421	7,605	4,019	
Total transactions value (AED) (cumulative)	18,380,248	9,019,810	2,536,384	691,900	
Number of transactions made (cumulative)	59,003	22,361	14,197	6,478	

<sup>19</sup>Market share figures are reported by the UAE Central Bank

	2012	2011	2010	2009	2008
<b>Environment</b>					
<b>GHG (UAE)</b>					
Indirect CO <sub>2</sub> from Electricity (tonnes)	28,412.44	18,239.86			
Indirect CO <sub>2</sub> from Water (tonnes)	1,210.65	793.01			
Indirect CO <sub>2</sub> from Business flights (tonnes)	423.67	331.54			
Direct CO <sub>2</sub> from Gasoline (tonnes)	896.02	867.46			
Direct CO <sub>2</sub> from Diesel (tonnes)	2.93	5.52			
Total CO <sub>2</sub> Emissions (tonnes)	30,945.71	20,237.39	25,027	21,689	19,381
Tonnes of CO <sub>2</sub> per capita	6.98	4.75	6.3	6.1	6.5
<b>Electricity (UAE)</b>					
Total electricity consumption (KwH)	55,710,665	35,764,423	32,848,098	28,471,910	25,438,202
Total electricity consumption (GJ)	200,559	128,752	118,253	102,499	91,577
Electricity consumption per capita (KwH)	12,570	8,399	8,316	7,586	8,533
<b>Water (UAE)</b>					
Total water consumption (IG)	29,834,766	12,677,130	32,848,098	28,471,910	25,438,202
Water consumption per capita (IG)	6,732	2,977	8,316	7,586	8,533
<b>Paper (UAE)</b>					
Total paper consumption (KG)	230,850	212,175	248,988	213,163	198,213
Total paper consumption per capita (KG)	52.09	49.83	63.03	56.8	66.49
Total paper recycled (KG)	93,365	49,507	38,842	36,917	62,692
Paper recycling rate	40.40%	23.30%	15.60%	17.30%	31.60%
Annual spending on standard photocopy paper (AED)	1,024,950	1,122,375	920,325	868,200	711,750
<b>Printer cartridges (UAE)</b>					
Total number of cartridges purchased	10,867	9,269	9,175		
Number of cartridges recycled (remanufactured)	1,001	1,472	554		
Cartridge recycling rate	9%	16%	6%		

## A2 - Our people performance indicators

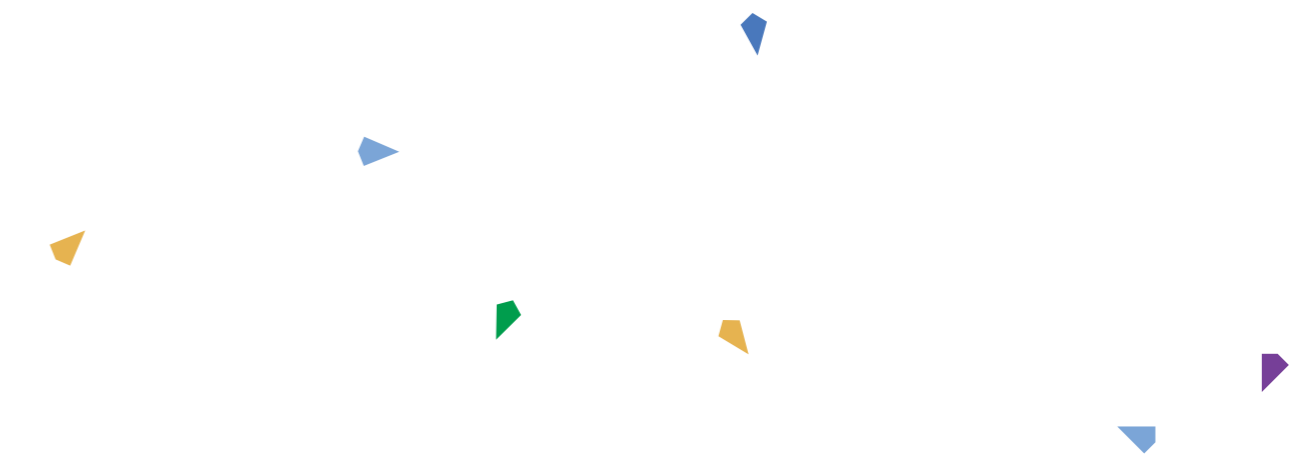
### Group workforce figures

	2011	Group 2012	UAE 2012							International 2012					
			UAE Total	Men			Women			Intl. total	Men		Women		
				Total	Emirati	Expat	Total	Emirati	Expat		Total	Expat	Total	Emirati	Expat
Total workforce (Excluding trainees and students)	4258	5636	4340	2818	353	2465	1522	677	845	1296	972	972	324	1	323
Senior-level positions (grade 12+)	125	156	128	118	28	90	10	3	7	28	26	26	2	0	2
Middle-management positions (9-11)	684	1007	794	601	82	519	193	77	116	213	178	178	35	0	35
Employees grade 5-8	2452	3249	2495	1326	242	1084	1169	597	572	754	519	519	235	1	234
Employees grade 1-4	387	626	352	345	1	344	7	0	7	274	237	237	37	0	37
Contract staff (incl. Retirees)	640	598	571	428	0	428	143	0	143	27	12	12	15	0	15
Trainees & sponsored students	209	284	284	83	83	0	201	201	0	0	0	0	0	0	0
Age 18-30 (Excluding trainees and students)	1760	1783	1380	738	207	531	642	355	287	403	288	288	115	1	114
Age 31-40 (Excluding trainees and students)	1471	2312	1800	1152	100	1052	648	269	379	512	392	392	120	0	120
Age 41-50 (Excluding trainees and students)	612	949	719	548	30	518	171	45	126	230	177	177	53	0	53
Age 51-60 (Excluding trainees and students)	364	504	392	336	15	321	56	8	48	112	85	85	27	0	27
Age 60+ (Excluding trainees and students)	69	75	49	44	1	43	5	0	5	26	22	22	4	0	4
Unknown age	0	13	0	0	0	0	0	0	0	13	8	8	5	0	5
Branch Managers	63	113	75	37	18	19	38	36	2	38	36	36	2	0	2
Number of nationalities	69	74	70							35					



### Employee turnover figures

	2011	Group 2012	UAE 2012						International 2012						
			UAE Total	Men			Women			Intl. Total	Men		Women		
				Total	Emirati	Expat	Total	Emirati	Expat		Total	Expat	Total	Emirati	Expat
Total number of employees hired		714	541	328	37	291	213	110	103	173	128	128	45	0	45
Total number of employees terminated/left		477	378	248	63	185	130	77	53	99	67	67	32	0	32
Total workforce turnover (%)	9%	8%	9%	9%	18%	8%	9%	11%	6%	8%	7%	7%	10%	0%	10%
Senior management (Grade 12+)	2%	7%	8%	8%	4%	10%	0%	0%	0%	4%	4%	4%	0%	n/a	0%
Middle management (grades 9-11)	6%	6%	6%	5%	6%	5%	7%	6%	8%	9%	8%	8%	11%	n/a	11%
Employees (grade 5-8)	7%	8%	8%	8%	24%	5%	8%	12%	3%	8%	8%	8%	9%	0%	9%
Employees (grade 1-4)	5%	6%	7%	7%	0%	7%	14%	n/a	14%	5%	4%	4%	14%	n/a	14%
Contract staff	27%	17%	17%	18%	n/a	18%	17%	n/a	17%	7%	8%	8%	7%	n/a	7%





## UAE employee training figures

Figures are not yet available for employee training outside the UAE.

	2012	2011	2010	2009	2008
Total training delivered (Days)	36,310	29,418	29,786	8,290	3,832
Total training delivered (Hours)	254,170	205,926	208,502	58,030	26,824
Average training <sup>20</sup> per employee (Days)	10.25	8.86	12.12	4.08	2.72
Number of employees trained (including grades 1-4)	3,544	3,322	2,458	2,030	1,409
Business Unit Heads	58	51	26	40	25
Manager of Managers	216	199	151	150	109
Team Leader/Manager/Specialist	1,015	884	732	654	489
Individual Contributor/Supervisor	1,785	1,794	1,589	1,124	722
Trainees	95	56			
Contract Staff (excluding retirees)	356	319	121	59	55
Average training per employee (Hours)	71.72	61.99	84.83	28.59	19.04
Business Unit Head	29.81	35.69	22.35	28.70	34.16
Manager of Managers	46.73	52.90	37.27	34.21	21.83
Team Leader/Manager/Specialist	47.16	50.77	52.40	22.02	20.56
Individual Contributor/Supervisor	54.91	57.95	68.09	32.37	17.63
Employees trained on anti-money laundering	307	625	630	2	16

<sup>20</sup> Average training hours/days are calculated based on number of people trained, not total employee numbers.

## A3 - Definition of our performance indicators

Where possible we have followed definitions provided by the Global Reporting Initiative (see GRI Section for responses to specific GRI indicators). This table provides simple explanations of how we calculate some of our performance figures.

Performance Indicator	Definition/Comments
Annual spending on photocopy paper	Based on total cost of procurement not consumption.
Average Training Delivered	<p>Measured in days/hours per employee from a base of trained employees, not all staff. For training purposes one day = 7 hours. Training is assigned based on individual career level rather than job title or grade, but typically the grades and positions for each 'Career Level' are:</p> <ul style="list-style-type: none"> <li>• Business Unit Leader – (Executive) 14-15;</li> <li>• Manager of Managers – (Senior Manager) 11-13;</li> <li>• Team Leader/Specialist – (Manager) 8-10;</li> <li>• Individual Contributor/Supervisor – (Team member) 4-7.</li> </ul>
Community donations as a percentage of pre-tax profits	'Donations & Charity' ÷ pre-tax profits x 100
Countries where we have a presence/Number of international units	Number includes all countries and premises, outside UAE, where NBAD has a branch, office or subsidiary presence. Jersey office is counted as part of the UK presence.
Direct economic value generated	Based on GRI definition in Financial Services Sector Supplement Version 3.1, indicator EC1
Economic value distributed	Based on GRI definition in Financial Services Sector Supplement Version 3.1, indicator EC1
Economic value retained	Based on GRI definition in Financial Services Sector Supplement Version 3.1, indicator EC1



Emiratization rate	UAE only - Total UAE National employees or potential employees in development (1030 employees + 284 Trainees and Sponsored Students) ÷ total 'qualified staff' (3509 employees, grades 5+. Does not include 'contract' employees)
Employees trained	% of total workforce attending training either under the NBAD Academy or at an external recognised institution.
Low-population and economically disadvantaged areas	Ghayathi, Liwa, Ruwais, Silaa, Yahar, Sweihan, Hayer, Wagan, Mirfaa, Madam, Dibba Hisn, Qidfaa
Number of contract staff	All long & short term contract staff (including retirees) on contracts directly with NBAD. Does not include third party supplied contractors.
Number of transactions made through Arrow Mobile Banking	Cumulative total number of transactions.
Online banking satisfaction results	Based on customer service index developed through ongoing online customer survey/feedback.
Paper Recycling Rate	Recycled paper as a percentage of total paper consumption.
Per capita consumption	Based on UAE total workforce (including trainees) unless otherwise stated.
Percentage of toners recycled (remanufactured)	Empty print cartridges collected by partner for remanufacture or responsible destruction, versus total number of new/remanufactured cartridges procured.
Ratibi Cards	Figures represent cumulative number of Ratibi and Lulu Ratibi Cards issued since launch.
Ratio of basic salary	As we have many unique positions where there is only one incumbent, a ratio of basic salary between men and women across the entire workforce would not be fair or representative. To check the proper implementation of our Pay for Performance Strategy 13 positions with specific job roles held by a total of 1241 employees (mixed age, gender (49% women), nationality), or 28% of our workforce have been assessed.
Return on shareholders' funds (RoSF)	Numerator: Net profit less Dividend on Govt on Abu Dhabi's Tier-I Capital notes. Denominator: Average Shareholders' equity over 2 years (Shareholders' equity = Total equity less GoAD Tier-I capital notes).



Sick leave	Total number of days reported as sick leave ÷ UAE workforce (year end figure including trainees).
Total capital resources	Shareholders' Funds (equity) + Government of Abu Dhabi Tier-1 Capital Notes + Subordinated Debt.
Total community donations and charity (AED '000)	Includes Zakat. Numbers as reported by Financial Control Department according to cost centre application.
Total electricity consumption	Kilowatt Hours (KWH). Utilities consumption is based on direct meter readings from our 15 UAE office buildings and the 6 branches within these buildings. Per Capita consumption rate was extrapolated to the remaining employees working in premises where we were not able to accurately account our consumption. See Appendix G for a full discussion.
Total GHG emissions	A fuller explanation of our GHG emissions calculations can be found in Appendix G.
Total number of customer privacy breaches	Based on GRI definition in Financial Services Sector Supplement Version 3.1
Total Number of mobile banking Arrow Users	Cumulative number of users
Total paper consumption	Kilograms (KG). Based on ream volume ordered from Stock. Assumes 1 ream = 2.5KG.
Total paper recycled	Kilograms (KG). Weight collected and shredded at NBAD secure destruction site.
Total registered online banking customers	Cumulative total number of customers.
Total Transactions Value	Cumulative AED value
Total workforce	Workforce is split between UAE and International employees. The sum of the two gives Group Workforce. UAE workforce usually includes trainees for the purposes of calculating per capita figures. It does not include Sponsored Students (192) or staff contracted on our behalf by a third party supplier (e.g. facilities staff).
Total workforce turnover	Turnover is calculated on the basis of the total number of leavers since 1 January until 31 December (regardless of the length of service) relative to the total workforce (whether UAE or International).

## APPENDIX B - INTERNAL AUDIT FINDINGS

2011 Audit Finding	What we did in 2012	2012 Audit finding	What we'll be doing in 2013
Sustainability awareness needs to be increased across the Bank; this includes general awareness for all employees as well as specific tailored training for key sustainability stakeholders.	NBAD helped to develop, and hosted the 4 day ADSG training at the NBAD Academy. We also engaged with several service providers to design an e-learning module for completion by all employees; delivered our first training day for Sustainability Champions; and sent 2 of our Corporate Communications Team to a Responsible Communications Course.	While a sustainability training programme has been developed with ADSG and an eLearning module is being developed with the NBAD Academy; sustainability culture is still being embedded across the Group, both within Abu Dhabi and internationally. There remains a need for continuing focus on education across the bank and regular engagement with key stakeholders.	We're developing a programme of learning and awareness opportunities for our Sustainability Stakeholder Group, Champions and employees. This will include more Townhalls, training days, and access to the ADSG training, as well as the new e-learning module.
The Bank's sustainability principles, objectives, specific commitments and responsibilities, should be clearly identified and cascaded down to all levels of the Bank.	The Annual Sustainability Commitments were assigned to departmental owners, linked to our Bank wide Sustainability Policy and provided to all employees. 2 commitments were directly aligned to the Balanced scorecard in 2012 - Profit and Emiratisation.	The 2013 Bank Strategy is 'Delivering a Platform for Sustainable Growth' with two broad targets to increase sustainability maturity and transparency having been integrated into the Balanced Scorecard from the Group Chief Executive down. The annual commitments have been reduced but the majority directly aligned to the Balanced Scorecard to ensure delivery. Read more on pages 49 & 50.	
The process to collect, monitor and report on our Sustainability KPIs needs to be improved so that we can report in an effective and timely manner.	We strengthened our process for reporting and included stronger definitions for specific data points.	More ownership needs to be taken by departments providing data to ensure that data and inputs provided to the sustainability report is accurate, and restatements are avoided.	We will be aligning our data definitions wherever possible with the GRI and engaging more closely with information owners in regard to their accountability for accuracy.
A sustainability maturity assessment should be conducted in NBAD to ensure that we are progressing as desired towards achieving our sustainability vision.	A maturity assessment was carried out based on the ADSG maturity assessment framework and NBAD's sustainability maturity was assessed at 20.2%	In order to increase maturity across the Group, a clear sustainability maturity improvement plan should be established and carried out.	Using the maturity assessment framework and the requirements of the S&P/Hawkamah ESG Pan Arab Index, we have developed a 3 year action plan to improve our maturity. This is being cascaded through the 2013 balanced scorecard.

# APPENDIX C – OUR SUSTAINABILITY POLICY

## *Policy Statement*

Investing in our future. We are committed to doing business in a responsible way by dealing with our customers, investors and other stakeholders honestly and fairly, by valuing our employees, by being accessible and responsive to the communities where we do business, and through careful environmental stewardship.

## *Our Economic Performance*

Our primary responsibility is to remain profitable and thereby maintain consistent shareholder returns; create economic value; and support our community through the provision of jobs and financial services.

## *Embracing New Accountability Realities*

We will employ best practice in our governance structure and operations; actively seek to tackle financial crime; be transparent with information that is relevant to our stakeholders; and be accountable to our stakeholders for our actions.

## *Investing in Our People*

To attract and retain the best talent we will continuously develop our employees, offer attractive rewards, and provide a safe and healthy workplace.

We will support development of national talent whilst incorporating diversity, and ensuring equal opportunities for all employees.

## *Environmentally Smarter*

We will not compromise the environment in pursuit of profit, and are committed to reducing our own impacts through responsible procurement, operations and facilities management.

## *Product and Service, Quality and Innovation*

We will lend responsibly, to help our customers remain financially secure, and seek to ensure financial inclusion for as wide a customer base as possible.

We will assess the environmental, social, and governance (ESG) risks of investment opportunities, and ensure negative impacts are mitigated or resolved, before proceeding. We will design new and innovative products, to meet our clients changing needs, and will subject all new products to an analysis of their ESG qualities and risks.

## *Outstanding relationships*

We understand the importance of engaging with our communities and sharing best practices within our sphere of influence, especially through our supply chain where we expect all suppliers to conform with our code of practice.



## APPENDIX D – OUR 2012 COMMITMENTS

Our Economic Performance		
1	<input type="radio"/>	★ Maintain an average return of 20% on shareholder funds
2	<input checked="" type="checkbox"/>	Report back on how the Bank's Corporate Strategy supports the Abu Dhabi Economic Vision
3	<input checked="" type="checkbox"/>	★ Expanding our business presence in at least 4 existing and 2 new countries
Embracing New Accountability Realities		
4	<input checked="" type="checkbox"/>	3 <sup>rd</sup> party assurance of the 2012 Sustainability Report
5	<input checked="" type="checkbox"/>	Completing a gap analysis and alignment with ISO 26000 Guidelines
6	<input type="radio"/>	Ensuring customer debt products are fully explained to customers
7	<input checked="" type="checkbox"/>	Setting sustainability KPIs for each department/division
8	<input checked="" type="checkbox"/>	Formal inclusion of Sustainability factors in the internal audit programme
9	<input checked="" type="checkbox"/>	Making a decision on membership of UNPRI
10	<input checked="" type="checkbox"/>	Developing an organisational delegation of authorities matrix
Investing in our People		
11	<input checked="" type="checkbox"/>	★ Maintaining a 40% Emiratisation rate with a focus on identifying high potential candidates
12	<input type="radio"/>	Commencing the delivery of foundation level training for employees
13	<input checked="" type="checkbox"/>	Develop a mandate for an Occupational Health and Safety Committee
14	<input checked="" type="checkbox"/>	Setting a baseline health and wellbeing strategy in partnership with Health Authority Abu Dhabi
15	<input checked="" type="checkbox"/>	Developing roles and responsibilities for Sustainability Champions
Environmentally Smarter		
16	<input type="radio"/>	Continuing to reduce our per capita power, water and paper consumption
17	<input type="radio"/>	Continuing to develop relevant environmental policies
18	<input checked="" type="checkbox"/>	Propose an environmental upgrade for one ADNOC managed building to the partner landlord
19	<input checked="" type="checkbox"/>	★ Setting relevant sustainability KPIs for 6 international units
20	<input checked="" type="checkbox"/>	Reporting on the environmental health of HO, Khalidiya and NBAD Academy (AD)



Product & Service, Quality & Innovation		
21	<input type="radio"/>	★ Reaching 10,000 GEMs cards
22	<input checked="" type="checkbox"/>	★ Increasing ISO9001 to 58% of a base of 36 units
23	<input checked="" type="checkbox"/>	Create mobile Apps and open corridors for remittances
24	<input checked="" type="checkbox"/>	Identify a partner to develop a financial literacy programme
25	<input checked="" type="checkbox"/>	★ Reaching 25,000 new SME client accounts
26	<input checked="" type="checkbox"/>	Increasing job opportunities for National talent through the delivery of a new call centre in Al Ain
27	<input checked="" type="checkbox"/>	Communicate a robust Customer Satisfaction Performance Tracker
28	<input type="radio"/>	Create Service and Quality Standards for all front of house employees
29	<input checked="" type="checkbox"/>	★ Develop at least one new 'responsible' product or service
Product & Service, Quality & Innovation		
30	<input checked="" type="checkbox"/>	Take part in a banking sector sustainability dialogue
31	<input checked="" type="checkbox"/>	Continue ADSG taskforce support
32	<input checked="" type="checkbox"/>	Investigate & assess social media opportunities to better engage with the community and external stakeholders
33	<input checked="" type="checkbox"/>	Establish an external stakeholder council to understand key concerns and sustainability issues
34	<input type="radio"/>	★ Conduct at least 3 internal Town Hall sessions
35	<input checked="" type="checkbox"/>	Launch the Workplace Transport Mobility Initiative with the Department of Transport
★ 9 Indicators with quantitative measures (26% of total) <input checked="" type="checkbox"/> 20 Completed (57%) <input type="radio"/> 8 In progress (23%) - partially complete or behind schedule <input checked="" type="checkbox"/> 7 Not started or cancelled (20%)		







## APPENDIX E – OUR 2013 COMMITMENTS

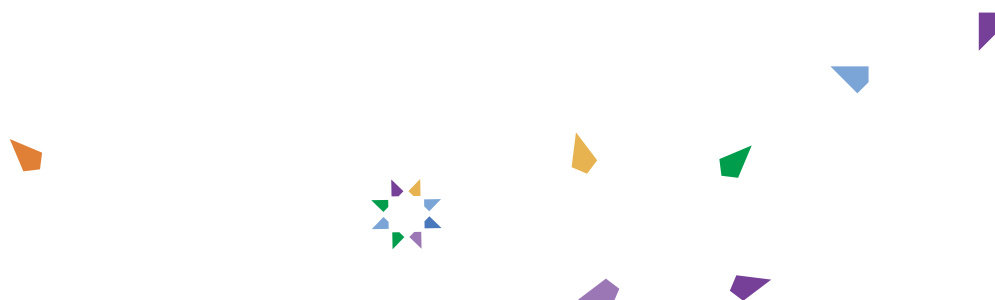
Our Economic Performance	
1	★ Maintain an average return of 20% on shareholder funds
2	★ Begin quantitative measurement of the Bank's financial value to Abu Dhabi
3	★ Open offices in three new international locations
Embracing New Accountability Realities	
4	Integrate Sustainability into the bank objectives through the 2013 balanced scorecard
5	★ Achieve 20% improvement in our overall sustainability maturity <sup>21</sup>
6	★ Retain top 10 position on the S&P/Hawkamah ESG Pan Arab Index
Investing in our People	
7	★ Continue to support national talent development through recruitment of 100 net new Emirati employees.
8	★ Improve access to training by delivering 10,000 training hours via e-learning <sup>22</sup>
9	Continue the development of an annual training programme for Sustainability Champions, Stakeholder Group members
Environmentally Smarter	
10	Put in place a system to monitor paper consumption by department/branch
11	Work with international offices, to understand and record their current sustainability activities, and set a baseline group sustainability status
12	Reduce NBAD Head Office energy consumption by improving the efficiency of the cooling system and upgrading the Building Management System

<sup>21</sup>Maturity is self-assessed using the ADSEG Maturity Assessment Tool. Our 2012 baseline maturity is 20.2%. Targets relate to a relative increase against this baseline or 4.04% actual increase to a total of 24.24% overall maturity.

<sup>22</sup>These are net all net new training hours but a replacement of some existing courses currently held at the NBAD Academies. Replacement with e-learning will improve access & employees may reduce overall training hours.

Environmentally Smarter	
13	Integrate a sustainability evaluation into the annual bank wide policy review process
14	Deliver new standard product terms and conditions written in plain language
15	★ Increase our team of Service Ambassadors to 20 and thereby increase positive customer feedback by 100% in the branches in which they operate
Outstanding relationships	
16	Work with Emirates Foundation on a UAE community financial literacy programme
17	★ Incorporate sustainability factors into standard procurement policies and processes
18	Conduct 3 multi-stakeholder dialogues or consultations, to understand their expectations, emerging issues and understanding of NBAD as a sustainable bank, with the aim of seeking solutions and identifying opportunities to innovate and develop new business
Employee suggestion	
19	★ Enhance the positioning of the UAE as an attractive and advanced place for skilled professionals to live and work, by launching a Corporate Pension Product to market, and engage the first 2 corporate clients

★ 10 Indicators with quantitative measures (53% of total)





## APPENDIX F – GLOSSARY OF TERMS

Term	Explanation
Abu Dhabi Economic Vision 2030	Based on the principles laid out in the Government's Policy Agenda published in August 2007, the Abu Dhabi Economic Vision 2030 is a roadmap for the emirate's socio-economic progress.
ADSG	The Abu Dhabi Sustainability Group consists of representatives of key sectors in the Emirate of Abu Dhabi, including oil and gas, real estate, construction and banks. Members are committed to supporting the Abu Dhabi Environment Agency's efforts in the development and implementation of standards, exchanging experiences and identifying targets and training needs in key areas for the implementation of sustainability.
Commercial Banking	Traditional consumer and corporate banking e.g. personal accounts, loans, mortgages
CSR	Corporate Social Responsibility
DSN	Dubai Chamber Sustainability Network serves as the focal point for the business community of Dubai to share and exchange best practices in implementing Corporate Social Responsibility (CSR).
EFQM	European Foundation for Quality Management
Elite Banking	Consumer banking for high net worth individuals
Emiratisation	An initiative by the government of the UAE to employ its citizens in a meaningful and efficient manner in the public and private sector.
Equator Principles	A voluntary standard which reviews the potential social and environmental impacts of projects the bank is looking to finance.
Estidama Pearl Rating System	Estidama, which is the Arabic word for sustainability, is an initiative developed and promoted by the Abu Dhabi Urban Planning Council. Pearl is a rating system for new buildings where Pearl 1 is the minimum required level for a building to be granted permission, and 5 the highest sustainability rating.



E-waste	A term used to describe electronic waste – discarded, surplus, obsolete or broken electrical or electronic devices.
EWS-WWF	Emirates Wildlife Society – World Wide Fund for Nature - addresses such issues as protection of the rich regional biodiversity, combating climate change and reduction of the UAE’s heavy ecological footprint. The group’s actions include conservation measures, education and awareness outreach activities, and policy recommendations.
Greenhouse gas emissions	Gases in an atmosphere that absorb and emit radiation within the thermal infrared range. The main greenhouse gases in the Earth’s atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.
GRI	The Global Reporting Initiative is the steward of the most widely used reporting framework for performance on human rights, labour, environmental, anti-corruption and other corporate citizenship issues. The GRI framework is the most widely used standardised sustainability reporting framework in the world.
Independent Director	The NBAD Board of Directors considers that a Director is independent if neither himself nor any of his first-degree relatives have been a member of the Senior Management of NBAD during the last two years or has a relationship that creates any financial transactions or deals with NBAD or any of its subsidiaries if the total amount of these transactions exceeds 5% of the paid-up capital of NBAD, or exceeds AED 5 million or an equivalent amount in a foreign currency, whichever is less.
ISO 26000	An international standard established by the International Organisation for Standardisation, which provides guidelines for social responsibility. In contrast to the ISO 9001, the ISO 26000 is not a management system standard and does not offer certification.

ISO 9001	An international standard established by the International Organisation for Standardisation, which specifies requirements for a quality management system.
Khalifa Fund for Enterprise Development	The Khalifa Fund aims to create a new generation of Emirati entrepreneurs by instilling and enriching the culture of investment amongst young people, as well as supporting and developing small to medium-sized investments in the Emirate. <a href="http://www.khalifafund.ae">www.khalifafund.ae</a>
Private Banking	Bespoke investment banking e.g. equities, fixed income products
Project Finance	Long-term financing of major development or infrastructure projects
Tawteen Council	An Abu Dhabi Government entity that collaborates with employers to provide employment opportunities to UAE national job seekers. <a href="http://www.tawteencouncil.ae">www.tawteencouncil.ae</a>
UNPRI	The United Nations Principles for Responsible Investment is a set of principles devised by members of the global investment community, which provides a framework for investors to incorporate environmental, social and corporate governance issues into their decision-making and ownership practices.
Wholesale Banking	Financial services conducted between financial services companies and institutions such as banks, insurers, fund managers, and stockbrokers



# APPENDIX G – CORRECTIONS TO AND COMMENTARY ON 2011 DISCLOSURES

## Training hours

Training hours have been reset back to 2008.

Before 2012 employee training was recorded using a variety of tools – each course being separately monitored and managed manually. This led to some inconsistencies in calculations, e.g. hours/days delivered and how number of attendees was calculated. When combined these inconsistencies multiplied to produce incorrect outputs.

During 2012 a new HR System was introduced which requires employees to register their attendance allowing for better and more comparable information. A process of cleaning up past data was also completed to produce the new hours recorded in this report. Average training hours have also been recalculated from a base of employees trained rather than all employees.

## Accidents

We are unable to properly report accidents as there is no standard internal reporting mechanism to capture minor accidents. The accident numbers reported are captured from our medical insurer's data cross matched with recorded leave applications within the HR system and account for major accidents requiring emergency treatment.

This year we specifically questioned the information recorded for accidents and found that none of the incidents were related to work activities. Reinvestigation of previous data is inconclusive so we will not reset previous data but continue to seek a more comprehensive method for understanding our accident recording.

## Power and water consumption

Over the last 3 years we have tried to identify a consistent and reliable approach to measuring and monitoring our consumption so that we can better understand how to manage it more efficiently.

In 2011 we thought we had found one set of good quality information, which we could use as the basis for our estimation calculations, having tested the reports we had been provided against actual utility bills and using only those which matched consistently. For 2012 we expanded the breadth of this 'trusted' data to a set of 30 branches with whom we worked extensively to train them in the correct reporting process.

We still believe our methodology<sup>23</sup> for extrapolating this base data across our UAE estate remains valid but, by the end of 2012 it became apparent there was still something skewing the data.

Overall consumption of both power and water had leapt significantly, by 56% and 135% respectively. These are greater changes than can be explained by workforce expansion or the opening of new branches, and come after a year where we found a deep reduction in our water consumption of 43%.

We went back to the beginning, starting with Head Office as our most impactful building and the basis of our 2011 estimation. We checked every bill against records and also physically visited the location of our meters.

The bills showed some skewing caused by estimations of consumption at the beginning and end of the year, rather than actual meter readings, but the effect of this was limited. What we did discover was that, during 2011, one water meter had not been read at all and the entire consumption had been added to our 2012 bill. Once extrapolated across the full estate, this caused a huge reduction in 2011 and then a compensating increase effect in 2012. The difficult to reach location of our head office water meters explains this issue and we are investigating how to have these relocated.

Our power consumption doesn't have such a clear explanation and 10 months of manual readings by our Building Management Team, support this increase in consumption.

Deeper interrogation of the raw data shows extreme differences in outcomes when we use only Office Head Office information or Branch information as the basis for our calculations, but not in a consistent manner. For water Head Office data is contributing to an extreme outcome whilst for power the branches are responsible.

	Base data used for extrapolation		
	Head Office & 30 branches	30 Branches	Head Office
Water Per Capita	6,732 IG	1,176 IG	
Power Per Capita	12,570 KWH		10,633 KWH

After consultation with our peers at the Abu Dhabi Sustainability Group, we understand calculating actual consumption of utilities is an ongoing challenge for us all.

<sup>23</sup>See page 42 of our 2011 Sustainability Report, available on nbad.com for a full description of our estimation methodology



We will continue during 2013 to manually monitor our meters for our Head Office building, and collect branch data to try and create the most solid data we can and hope that this will help us to explain the conflicting information at the end of the year.

## Paper consumption

The per capita paper consumption data reported in Appendix A – Performance Indicators (page 55) of our 2011 report was incorrect due to a typographical error. This has been rectified within this report. See Appendix A.

## Green House Gas emissions

In 2012 we managed the calculation of our own GHG using the factors below, some of which have been developed for Abu Dhabi specifically.

Source of Emission Factor	Measure
Based on the results of Abu Dhabi GHG inventory for 2010	Electricity
Based on the results of Abu Dhabi GHG inventory for 2010	Water
GHG Protocol Mobile Combustion GHG Emissions Calculation Tool V 2.0 May 2009	Petrol
GHG Protocol Mobile Combustion GHG Emissions Calculation Tool V 2.0 May 2010	Diesel
GHG Calculation Tools V 4.01 Oct 2010, IPCC 2006 Guidelines	Flights

Using the base data for both 2011 and 2012 we find that the most significant difference is in energy consumption where the local factor appears to be far lower than the global average.

	2012		2011	
	Using 2012 Emission Factors	External provider	Using 2011 Emission Factors	External provider
Indirect CO <sub>2</sub> from Electricity (tonnes)	28,412.44	18,239.86	18,239.86	27,205.80
Indirect CO <sub>2</sub> from Water (tonnes)	1,210.65	793.01	793.01	n/a
Indirect CO <sub>2</sub> from Business flights (tonnes)	423.67	331.54	331.54	321.6
Direct CO <sub>2</sub> from Gasoline (tonnes)	896.02	867.46	867.46	901.33
Direct CO <sub>2</sub> from Diesel (tonnes)	2.93	5.52	5.52	5.59
Total CO <sub>2</sub> Emissions (tonnes)	30,945.71	20,237.39	20,237.39	28,434.32
Tonnes of CO <sub>2</sub> per UAE employee	6.98	4.75	4.75	6.68



## APPENDIX H - TIA KANSARA WORKPLACE RESEARCH

*‘What happens to thermal comfort, energy use and user satisfaction when you increase the internal temperature?’*

The below is the executive summary of Tia’s workplace research, including Tia’s final recommendations. For a copy of the full NBAD report please e-mail the sustainability team at [sustainability@nbad.com](mailto:sustainability@nbad.com).

### Executive summary

The aim of this report is to identify how the National Bank of Abu Dhabi (NBAD) will achieve targets of energy conservation, improved thermal comfort and user satisfaction in their buildings based on the pilot report completed in 2011 by myself, Tia Kansara.

Two years of analysis on three buildings taken from NBAD: Head Office (HO), Khalidiya (KHA) and Academy (ACA) have suggested some important changes to the building. Should the need arise in the Emirate of Abu Dhabi to reduce energy use and account for thermal comfort the following 10 point plan will help NBAD in achieving this:

#### *1. A minimum of 1 degree reduction of cooling in the internal temperature of the building:*

- With clear analysis on the effective diffusion of cool air around open floors: correctly dispersed cool air – no direct AC.
- Dehumidification strategy for increased thermal comfort, in particular on the ground floor.

#### *2. Seasonal variation of clothing policy:*

- Tie & Jacket-free in the building during summer.
- Winter clothing

#### *3. Monitoring of Air Quality:*

- Regular swab tests of ventilation for mould and fungus,
- Air purifiers around open desk spaces,

#### 4. *Annual Survey on Occupant satisfaction:*

- Improve Health and Well-being due to building from 4.8 out of a total of 7 to 5.5.
- To cover comfort, control and satisfaction

#### 5. *Greening the Bank:*

- Increased greenery around the ground floor entrance and break-out spaces
- Grey-Water recycling and reuse in watering plants.

#### 6. *Energy Efficiency in the Bank:*

- Achieve 15% Reduction of Energy consumption of AC.
- Reduction of appliances on stand-by.

#### 7. *LIFT Avoidance where appropriate:*

- Differing start/finish times to reduce crowding around the lifts.
- Stairs First: Inter-floor staircase use policy.

#### 8. *Improved Natural-Light penetration:*

- Improved transparent partitions to replace solid partitions.
- Noise cancelling clear partitions.

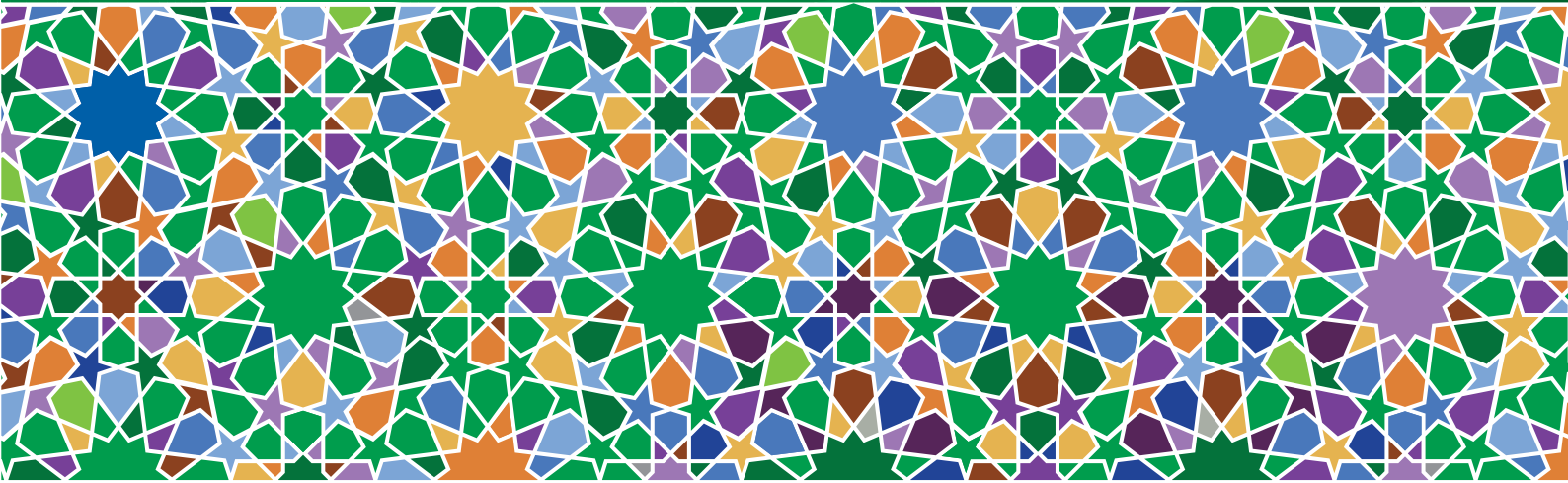
#### 9. *Microclimate management:*

- Segregate zones for improved thermal comfort throughout office buildings.
- Regional Cooling plan (Al Ain, Abu Dhabi, Gharbiya)

#### 10. *Improved cleanliness:*

- Change in cleaning strategy for improved desk space
- Increased cleanliness of lavatories

# GRI SECTION





## REPORTING PARAMETERS

### Determining our priority issues

We have undertaken a systematic process for identifying the company's priority sustainability issues and have applied each of the principles for defining report content. Our process has resulted in the identification of six major sustainability issues that will drive our sustainability strategy. We report on each of these major issues in this report. These issues are all deemed essential to business success and are not prioritised. Prioritisation within each issue is defined in the form of a selected group of key performance indicators (KPIs) and related targets that we have determined as the best means of achieving progress towards sustainability.

### Materiality

We considered and believe we have covered all topics (and included associated indicators) that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders. This includes main issues raised by stakeholders, issues reported on by our peers, and standards and guidelines including the GRI G3.1 Reporting Guidelines.

### Stakeholder inclusiveness

We consider and believe we have identified all of our key stakeholders and have attempted to outline how we engage them, our understanding of their interests and expectations, and how we have responded.

### Sustainability context

We considered our sustainability context, taking into account global trends towards sustainability, but also considering regional and local contexts in which we operate.

## ENSURING QUALITY IN OUR SUSTAINABILITY REPORTING

### Balance

We believe this report presents both the positive aspects of our performance and areas requiring improvement.



## Comparability

Wherever possible we have provided year-on-year data and have attempted to follow the GRI Indicator Protocols in order to facilitate comparison of our report against industry peers and other companies practicing sustainability.

## Clarity and accuracy

Sustainability is a relatively new concept to many areas where we operate, and we have made an effort to provide introductory information where useful to facilitate reader understanding of the report content. We have aimed for maximum accuracy. Where estimations or other limitations to the data are involved, this is identified.

## Reliability and data measurement techniques

Where possible we have used existing systems to calculate data; in other cases we have returned to our records to manually collect required data. Where calculation or measurement methodologies have been modified in 2012, data has been restated where applicable, accompanied by specific explanations in the footnote and/or a separate appendix as necessary. All data presented represents our best understanding of our impacts. In cases where we were uncertain of actual impacts, we chose to omit such data until more reliable tracking can be implemented. We have completed much work on improving our data management techniques during 2012 and are committed to the further improvement of our tracking in 2013.

## Assurance

This report will not be assured by a third party.

## REPORTING BOUNDARIES

### Limitations

This mainly report covers data and activities from NBAD's group businesses in the UAE. The bank does operate in other countries, and limited coverage of these countries is included in this report. We will increase this coverage in future reporting.

### Completeness and boundaries of report

NBAD has attempted to make this report as complete as possible. The report pertains to NBAD's 2012 performance including, in most cases, indicators reporting back to 2008. The report covers all UAE operations. Where overseas activity is included this is specified.

## SUMMARY OF EXTENT OF REPORTING

Number of indicators NOT reported – 10 standard + 5 FSS supplement.

Number of indicators partially reported – 22 standard.

Number of indicators fully reported – 53 standard + 11 FSS supplement + 42 profile disclosures.



# GRI/ISO 26000 INDEX

- Indicator is fully reported
- Indicator is partially reported

## GRI

## ISO 26000

### 1. Strategy and Analysis

1.1 ● 6.2

*'Message from the Chairman' p9, 'Message from the Chief Executive' p10*

1.2 ● 6.2

*'Message from Chairman' p9, 'Message from the Chief Executive' p10, 'The global context' p11, 'How our culture is changing' p21-24, p27-29, p49-51, Appendix C - 'Our sustainability policy' p102*

### 2. Organisational Profile

2.1 ● 6.2

*National Bank of Abu Dhabi PJSC*

2.2 ●

*Who we are' p5, 'Where we are in the world' p8, 'Where we made our profit' p36*

2.3 ● 6.2

*'Who we are' p7, 'Where we are in the world' p8*

2.4 ●

*Abu Dhabi, United Arab Emirates*

2.5 ●

*14 Countries outside the UAE. 121 UAE Branches. 57 International premises including 33 branches in Egypt. 'Where we are in the world' p8.*

2.6 ●

*National Bank of Abu Dhabi PJSC became a public joint stock company in 2000 and is listed on the Abu Dhabi Exchange. 70.48% of our shares are owned by Abu Dhabi Investment Council*

2.7 ●

*'Who we are' p5, 'Where we are in the world' p8, 'Where we made our profit' p36-42*

2.8 ●

*5636 employees group wide. 4432 in the UAE, including 92 full time trainees. Total Capital Resources - AED 36,795,452,000 (Appendix A - 'Our performance indicators' p91), 'Where we made our profit' p36-24, p48*

## GRI

## ISO 26000

### 2.9 ●

*'How our culture is changing' p20, 'Message from the Chief Executive' p10. No significant changes to structure.*

### 2.10 ●

*'Sustainability awards and recognition' p12. Our awards, historical to present across the group, are listed on our website. <http://www.nbad.com/en/AboutN-BAD/awards/Pages/default.aspx>*

## 3. Report Parameters

### 3.1 ●

*This report covers the period January 1 to December 31 2012*

### 3.2 ●

*Our 2011 report - 'Catalysing Change' - is available on our website <http://www.nbad.com/en/Sustainability/Documents/Sustainability%20Report%202011%20-%20Catalysing%20Change.pdf>*

### 3.3 ●

*We report annually*

### 3.4 ●

*Our Corporate Sustainability Team can be contacted at [sustainability@nbad.com](mailto:sustainability@nbad.com)*

### 3.5 ●

*The content of this report was selected through the application of a series of tools and processes. 1. Our Sustainability Strategy is based on our 6 Priority Focus areas (Our Sustainability Strategy) which itself was defined through stakeholder mapping and materiality identification. 2. We updated this using the results of the new AD SG Sustainability Maturity assessment to identify those areas requiring most focus. See pages 20-24*

### 3.6 ●

*The main focus of the report is on our UAE operations. Any information pertaining to our group wide results is specifically referenced. All financial reporting is group wide. See 'Reporting parameters' p116*

### 3.7 ●

*We are able to collect the majority of 'People' related data group wide. All financial data is group wide. Specific reporting limitations include training in international locations, which is not centrally developed or monitored, and environmental data which cannot currently be validated outside of the UAE. We are working on an online system for remote reporting.*

### 3.8 ●

*All group businesses are covered from a financial perspective.*



## GRI

## ISO 26000

### 3.9 ●

*Data measurement and bases for calculations have been aligned as closely as possible with GRI requirements. Where they differ or the calculations are complex these have been included within the text or in 'Definition of our performance indicators' p98-100 and 'Corrections to and commentary on 2011 disclosures' p110-112*

### 3.10 ●

*Any restatements and their explanations have been recorded in 'Corrections to and commentary on 2011 disclosures' p110-112. Our consumption of utilities specifically has been explained here.*

### 3.11 ●

*As indicator 3.10 above. We are trying to include more information from our international units on a rolling process as it becomes available and these are specified throughout the report as relevant. Any significant changes to measurement methods are explained in Appendix G p110-112*

### 3.12 ●

*All information relating to the GRI standard is published in the 'GRI Section' of this report p115-135*

### 3.13 ●

*Our intention was to seek assurance of this 2012 report but, having engaged in the consultation on the G4 version we have decided to wait until the final standard is available so that we can employ any external assurance to add most value to the new process.*

## 4. Report Parameters

### 4.1 ●

### 6.2

*Our Board structure and Board Membership of each of our Governance Committees is published in our Annual Report which is available on our website - <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf> (from p127). See also p48.*

### 4.2 ●

### 6.2

*The Chairman of the Board of Directors is not an executive member of the bank management.*

### 4.3 ●

### 6.2

*Of the 11 members (all male), one is an Executive Member. 10 are Non Executive, 2 of whom are also independent. See p48 of this report and from p130 our Annual Report - <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf>*



## GRI

## ISO 26000

4.4 ●

6.2

*AGMs are advertised and open to the public. All shareholders are invited to attend and permitted to speak and question the Board Members in addition to their voting rights. Employees can submit questions and requests to relevant Board Committees through Executive Management and/or the Board Secretary.*

4.5 ●

6.2

*Executive Management compensation is determined by their performance on the group wide Balanced Scorecard. This progressively incorporates specific Sustainability factors and is cascaded through line management. Fees paid to Board members are published in our annual report p137 - <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf>*

4.6 ●

6.2

*Both the Corporate Governance Policy and Principles, and the Directors Code of Conduct were reviewed and updated in early 2012. They specifically detail the steps for avoidance of conflicts of interest.*

4.7 ●

6.2

*The majority shareholder (Abu Dhabi Investment Council) nominates Board Members proportionate to the percentage of share capital held. The remaining Directors are elected by the General Meeting of shareholders by cumulative secret ballot without the participation of the majority shareholder. Independent Directors are nominated by the Board and elected by the General Meeting.*

4.8 ●

6.2

*The Board of Directors retains responsibility for approving significant group wide policies which includes the Sustainability Policy and this is available for all employees. Codes of Conduct have been developed for all employees and, separately for the Board of Directors, which set out ethical and behavioural requirements. Employees are required to read and sign the Code of Conduct before joining the Bank.*

4.9 ●

6.2

*Members of the Board are responsible for the Board Committees. These Committees include both a Corporate Governance Committee and Risk Management Committee. Each receives information, requests and feedback from relevant Departments and Senior Management Committees concerning compliance with agreed standards and identified risks.*

4.10 ●

6.2

*As per the Bank's Articles of Association, Board compensation is agreed by the Annual General Meeting and is capped at a maximum amount based on overall bank profitability. Executive Management compensation is determined by the Board Compensation and Remuneration Committee and is based on delivery against the bank wide Balanced Scorecard, which includes specific sustainability objectives (p29, 50 & 51)*

**GRI****ISO 26000**

4.11 ●

6.2

*Our Sustainability Policy is applicable Group wide and sets out broad principles for taking a precautionary and responsible approach to operations and business – ‘Our sustainability policy’ p102. Our risk management processes and policies are robust and support this principle, and are covered from page 107 of our annual report – <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf>*

4.12 ●

6.2

*We are currently not signatories to any international sustainability initiatives but we have chosen to embed the Abu Dhabi Pearl Rating System for sustainable buildings into our Bank Policy, requiring us to build any new premises to a far higher environmental standard than is required by Law.*

4.13 ●

6.2

*We are founding members and executive committee members of the Abu Dhabi Sustainability Group. We are also members of the Dubai Sustainability Network and Platinum Members of the Emirates Wildlife Society/World Wildlife Fund who are also a redemption partner for our ‘STARS’ reward points. We view each of these memberships as long-term partnership through which we can add value to the development of sustainability principles in the UAE.*

4.14 ●

6.2

*We engage with a wide number of stakeholders through multiple mediums. See Our Stakeholders and priority focus areas p20 and Stakeholder Engagements p25.*

4.15 ●

6.2

*We identified our relevant stakeholders in 2009 through a process of mapping and materiality testing. During 2012 our use of the AD SG Maturity Assessment Tool is helping us to focus on consistent engagement based on those stakeholders most material to us. See also p10 of our 2009 Sustainability Report at nbad.com*

4.16 ●

6.2

*We engage with our employees on an annual basis through the Global People Survey and use the outputs of this to design activities and engagements with them at a departmental level. Our customers are monitored on a rolling process through our online surveying system but other stakeholders are managed on a more activity based system. See pages 25, 79 8 80.*

4.17 ●

6.2

*Stakeholder engagements p25*

## Product and Service Impact

### DMA<sup>24</sup>

*Product Portfolio - Our approach to product management is described by the 'Product and Service Quality and Innovation' clauses in the Group wide Sustainability Policy - We will lend responsibly, to help our customers remain financially secure, and seek to ensure financial inclusion for as wide a customer base as possible; we will assess the ESG risks of investment opportunities, and ensure negative impacts are mitigated or controlled before proceeding; We will design new and innovative products, to meet our clients changing needs, and will subject all new products to an analysis of their ESG qualities and risks'*

*Audits - Sustainability factors are integrated into the standard Independent Internal Audit management process for all areas of the business. Successful closure of Audit findings is incorporated into the Group Wide Balanced scorecard at executive management level.*

*Active Ownership - The process of ESG assessments for our product development is happening in an informal, sometimes ad-hoc manner, but our group businesses are demonstrating a growing tendency to incorporate these considerations into their research and risk activities.*

### FS1 ●

*The Sustainability Policy applies group wide but business lines do not have specific policies or processes in place to fully assess social or environmental risks. Products are assessed by senior management committees, including the Risk Committee as relevant, to ensure quality before launch. See from p102 of our annual report - <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf>*

### FS2 ●

*The Sustainability Policy applies group wide but business lines do not have specific processes in place to assess social or environmental risks of products. Products are assessed by senior management committees, including the Risk Committee as relevant, to ensure quality before launch. See from p102 of our annual report - <http://www.nbad.com/en/InvestorsRelation/Documents/Annual%20Reports/AnnualReport2012.pdf>*

### FS3 ●

*We do not currently have specific processes in place for requiring or monitoring clients' implementation of environmental or social matters.*

### FS4 ●

*We do not have a process in place as we currently do not currently apply specific policies or procedures to business lines.*

### FS5 ●

*This is not currently part of our standard business practices*

<sup>24</sup> Disclosure on management approach

## GRI

## ISO 26000

### FS6 ▶

*'Who we are' p5, 'Where we are in the world' p8, 'Where we made our profit' p36*

### FS9 ●

*Internal Audits of all business operations are carried out by our Internal Audit Division and the standard audit programme includes Sustainability factors. These are included where possible in consideration of the core requirements and scope of each audit. We do not currently have a method to record the number of audits where sustainability has been specifically covered. See 'Auditing for sustainability' p52 and Appendix B – 'Internal Audit Findings' p101*

### FS13 ●

*We continue to provide ATMs and branches in rural and harder to reach areas. We currently have 49 ATMs and 18 Branches in areas of the UAE classified as low population and/or economically disadvantaged.*

### FS14 ●

*We have focussed on increasing access to financial services for those residents of the UAE who might normally not have access to formal facilities - manual labourers whose salary level precludes a personal bank account. Our Ratibi Payroll Card is connected to the Government's Wage Protection Scheme and was upgraded in 2012 with life insurance cover payable to the cardholder's family. Information comes in a variety of languages. See 'Domestic Banking Division' p39 and 'Delivering Quality and Innovation' p76 for more information*

### FS15 ●

*Our bank wide sustainability policy guides our broad approach to product responsibility and design. However, business lines do not have specific policies or processes in place to fully assess social or environmental risks or to assess that their designs are 'responsible'. Products are assessed by senior management committees, including the Risk Committee as relevant, to ensure quality before launch.*

### FS16 ●

*During 2012 we began informal peer to peer financial literacy training for our employees and provided a formal training module at our Academy. Externally we introduced some simple retail customer advice on our website (<http://www.nbad.com/en/MM/Pages/default.aspx>) and are in the process of developing a wider UAE programme with our partners. See also 'Small business and women opportunities' p43*



## Economic

## DMA 6.2, 6.8

Economic Performance - Our approach to economic performance is described by the 'Our economic performance' clauses in our Group wide Sustainability Policy - 'Our primary responsibility is to remain profitable and thereby maintain consistent shareholder returns; create economic value; and support our community through the provision of jobs and financial services - Our Islamic Banking business manages our Zakat fund and our Corporate Communications Team all other 'charitable' activities and corporate sponsorships. A set of guidelines have been provided but we do not have a formalised community investment policy.

Market Presence and Indirect Economic Impacts - As above and we have begun to quantify our economic impact through financial contributions - see Our direct economic impacts p24.

## EC1 ● 6.8, 6.8.3, 6.8.7, 6.8.9

See Appendix A - 'Our performance indicators' p58

## EC3 ●

In the UAE pension contributions are paid for UAE Nationals as per UAE Law. End of Service Benefits are paid for expat employees as per the Labour Law. These are included in our People Policies which are available to all employees on our intranet. See also 'Pension and charitable Funds' p77-78

## EC4 ▶

The Government of Abu Dhabi, through the Abu Dhabi Investment Council, owns a majority 70.48% shareholding.

## EC5 ▶

We abide by the laws and regulations of the countries in which we operate. In the UAE no absolute minimum wage is set. However, we complete an annual assessment of our pay versus the local market to ensure we are competitive and able to remunerate talent as relevant. See also 'Fair wages' p58

## EC6 ▶ 6.6.6, 6.8, 6.8.5, 6.8.7

Our current systems do not allow us to assess this fully, either in the UAE or across NBAD Group. For any Sustainability requirements, UAE based suppliers are used where possible, even if the product is imported.

## GRI

## ISO 26000

EC7 ▶ 6.8, 6.8.5, 6.8.7

*Internation ally 93% of our employees are nationals of the host country. For senior management positions (grades 12+) 89% are nationals and 86% of middle management (grades 9-11). In the UAE 24% of senior management are Emirati and 20% of middle management. This is higher than the overall population of the UAE where Emiratis represent 11.5% (as at end 2010 <http://www.uaestatistics.gov.ae/ReportPDF/Population%20Estimates%202006%20-%202010.pdf>)*

EC8 ▶ 6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9

*See Job creation in Al Ain p29*

EC9 ▶ 6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9

*See Job creation in Al Ain p29 and Our direct economic impacts p24.*

## Environment

DMA 6.2, 6.5

*Our approach to Environmental performance is described by the ‘Environmentally smarter’ clauses in our Group wide Sustainability Policy - ‘We will not compromise the environment in pursuit of profit and are committed to reducing our own impacts through responsible procurement, operations and facilities management’.*

**Materials** *We have a centralised paper collection and recycling system which also supports data security.*

**Energy** *Our energy consumption is monitored consistently but we continue to find new challenges and issues with the reliability of some of this information. See p65-67.*

**Water** *Our water consumption is monitored consistently but we continue to find new challenges and issues with the reliability of this information. See p65-67.*

**Biodiversity** *We do not currently have any premises in areas of concern but have a policy which specifies our new buildings conform to the Estidama Pearl Rating System (Pearl 3 Level), which incorporates biodiversity.*

**Emissions, effluents & waste** *See p 69 for GHG information. We are not manufacturers and therefore we do not have significant issues around effluents or waste. It is also not currently possible to quantitatively measure the volume of waste produced.*

**Products & services** *We do not have significant environmental impact directly through our product though we are working to introduce e-statements and more use of electronic customer services.*

**Compliance, Transport, Overall** *See main policy statement above.*

## GRI

## ISO 26000

EN1 ● 6.5, 6.5.4

*We do not manufacture product. Our consumption of utilities, paper and fuel are therefore the most material factors. See pages 67 and 68.*

EN2 ● 6.5, 6.5.4

*We do not manufacture product. Our consumption of utilities, paper and fuel Our standard copier paper is made from agro residue (wheat pulp) and constitutes the majority of our paper consumption. We still use business cards and letterhead paper which is not recycled.*

EN3 ● 6.5, 6.5.4

*We consumed 239 Gallons of Diesel (32.98GJ) and 84,700 Gallons of Petrol (10,250.5 GJ) in our fleet cars and transportation trucks.*

EN4 ▶ 6.5, 6.5.4

*We consumed an estimated 55,710,665 KwH of electricity (200,558.4 GJ). See Appendix G – ‘Corrections to and commentary on 2011 disclosures’ p110 & 111. It has not been possible to calculate the energy consumed in the production of this electricity.*

EN5 ● 6.5, 6.5.4

*Despite the installation of more energy efficient bulbs in our premises, our energy consumption increased. See Appendix G – ‘Corrections to and commentary on 2011 disclosures’ p110 & 111.*

EN6 ● 6.5, 6.5.4

*We assisted in the financing of 28.5MW of solar power plants. The design of our new Head Office in Abu Dhabi meets the Estidama Pearl Rating System - Pearl 3 standard, as per our bank wide policy. It is not yet possible to identify the savings related to these initiatives.*

EN7 ● 6.5, 6.5.4

*We reduced our car fleet by 23 vehicles but our petrol consumption increased. Our diesel consumption reduced 46%. Our business travel by flights increased by almost 460,000 miles due to our international expansion plans. See 69 , and ‘Corrections to and commentary on our 2011 disclosures’ p112*

EN8 ● 6.5, 6.5.4

*We consumed an estimated 29,834,766 Gallons of water from Municipality provided desalinated sources.*

EN9 ● 6.5, 6.5.4

*Our water is desalinated sea water.*

EN10 ● 6.5, 6.5.4

*No water is currently recycled or reused.*



## GRI

## ISO 26000

EN11 ● 6.5, 6.5.6

*We currently have no premises located or planned in areas of high biodiversity value.*

EN12 ● 6.5, 6.5.6

*We currently have no premises located or planned in areas of high biodiversity value.*

EN13 ● 6.5, 6.5.6

*We currently have no premises located or planned in areas of high biodiversity value.*

EN14 ● 6.5, 6.5.6

*Our new build policy requires that all new premises must be built to the Estidama Pearl Rating System - Pearl 3, which provides specific guidance related to biodiversity.*

EN15 ● 6.5, 6.5.6

*None*

EN16 ● 6.5, 6.5.5

*Indirect CO<sub>2</sub> emissions tonnes - Electricity consumption, 28,412; Water consumption, 1,866; Business flights, 424. Direct CO<sub>2</sub> emissions tonnes - Petrol, 896; Diesel, 2.9. Total emissions - 31,601 CO<sub>2</sub>*

EN17 ● 6.5, 6.5.5

*We are not aware of any other indirect greenhouse gas emissions.*

EN18 ● 6.5, 6.5.5

*Our environmental activities have yet to produce a reduction in greenhouse gas emissions.*

EN19 ● 6.5, 6.5.3

*None identified*

EN20 ● 6.5, 6.5.3

*None identified*

EN21 ●

*We do not produce our water discharges or effluents other than standard sewage which is processed by the Municipality.*

EN22 ▸ 6.5, 6.5.3

*It is not possible to measure our overall waste production. However, any electronic waste is provided to our recycling partners for safe destruction and disposal. All white paper, card, magazines and newspapers are collected by our internal recycling and document destruction team. See Recycling p68 & 69*

EN23 ● 6.5, 6.5.3

*No spills identified*





## GRI

## ISO 26000

EN24 ▶ 6.5, 6.5.3

*Electronic waste is our only hazardous waste. This is provided on an ad-hoc basis to our recycling partners who ensure proper and responsible breakdown and recycling. To ensure proper management, some of this is shipped to European destinations. We are not able to identify actual weights.*

EN25 ● 6.5, 6.5.4, 6.5.6

*None*

EN27 ● 6.5, 6.5.4, 6.7.5

*None*

EN28 ● 6.5

*We have not had any instances of non-compliance with environmental laws and regulations.*

EN29 ▶ 6.5, 6.5.4, 6.6.6

*See EN3 for our fleet fuel consumption and EN7 for our business flights. It is not possible to measure the impact of our employees' transportation to and from work as the majority use personal cars.*

EN30 ▶

*Our current expenditures toward environmental protection have been incremental - such as replacing incandescent bulbs with lower energy alternatives at the end of their life. Therefore, no 'investment' as yet.*

## Labour

DMA 6.2, 6.4, 6.3.10

<p>Employment</p> <p>Labour/management relations</p> <p>Occupational health and safety</p> <p>Training and education</p> <p>Diversity and equal opportunity</p> <p>Equal remuneration for men and women</p>	<p><i>Our approach to Labour and work performance is described by the 'Investing in our people' clauses in our Group wide Sustainability Policy - 'To attract and retain the best talent we will continuously develop our employees, offer attractive rewards, and provide a safe and healthy workplace; we will support development of national talent whilst incorporating diversity, and ensuring opportunities for all employees'</i></p>
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LA1 ● 6.4, 6.4.3

*See Appendix A 'Our People Performance Indicators' p95*

LA2 ▶ 6.4, 6.4.3

*See Appendix A 'Our People Performance Indicators' p96*



## LA3 ●

*Full time permanent employees and contract employees enjoy similar benefits. Contractors' benefits may be lower – for instance fewer vacations days. Stock ownership is only available by invitation for selected full time employees. Contractors receive the same insurances as their permanent colleagues. Maternity/paternity leave are available after one year of employment.*

## LA4 ● 6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10

*Trade Unions are precluded under UAE law and therefore collective bargaining agreements are not applicable. To ensure employees opinions are heard, we carry out an annual 'Global People Survey' which is anonymous to allow for full and honest responses. Aggregate totals are shared and Divisions are required to take action to improve their employee engagement levels.*

## LA6 ● 6.4, 6.4.6

*We do not have a health and safety committee.*

## LA7 ▶ 6.4, 6.4.6

*Absenteeism through illness is recorded on our HR Management System. A total of 14,414 sick days were recorded in the UAE representing 3.25 days per employee. We are unable to properly report accidents or injury rates as there is no standard internal reporting mechanism to capture minor incidents. The accident numbers reported are captured from our medical insurer's data cross matched with recorded leave applications within the HR system and account for major accidents requiring emergency treatment. No work related deaths have been identified.*

## LA8 ▶ 6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8

*Employees are engaged on topics related to locally impactful health issues, at our annual employee wellness day.*

## LA9 ● 6.4, 6.4.6

*No trade unions in the UAE*

## LA10 ▶ 6.4, 6.4.7

*See Appendix A 'UAE employee training figures' p97*

## LA11 ▶ 6.4, 6.4.7, 6.8.5

*Employees are engaged on topics related to locally impactful health issues, at our annual employee wellness day.*

## LA12 ▶ 6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8

*All employees are required to engage in an annual performance review, objective setting activity and development planning with their line manager. This is monitored through our online HR Management system.*

## LA13 ● 6.3.7, 6.3.10, 6.4, 6.4.3

*See Appendix A 'Group workforce figures' p95 and 'Corporate governance' p48.*

## LA14 ▶ 6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4

*See Appendix A 'Group workforce figures' p62 and 'Corporate governance' p48.*



**Human Rights**

DMA	ISO 26000
<p>Investment and procurement practices</p> <p>Non-discrimination</p> <p>Freedom of association and collective bargaining</p> <p>Child labour</p> <p>Prevention of forced and compulsory labour</p> <p>Security practices</p> <p>Indigenous rights</p> <p>Assessment</p> <p>Remediation</p>	<p>6.2, 6.3</p> <p><i>Our approach to Human Rights performance is described by the 'Investing in our people' clauses in our Group wide Sustainability Policy - 'To attract and retain the best talent we will continuously develop our employees, offer attractive rewards, and provide a safe and healthy work-place; we will support development of national talent whilst incorporating diversity, and ensuring opportunities for all employees'. New clauses on best practice in relation to our suppliers have been included in our Procurement policy and procedures. We have specific policies on Whistleblowing which allows all employees to report any form of incorrect behaviour without fear of reprisals.</i></p>
HR1 ●	6.3, 6.3.3, 6.3.5, 6.6.6
	<i>We currently do not have a process for screening for Human Rights, nor do we have specific human rights clauses in investment agreements or contracts</i>
HR2 ●	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6
	<i>No significant suppliers have yet undergone human rights screening. No new small suppliers have been engaged on human rights issues in 2012.</i>
HR3 ●	6.3, 6.3.5
	<i>No significant suppliers have yet undergone human rights screening. No new small suppliers have been engaged on human rights issues in 2012.</i>
HR4 ●	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3
	<i>No significant suppliers have yet undergone human rights screening. No new small suppliers have been engaged on human rights issues in 2012.</i>
HR5 ●	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5
	<i>Collective bargaining is not relevant in the UAE.</i>
HR6 ●	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7
	<i>No suppliers or operations have been identified as having significant risk for incidents of child labour.</i>
HR7 ●	6.3.10
	<i>Our employees are aware of their rights and the processes ensuring their fair treatment, through publication of our HR policies and processes on the internal web pages. We are aware of the risk of possible forced or compulsory labour through our supply chain, particularly through our third party suppliers, but have not carried out a specific analysis. Our new Procurement Policies specify minimum expectations for suppliers on this subject.</i>



## GRI

## ISO 26000

HR8 ● 6.3, 6.3.3, 6.4.3, 6.6.6

None

HR9 ● 6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7

None

HR10 ●

None

HR11 ▶

*No issues have been reported internally through our Whistleblowing system. We do not have a dedicated mechanism for external stakeholders to report this form of grievance but none have been reported through our standard complaints system.*

## Society

DMA 6.2, 6.6, 6.8

Local communities  
Corruption  
Public Policy  
Anti-competitive behaviour  
Compliance

*Our approach to society is described by our overall policy statement in our Group wide Sustainability Policy - 'Investing in our future. We are committed to doing business in a responsible way by dealing with our customers, investors and other stakeholders honestly and fairly, by valuing our employees, by being accessible and responsive to the communities where we do business, and through careful environmental stewardship'. The clause on 'Outstanding Relationships' provides further direction to our approach 'We understand the importance of engaging with our communities and sharing best practices within our sphere of influence.'*

S01 ▶ 6.3.9, 6.6.7, 6.8, 6.8.5, 6.8.7,

*(G3.1 definition. Not reported against FSS definition) We have identified, through external engagement with our sustainability peers and partner organisations, that the women's market, SME development, access to finance and increased financial literacy are key issues for the financial industry in the UAE and MENA region. Programmes are in development, which will include impact assessments, but these are not currently available.*

S03 ▶

*At total of 1580 employees (36% of our current UAE workforce) had attended our AML/Anti-fraud training by the end of 2012. All employees have received communications related to the Whistleblowing system.*

S04 ● 6.6, 6.6.3

*No incidents of corruption were found but 3 valid issues were reported through the Whistleblowing system. These were fully investigated by Compliance Division, root cause analysis carried out and actions to prevent reoccurrence completed. See Whistleblowing p53*

## GRI

## ISO 26000

S05 ● 6.6, 6.6.4, 6.8.3

*No lobbying but we do participate in the development of best practice to inform policy through the Abu Dhabi Sustainability Group. See page 15*

S06 ●

*None. There are no political parties in the UAE.*

S07 ● 6.6, 6.6.5, 6.6.7

*None*

## Product Responsibility

DMA

6.2, 6.6, 6.7

Customer health & safety

Product & service  
labelling

Marketing communications

Customer privacy

Compliance

*Our approach to Product Responsibility is described by the Product and Service Quality and Innovation Clause within our Group Wide Sustainability Policy - 'We will lend responsibly, to help our customers remain financially secure, and seek to ensure financial inclusion for as wide a customer base as possible. We will assess the environmental, social and governance (ESG) risks of investment opportunities, and ensure negative impacts are mitigated, or resolved, before proceeding. We will design new and innovative products, to meet our clients changing needs, and will subject all new products to an analysis of their ESG qualities and risks'*

PR2 ● 6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5

*None*

PR3 ▶ 6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9

*We abide by federal laws and regulations in the UAE and the relevant laws of our countries of operation.*

PR4 ● 6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9

*None*

PR5 ● 6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9

*We carry out a variety of customer satisfaction surveys and feedback collection.*

PR6 ● 6.7, 6.7.3, 6.7.6, 6.7.9

*Our Sustainability policy includes a requirement to ‘offer responsible products and services’ and we abide by the laws of the countries in which we operate. However, we do not yet have a separate code related to marketing communications.*

PR7 ● 6.7, 6.7.3, 6.7.6, 6.7.9

*None*

PR8 ● 6.7, 6.7.7

*No substantiated complaints*





## Statement GRI Application Level Check

GRI hereby states that **National Bank of Abu Dhabi** has presented its report "NBAD Sustainability Report 2012 - Materiality Matters" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 17 July 2013

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

*Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*



بنك أبوظبي الوطني  
NBAD

