

Corporate Sustainability Report 2013

RESHAPING THE FUTURE



Contents

| | | |
|------------|---|-----------|
| 1.0 | OPENING REMARKS | 4 |
| | About This Report | 4 |
| | Message from the Chairman | 5 |
| | Message from the Chief Executive | 6 |
| | Message from the Senior Manager – Corporate Sustainability | 8 |
| 2.0 | NBAD AT A GLANCE | 14 |
| 2.1 | Who We Are | 14 |
| 2.2 | Our Financial Performance | 21 |
| 2.3 | Managing Sustainability | 23 |
| 2.4 | Memberships and Collaborations | 25 |
| 3.0 | MANAGEMENT: MANAGING OUR COMPANY | 26 |
| 3.1 | Introduction | 27 |
| 3.2 | New Organisational Structure | 28 |
| 3.3 | Our Growth Strategy | 34 |
| 3.4 | Performance Management and Balanced Scorecard | 35 |
| 3.5 | Alignment to the Abu Dhabi Vision 2030 | 38 |
| 3.6 | Materiality Analysis & Stakeholders Dialogue | 39 |
| 3.7 | Our Future Commitments | 43 |
| 4.0 | SHAREHOLDERS: BENEFITTING OUR SHAREHOLDERS | 44 |
| 4.1 | Introduction | 45 |
| 4.2 | Transparency and Accountability | 46 |
| 4.3 | Corporate Governance, Ethics & Compliance | 48 |
| 4.4 | Business Continuity | 53 |
| 4.5 | Our Future Commitments | 55 |
| 5.0 | CUSTOMERS: RESPECTING OUR CUSTOMERS | 56 |
| 5.1 | Introduction | 57 |
| 5.2 | Responsible Financing | 60 |
| 5.3 | Responsible Communication, Marketing & Sales | 64 |
| 5.4 | Customer Satisfaction | 68 |
| 5.5 | Access to Financial Services | 71 |
| 5.6 | Customer Data Privacy | 73 |
| 5.7 | Our Future Commitments | 74 |
| 6.0 | EMPLOYEES: CARING FOR OUR EMPLOYEES | 75 |
| 6.1 | Introduction | 76 |
| 6.2 | Equal Opportunities & Diversity | 78 |
| 6.3 | Human Rights | 81 |
| 6.4 | Employee Engagement | 81 |
| 6.5 | Health, Safety & Well-being | 82 |
| 6.6 | Job Creation & Security | 83 |
| 6.7 | Employee Benefits | 88 |
| 6.8 | Learning & Development | 90 |
| 6.9 | Our Future Commitments | 97 |



| | | |
|------------|--|------------|
| 7.0 | SUPPLIERS: SUPPORTING OUR SUPPLIERS | 98 |
| 7.1 | Introduction | 99 |
| 7.2 | Responsible Procurement | 101 |
| 7.3 | Supporting Suppliers | 103 |
| 7.4 | Our Future Commitments | 104 |
| 8.0 | COMMUNITY: HELPING OUR COMMUNITIES | 105 |
| 8.1 | Introduction | 106 |
| 8.2 | Economic Value & Contribution | 108 |
| 8.3 | Collaborations & Partnerships | 109 |
| 8.4 | Corporate Community Contributions | 114 |
| 8.5 | Our Future Commitments | 116 |
| 9.0 | ENVIRONMENT: PRESERVING OUR ENVIRONMENT | 117 |
| 9.1 | Introduction | 118 |
| 9.2 | Water Consumption | 120 |
| 9.3 | Energy Consumption | 123 |
| 9.4 | GHG Emissions | 125 |
| 9.5 | Materials (Paper) Consumption | 127 |
| 9.6 | E-Waste Disposal | 130 |
| 9.7 | Our Future Commitments | 131 |
| | APPENDICES | 132 |

1.0 OPENING REMARKS

ABOUT THIS REPORT *

Following on from the National Bank of Abu Dhabi's (NBAD) 2012 Sustainability Report titled "Materiality Matters", this issue of the Sustainability Report is our fifth annual Sustainability report, which details our regional and international trends in 2013.

This report covers the financial and operational year beginning 1 January 2013 and ending 31 December 2013. It includes the annual commitments, strategic objectives, activities and updates that took place during this period within NBAD in the UAE (also referred to as NBAD, UAE). In some cases, our international units and NBAD Group wide operations (within UAE and international) are also referred to. Any restatements and their explanations have been recorded in Appendix E.

We use sustainability reporting to track our performance with the aim to improve sustainable business practices. We also hope the report will be used as an internal and external awareness tool and resource for stakeholders, to benchmark our performance against other

sustainable organisations. Our 2013 Sustainability Report has been written for the benefit of investors, customers, employees, management, suppliers, communities and those interested in understanding NBAD's sustainable business practices.

This report follows the Global Reporting Initiative's G4 Guidelines in accordance with the "Core" option. This report will not be assured by a third party.

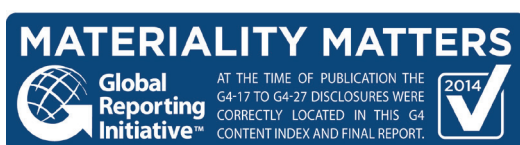
For more information about our Sustainability approaches, please visit www.nbad.com

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

Email:
Sustainability@nbad.com

Phone:
+971 2 611 1111

Post:
Corporate Sustainability Team.
Corporate Communication Department.
One NBAD Tower
Sheikh Khalifa Street
PO Box 4
Abu Dhabi
United Arab Emirates



* G4-22, G4-23

MESSAGE FROM THE CHAIRMAN



OUR NEW GROWTH STRATEGY

We have defined a robust, 5-year growth strategy which will enable NBAD to cement its presence in the UAE whilst also expanding internationally. The Bank will be focused on growth driven by trade and investment flows across the geographic area spanning from West Africa to East Asia.

We will focus on building the largest, safest and best performing bank in the UAE and over time in the GCC, deepening the Wholesale network and further integrating our existing European and North American platforms into this network. Our aim is to ultimately build a number of international bank franchises in some of the largest and fastest growing economies in the area between West Africa to East Asia.

FUTURE OUTLOOK

We are extremely well positioned to continue the successful growth trajectory we have experienced in the past by focusing on our new mission to be “core to our chosen customers” and capitalising on our balance sheet strength and geographic positioning.

H.E. Nasser Ahmed Alsowaidi
Chairman

“ In 2013, we were once again ranked as one of the “World’s 50 Safest Banks” and the safest bank in the Middle East by Global Finance. ”

STRONG FINANCIAL RESULTS

NBAD performed well in 2013 despite challenging conditions. This strong performance in uncertain times reflects the strength of the Bank’s global diversified business model as well as the quality of the staff, our single most valuable asset.

Net profits grew by 9.3% to AED 4.7 billion for the full year 2013. The Bank continued to grow its balance sheet and build upon its strong capital and liquidity positions. In 2013, we were once again ranked as one of the “World’s 50 Safest Banks” and the safest bank in the Middle East by Global Finance. Following the upgrade of our long- and short-term

counterparty credit ratings by Standard & Poor’s to ‘AA-/A-1+’ from ‘A+/A-1’, the Bank was ranked the Safest Bank in Emerging Markets. The Bank was also winner of the “Sheikh Khalifa Excellence Award – Diamond Category 2013”.

We continued to grow both our domestic and international operations. Our domestic network expanded to reach 126 offices complemented by over 588 ATMs. These were further supported with the setup of 8 centres dedicated to serve the needs of our Commercial Banking customers.

MESSAGE FROM THE CHIEF EXECUTIVE



“ Since the middle of the year, we have defined our mission as being “core to our chosen customers” and we have introduced a 5-year strategy aligning to the growth in investments and flows across the “West-East Corridor” (from West Africa to East Asia). The strategy is to build on our fundamental strengths as an institution and capitalise on our unique geographical location at the centre of the growth expected from Asia, the Middle East and Africa in the coming years. ”

STRENGTH IN THE FACE OF CHALLENGES

This year, we embarked on a new strategy to build the Bank in order to be recognised as the world’s best Arab Bank.

Although 2013 was a transitional year for NBAD, we delivered another year of

solid results whilst beginning to reposition the bank for future growth. In spite of some challenges going on throughout the region and the world, we were able to continue to strengthen the balance sheet of the bank and generate growth across all business segments while maintaining very strong credit ratings.

STRATEGIC UPDATE

We have simplified our organisational structure and are now focused around 3 core client segments:

- 1) Global Wholesale Bank,
- 2) Global Retail & Commercial,
and
- 3) Global Wealth.

We have streamlined our operations and organisational structure to “build the spine” of our bank by investing in systems and processes which will support our growth aspirations. Our strategy to deliver our new mission is to build around the following 3 geographical pillars: ▶

- **Pillar 1 (Home Market):**
To build the largest, safest and best performing Bank in the UAE and the GCC.
- **Pillar 2 (Wholesale Network Markets):**
To build a wholesale bank, which is built around the trade and investment flows across the “West-East corridor” spanning Africa, the Middle East and Asia.
- **Pillar 3 (New Franchise Markets):**
To build 5 franchise markets, in markets with high growth that are reasonably big in size in terms of GDP and population.

MOVING FORWARD – “BEING CORE TO OUR CUSTOMERS”

Our focus today is on building Pillar 1 and Pillar 2, and over the next 3-5 years, we will start to build out the 5 franchise markets of Pillar 3. We will continue to refine our strategic approach and most importantly, we will ensure that we are a customer-driven bank focused on always being “core to our chosen customers” to drive the shareholder value and support the growth of Abu Dhabi as a major Global Financial Market. We will continue to communicate our progress against our strategy.

I would like to thank our management team and employees for their continuing efforts. We are proud of our 2013 performance and look forward to more success in 2014 and beyond.

Alex Thursby
Group Chief Executive Officer

MESSAGE FROM THE SENIOR MANAGER - CORPORATE SUSTAINABILITY

2013 - A YEAR OF TRANSITION

2013 has been a transitional year in which we have witnessed a transformational change in leadership, services and operations, which has enabled us to steer and realign our long term strategic plans with regard to our business strategy. As part of our new strategy to build on our existing strengths and increase our presence in the west-east corridor, we had to expand some areas of the Bank whilst reducing others to eliminate duplication of roles.

Our Sustainability Report this year focuses on how we are coping with the organisational changes that have taken place, the results achieved and how we plan to align to the Bank's new growth strategy through responsible operation.

As part of the internal restructuring, our sustainability team was repositioned from the Business Strategy unit and given a new strategic role in the Corporate Communications Department (CCD) of the Bank. The role of the sustainability team is to continue to be internal advisors to the group businesses, however there is a growing emphasis on other

functions to take on more responsibilities to further embed sustainability in our cultural behaviour and business beliefs.

CONTINUING OUR SUSTAINABILITY JOURNEY

Despite the challenges faced through our restructuring and transformation this year, we have achieved many successes in our sustainability journey over the last twelve months.

We moved up to second position in the S&P Hawkamah ESG Pan Arab Index, achieving the highest ranking amongst financial institutions. This demonstrates our strong and progressive environmental, social and corporate governance practices as indicated by the index criteria.

We undertook a further assessment of our sustainability maturity using the Abu Dhabi Sustainability Group Maturity Assessment Tool to determine the level of maturity we had reached. We used the tool to identify our development progress across seven priority focus areas - Management, Shareholders, Customers, Employees, Suppliers, Communities and the Environment. We discovered ►



“ We believe that People, Planet and Profit are the pillars at the heart of our sustainability programme, and are integral to our ambition of delivering long-term profitable growth and ensuring the continued success of the Bank.

Our long term objective is to position NBAD as an expert in sustainability and a regional leader in best practice. We understand that our commitment to sustainability management will help us tackle the full scope of risks and opportunities which we face. ”

that we had received an overall maturity of 25.6% a relative improvement of 26.73 %. Increases have been across the seven subjects of the maturity assessment tool. This directly supports our positioning on the S&P Hawkamah Pan Arab ESG Index.

Our improvement in sustainability maturity this year is largely due to the implementation of a number of sustainability initiatives relating to our commitments made in 2012. Our collaboration with the Emirates Foundation for Youth Development on a UAE community financial literacy programme entitled 'Esref Sah!', the introduction of revised terms and conditions for our customers, which are simpler and easier to understand and the incorporation of sustainability factors into our procurement policies and processes, are all great examples of successful initiatives.

We have continued to collaborate with the Abu Dhabi Sustainability Group (ADSG) and have participated in training and capacity building programmes to further develop our skills and capacity in the sustainability field.

RESHAPING OUR FUTURE

We believe that People, Planet and Profit are the pillars at the heart of our sustainability programme, and are integral to our ambition of delivering long-term profitable growth and ensuring the continued success of the Bank.

We have developed a set of strategic themes that are aligned with the Abu Dhabi Economic Vision 2030 and reflect our vision, mission and values. In the short term, we aim to support and collaborate with our external stakeholders, and utilise partnerships to reiterate NBAD's position as a primary banking partner. We will strengthen our customer focus and embrace international standards (such as the Global Compact and Equator Principles), which will enable us to develop products, policies and processes in order to sell the right things to the right people, in the right way.

We will introduce processes to measure our progress and ensure sustainable success. Our aim is to maintain our high ranking on the S&P Hawkamah Pan Arab ESG Index. We will continue to undertake annual maturity assessments using the Abu Dhabi Sustainability Group Maturity Tool.

Our long term objective is to position NBAD as an expert in sustainability and a regional leader in best practice. We understand that our commitment to sustainability management will help us tackle the full scope of risks and opportunities which we face. As we continue to evolve and improve in our sustainability journey, we expect to see greater engagement with our stakeholders, increased customer and employee satisfaction, greater innovation in products and services, increased involvement in protecting the environment, and greater shareholder returns.

Belinda Scott
Senior Manager -
Corporate Sustainability

AWARDS AND RECOGNITIONS IN 2013

AWARD & AWARDING BODY

Safest Bank in Emerging Markets

Global Finance

Safest Bank in the MENA region

Global Finance

World's 25th Safest Bank

Global Finance

Strongest Bank Balance Sheet in UAE

Asian Banker (Singapore based)

Sheikh Khalifa Excellence Award, Diamond Category

Abu Dhabi Chamber of Commerce & Industry

Dubai Chamber CSR Label

Dubai Chamber of Commerce

Hawkamah Bank Corporate Governance Award

Hawkamah - The Institute for Corporate Governance

Corporate Governance Officer of the Year

Allied Compliance Consultants (ACC)

Employer of the Year

Higher Colleges of Technology




Best Branch Performance





Ethos UAE Retail Banking benchmarking Index

Best Customer Service Initiative (introduction of Branch Service Ambassadors)

The International Institute of Customer Service

2013 COMMITMENTS & RESULTS

| CHAPTER 3.0 MANAGEMENT: Managing our Company & CHAPTER 4.0 SHAREHOLDERS: Benefitting our Shareholders | |
|--|--|
| WE SAID | WE HAVE |
| Integrate sustainability into bank objectives through 2013 balanced scorecard. | At a group level, 2 sustainability KPIs were included in the balanced scorecard.  |
| Achieve 20% improvement in overall sustainability maturity. | We reached an overall maturity of 25.6%, a relative improvement of 26.73%.  |
| Retain top 10 position on the S&P Hawkamah ESG Pan Arab Index. | We moved up one place to second position, achieving the highest ranking amongst financial institutions  |

| CHAPTER 5.0 CUSTOMERS: Respecting our Customers | |
|--|--|
| WE SAID | WE HAVE |
| Integrate a sustainability-wide evaluation into the annual bank-wide policy review process. | This was put on hold due to the Bank's reorganisation. In alignment with the restructuring, a new Group Policy Framework was designed and put into place at the end of the year.  |
| Deliver new standard product terms and conditions (T & Cs) | New versions of T&Cs for general operations accounts, mobile banking, internet and phone banking went live in August 2013.  |
| Increase team of service ambassadors in 20 branches and increase positive customer feedback. | Number of service ambassadors was increased to cover 14 branches  |
| Enhance positioning of UAE as an attractive and advanced place for skilled professionals by launching Corporate Pension Product. | NBAD corporate pension plan (Wealth Builder) successfully launched in 2013.  |



Achieved






On hold









In progress






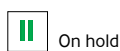
Stopped

| CHAPTER 6.0 EMPLOYEES: Caring for our Employees | |
|---|--|
| WE SAID | WE HAVE |
| Support national talent development through recruitment of 100 net new Emirati employees in 2013. | We faced strong competition in terms of hiring and retaining UAE nationals in 2013, and have developed a more long-term strategic approach to ensure success in Emiratisation as a result.  |
| Deliver 10,000 training days via e-learning | 11,952 training hours achieved, with over 3,500 staff accessing the e-learning programmes.  |
| Develop annual training programme for sustainability champions (SCs) and SSG members | 45 SCs undertook basic online CSR training, 1 regional training event was conducted in Al Ain, and 5 SSG members attended AD SG training.  |

| CHAPTER 7.0 SUPPLIERS: Supporting our Suppliers | |
|--|---|
| WE SAID | WE HAVE |
| Work with Emirates Foundation for Youth Development on a UAE community financial literacy programme. | 7 of our staff have been trained as financial literacy leaders.  |
| Incorporate sustainability factors into standard procurement policies. | Sustainability is included in the procurement policy and forms part of the RFP process.  |
| Conduct 3 multi-stakeholder dialogues. | Unable to achieve this.  |

| CHAPTER 8.0: Helping our Communities | |
|---|--|
| WE SAID | WE HAVE |
| Begin quantitative measurement of the Bank's financial value to Abu Dhabi | Unable to undertake in-house, but have contributed to a new report to be published by ADSG in 2014.  |
| Open offices in 3 new international locations. | Plans had changed with new strategy and organisation. We have opened a representative office in Brazil in alignment with new business focus.  |
| Maintain an average return of 20% on shareholder funds | We no longer report on this financial metric.  |

| CHAPTER 9.0 ENVIRONMENT: Preserving our Environment | |
|---|--|
| WE SAID | WE HAVE |
| Implement system to monitor paper consumption by department/branch | Ran a pilot test involving 9 departments to assist in monitoring paper consumption  |
| Work with international offices to understand and record their sustainability activities. Set a baseline group sustainability status. | Data collection commenced with international offices. Not yet set a group baseline.  |
| Reduce NBAD Head office energy consumption by improving the efficiency of cooling system and upgrade of BMS. | Increased temperature in Head office and conducted maintenance on cooling system. Unable to upgrade the BMS.  |



2.0 NBAD AT A GLANCE

2.1 WHO WE ARE

Established in 1968, the National Bank of Abu Dhabi PJSC is the Abu Dhabi Emirate's first national bank. It is a Public Joint Stock Company listed on the Abu Dhabi Securities Exchange (ADX). We are the first local bank in the UAE to surplus USD 1 billion in net profits, the Safest Bank in the Middle East by Global Finance and one of the World's 50 Safest Banks – ranked 35 in 2013.

NBAD is 70% owned by the Government of Abu Dhabi through Abu Dhabi Investment Council (ADIC). Our headquarters are based in Abu Dhabi, United Arab Emirates (UAE). ▶

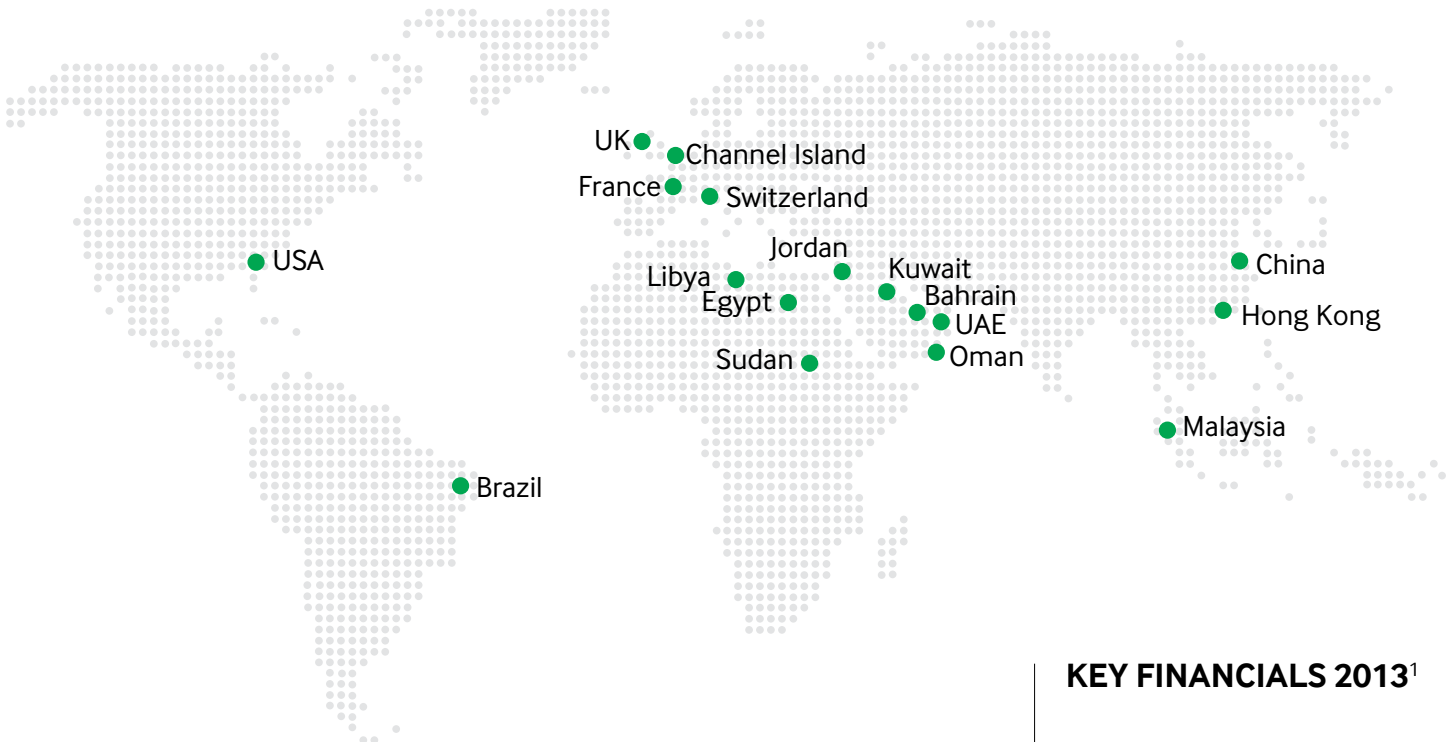


OUR COMPANY

► Our channels are comprised of UAE operations (including 126 branches and cash offices, 588 ATMs/CDMs), private banking units, online banking channels and 24/7 contact centre

support. We also have overseas units in many countries. Please visit www.nbad.com for NBAD’s international locations.

For details of our entities included in our financial statements, please refer to 2013 Annual Report (section 3 (a) (i) page 52* (www.nbad.com)).



Winner
**Sheikh Khalifa
 Excellence Award –
 Diamond Category 2013**

Ranking
 • **Safest Bank in
 Middle East**
 • **Safest Bank in
 Emerging Markets**

126
 branches and
 cash offices in UAE

588
 ATMs
 CDMs

KEY FINANCIALS 2013¹

Total Assets
**AED
 325 bn**

Total Equity
**AED
 34.6 bn**

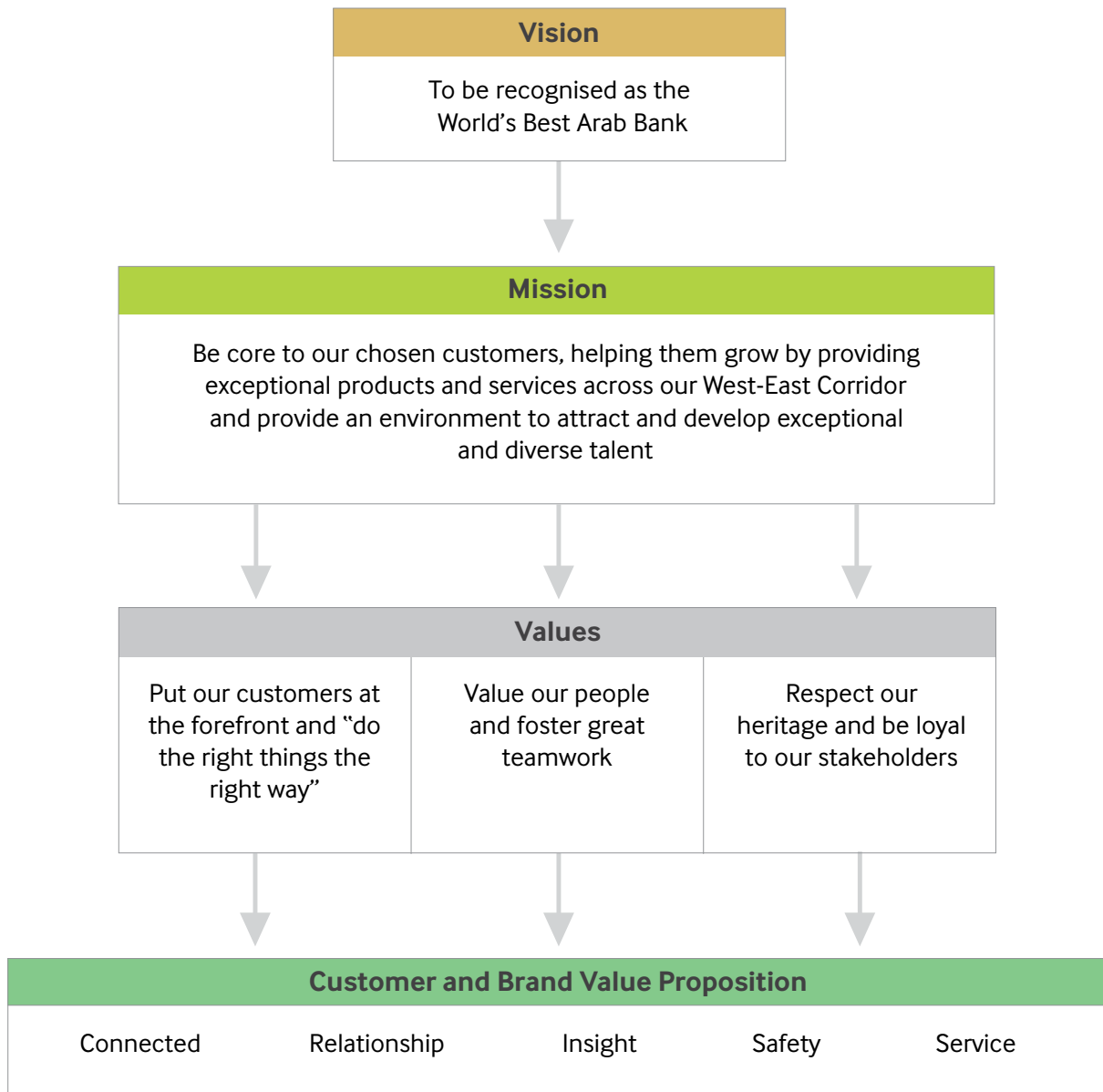
Net Profits
**AED
 4.7 bn**

Total AED paid in
 shareholder dividends
**AED
 1.78 bn**

¹ NBAD Annual General Meeting Report 11 March 2014

*G4-17

OUR VISION, MISSION, OBJECTIVES AND VALUES WERE RESET IN 2013



ECONOMIC CONDITIONS IN 2013



GLOBAL ECONOMIC PERFORMANCE

Global economic activity grew approximately 3% in 2013, down from around 3.3 % in 2012 as advanced economies including the US, Europe and Japan contributed less than emerging markets (which include the UAE).

The UAE, which has the 2nd largest economy in the Arab world, 29th largest GDP in the world, and will become part of the MSCI Emerging Market Index in May 2014, has continued to benefit from its safe haven status during periods of instability in the region. The economy has shown signs of resilience amidst global and regional uncertainty and is beginning to generate returns from the efforts of its diversification. In 2013, the non-oil sector constituted nearly 60% of nominal GDP,

with strength coming from a recovery in real estate, trade and tourism.

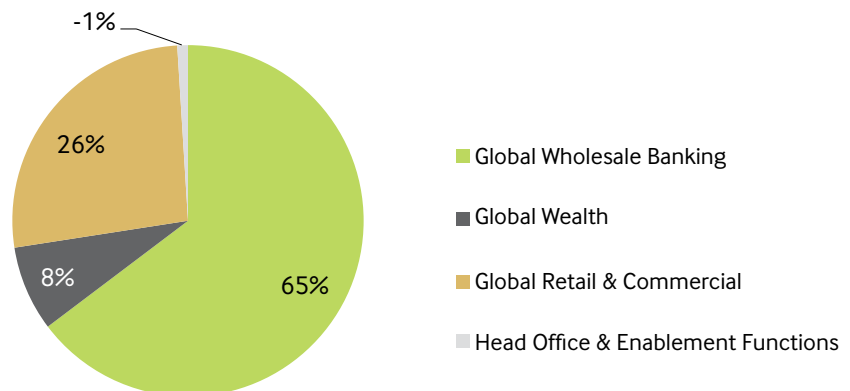
In 2013, average oil prices remained near record highs at US\$ 105.8 per barrel (Dubai spot), and the UAE raised its oil production to a record high average of 2.8 million barrels per day and continued to generate significant current and fiscal surpluses.

FINANCIAL PERFORMANCE OF THE NBAD GROUP

Our growth strategy has proven resilient and the Bank has consistently produced solid results year on year. We performed well in 2013, despite challenging conditions. Net profits grew by 9.3% to AED 4.7 billion for the full year 2013.

During this year, we were once again ranked as one of the “World’s Safest Banks” and the ‘Safest Bank in the Middle East’ by Global Finance. We were also winners of the “Sheikh Khalifa Excellence Award – Diamond Category 2013”.

Where we made our Profit in 2013



² Refer to our Annual Report 2013 (page 32) for further details

OUR DIRECT ECONOMIC IMPACTS

In 2011, the Abu Dhabi Sustainability Group (ADSG) published 'Sustainability in Practice', 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 are progressively trying to quantify our impacts as an organisation. The second edition of the report with updates on the collective impact will be published in 2014.

In this year's report we are beginning by looking at our financial payments to three key stakeholder groups, our shareholders, employees and the community:

| Stakeholder | Type of contribution | AED |
|--------------|--|-------------------------|
| Employee | Staff – Salary, benefits and rewards paid to employees | 2,187,719 ('000) |
| Shareholders | Total dividends provided to shareholders | 1,712,848 ('000) |
| Community | Direct charitable donations and sponsorships | 43,198 ('000) |
| Total | | 3,943,765 ('000) |

OUR GROWTH STRATEGY

As a result of new organisational and strategic updates, we have undergone significant changes with a focus on the new West-East Corridor, building wholesale, retail and global wealth businesses in that region. This, coupled with difficult overseas markets and unstable conditions in some countries, have made things even more challenging than usual. Despite all of this, we have delivered another year of commendable growth, providing us with increased recognition and awards both within UAE and internationally.

Our Gulf and international direction was aligned with the

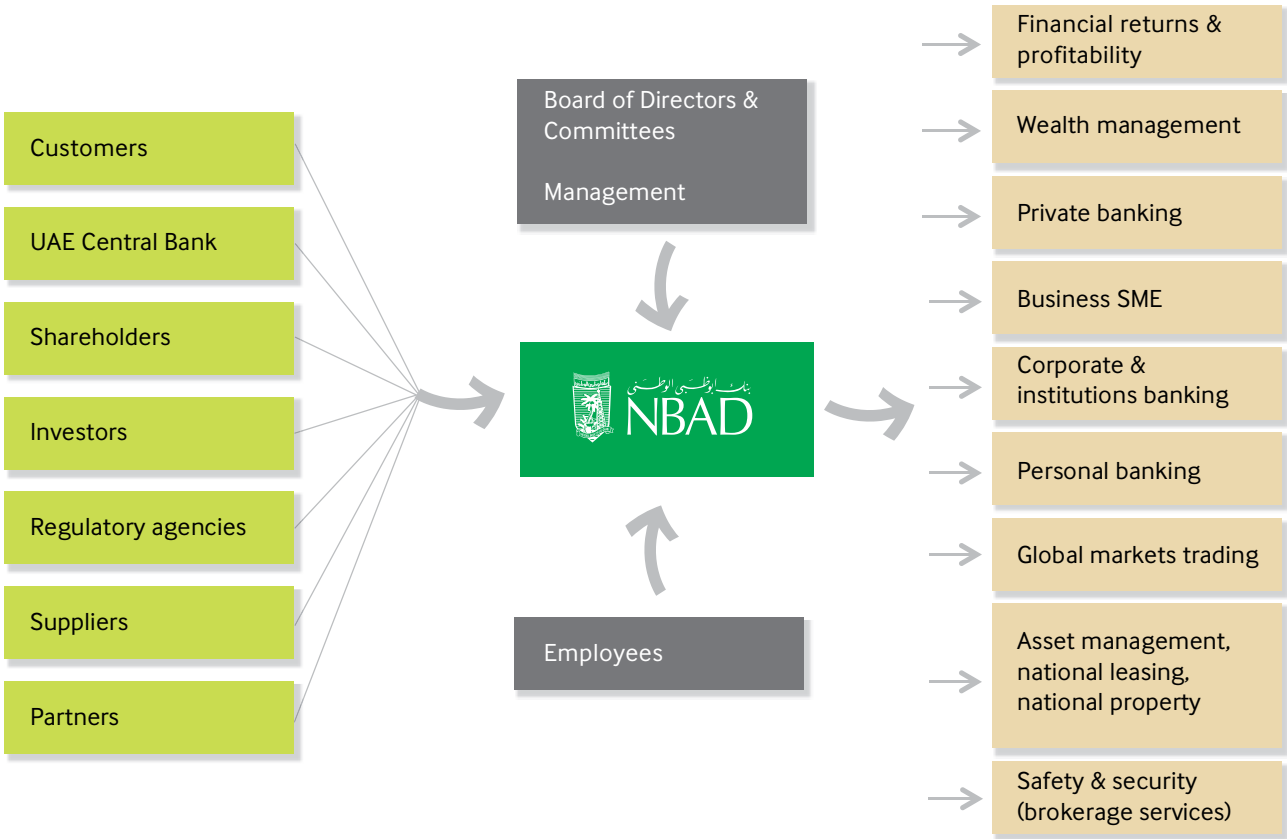
bank's overseas presence to the main pillars of the bank i.e. the UAE/Gulf or home market, the franchise markets, the wholesale network markets and finally the representative offices.

NBAD already has the largest international network among UAE banks, which stretches from East Asia to Americas, spanning 17 countries on five continents. We have expanded in the global market with increased presence in the Latin American region and have subsequently established an office in Sao Paulo, Brazil. The original plan was to open three international offices – in

Lebanon, South Sudan and Brazil, however, given the change in the Bank's overall strategy, a considerable amount of reorganisation and structural change took place, which impacted our decision on international expansion as well.

In addition to Abu Dhabi, the principal hubs that serve our wholesale clients across the group will be based in Mumbai, Hong Kong, Lagos, Paris and Washington, London and Singapore. We are currently focused on expanding our operations in the UK and entering new markets including India and Singapore.

OUR VALUE CHAIN



OUR BUSINESS SEGMENTS

During the second half of 2013, a new and simplified operating structure was developed for the Bank, comprising three core business units¹ across geographical segments (within the UAE, the Gulf and international). These include the global wholesale, global wealth and global retail and commercial business units, which will be supported by the Head Office.

GLOBAL WHOLESALE

Comprises of global banking and global markets and provides corporate, wholesale and investment clients with strategic advice and bespoke innovative solutions. The Global Banking Division offers financial services including relationship lending and financing, syndication, corporate finance, specialised financing, leasing, securities services, property

management, transactional banking, investment banking and special asset advisory. The Global Markets Division provides institutional and corporate coverage, risk solutions, repos management and investments, commodities, e-commerce and foreign exchange trading. ▶

GLOBAL WEALTH

The business furnishes a variety of products related to private banking, asset management, custody, brokerage, business development and tailored wealth solutions.

GLOBAL RETAIL AND COMMERCIAL

This business unit targets the retail and commercial customer segments, together with their associated operations and administration.

OUR PRODUCTS & SERVICES**PERSONAL BANKING**

Accounts, lending, cards, e-services, investments, and saving schemes.

ELITE BANKING

Wealth management, investment services, saving plans, brokerage services, and trust services.

PRIVATE BANKING

Off-shore banking, trust & foundations & wealth protection services, brokerage, corporate banking, international banking, NBAD group complete offerings, bank assurance and other related services.

SME BUSINESS SEGMENTS

Accounts, credit facilities, trade finance, cash management, FX solutions, and value-added services,

HEAD OFFICE

The Head Office group provides centralised human resources, information technology, finance, investor relations, risk management, corporate communications, property, legal, internal audit, compliance, procurement, group treasury operations and administration support to all of its business units.

CORPORATE & INSTITUTIONAL

Corporate banking, wholesale banking, investment banking, leasing and property.

GLOBAL MARKETS

Islamic products, money-market & interest rate products, trading & investment products, and foreign exchange products.

ASSET MANAGEMENT

Equity funds, fixed income funds, ETFs, structured products, portfolio services, advisory services and hedge funds.

NBAD SECURITIES

Institutional desk, high net-worth, retail investors, Egypt subsidiary and online trading.

Please visit www.nbad.com for more information on our products and services.

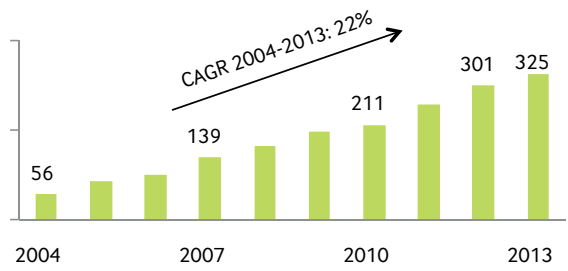
Case Study: Pension & Savings Scheme for Expatriates

In February 2013, NBAD Launched a Pension and Savings Scheme for expatriates - the Wealth Builder Plan, a corporate trust solution that allows employers to offer their expatriate staff rewards through corporate savings and pension schemes.

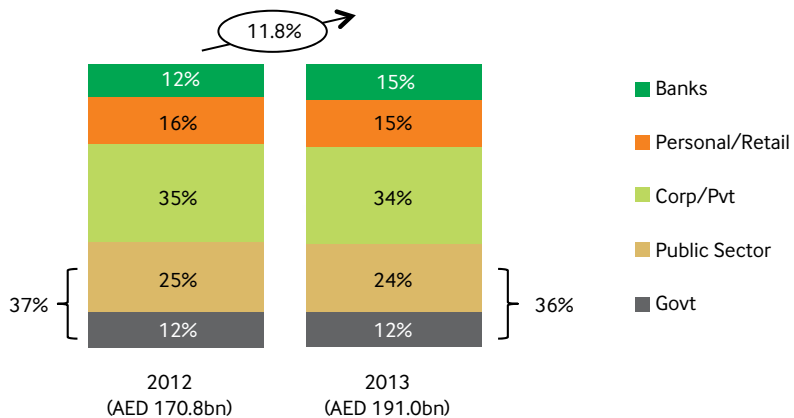
The Wealth Builder Plan is the first pension scheme for expatriates introduced by a UAE bank. This scheme has been specifically designed for domestic and multi-national companies, which seek to increase their return on human capital investment by attracting, rewarding and retaining talent.

2.2 OUR FINANCIAL PERFORMANCE

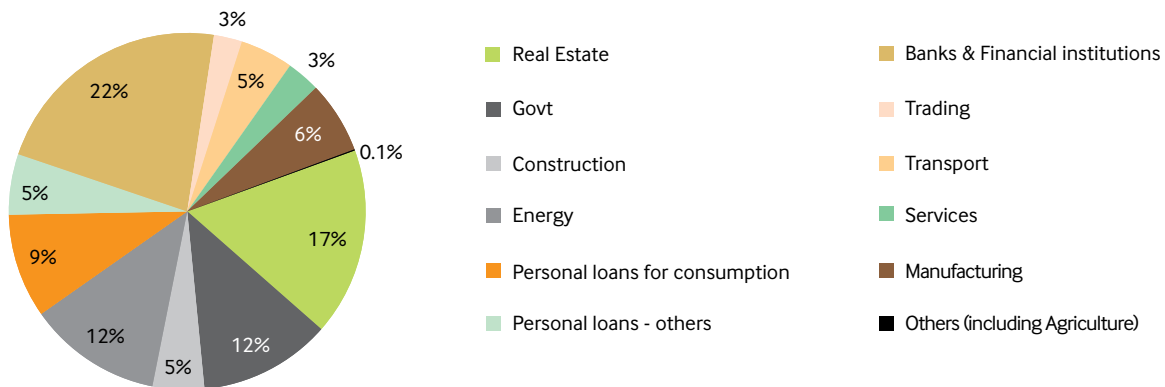
Assets (AED billion)



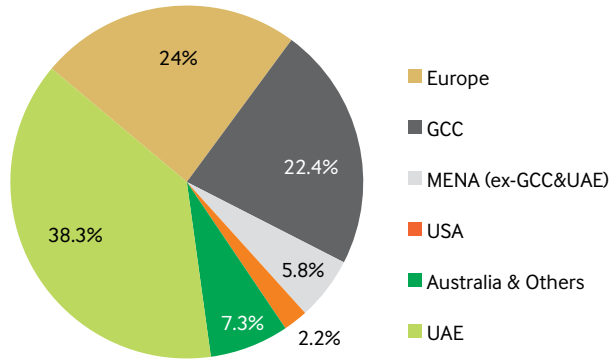
Loans (gross) by customer type



Loans (gross) by industry

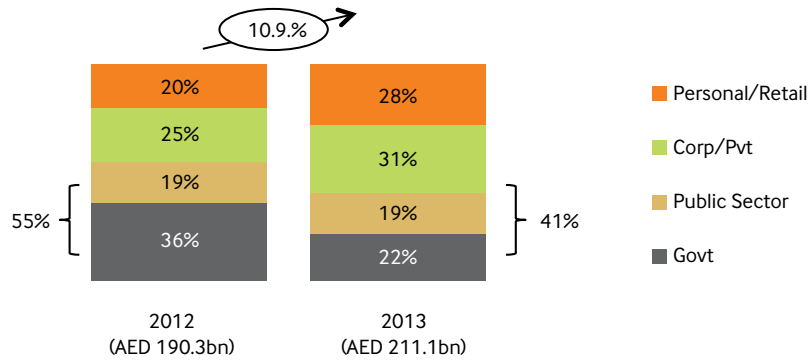


Investment by region

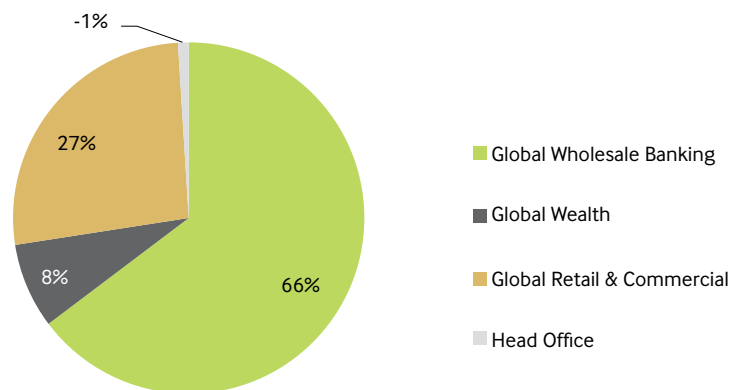


* Based on location of the issuer of the security or parent in case of SPV's

Deposits by customer type



Operating profit



STRONGER CREDIT RATING

In October 2013, Standard & Poor's Ratings Services (S&P) upgraded our credit rating and reclassified the Bank as a government-related entity (GRE). This reflects our strong governmental support and contribution to Abu Dhabi's development and economic growth. It also reveals that we have a strong balance sheet and capital position and effective risk management processes in place.

Credit Ratings

| | Fitch | Moody's | S&P |
|-------------------|--------|---------|--------|
| Long-Term Rating | AA- | Aa3 | AA- |
| Short-Term Rating | F1+ | P-1 | A-1+ |
| Outlook | Stable | Stable | Stable |

Following the upgrade of NBAD's long and short term counterparty credit ratings by Standard & Poor's to 'AA-/A-1+' from A+/A-1', the Bank was ranked 'Safest Bank in Emerging Markets'.

2.3 MANAGING SUSTAINABILITY*

CORPORATE SUSTAINABILITY POLICY

Our Sustainability Policy is applicable Group wide and sets out broad principles for taking a precautionary and responsible approach to operations and business. Our risk management processes and policies are robust and support this principle (see page 125 of our 2013 Annual Report).

Our policy will be reviewed again in 2014, to ensure focus on materiality and alignment with the Group restructuring³

NBAD'S SUSTAINABILITY MATURITY ASSESSMENT

The 'Sustainability Maturity Assessment Tool' is an on-line tool developed for Abu Dhabi Sustainability Group (ADSG), which provides a means for member organisations to assess their current sustainability maturity in a quantitative way. This tool is the framework on which we assess ourselves annually and, which keeps us focused on the most material issues. We have used the tool to identify our development progress across seven priority focus areas - Management, Shareholders, Customers, Employees, Suppliers, Communities and the Environment. ►

OUR 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.

Please visit www.nbad.com for further detail on our sustainability policy.

³ NBAD Annual Report, 2013

We have met our targeted maturity score in 2013, and have achieved a relative improvement of 26.7%. Increases have been across the seven subjects of the maturity assessment tool. We will continue to be guided by the tool in addition to other sustainability strategic drivers.

MATERIALITY MATTERS – IDENTIFYING OUR MATERIAL ISSUES

In order to identify the issues most material to our business, we conducted an impact analysis in 2013, which evaluated the potential impacts of each material issue identified for our stakeholders. In addition, the potential impacts of NBAD in terms of cost, revenue, compliance and reputation was evaluated. The material issues of importance to NBAD and our stakeholders are aligned with seven key focus areas:

- Managing our Company;
- Caring for our Employees;
- Supporting our Suppliers;
- Respecting our Customers;
- Benefitting our Shareholders;
- Helping our Communities; and
- Preserving our Environment.



Further information with regard to our materiality assessment process is detailed in **Chapter 3.0 Management**.

2.4 MEMBERSHIPS AND COLLABORATIONS

It is hard to achieve significant impact alone, and within a single sector and we believe that through strategic memberships, cross-sector or multi-stakeholder relationships and collaborations, we are more likely to achieve greater scale and pace, co-create solutions and share risks in our sustainability goals.

Multi-stakeholder partnerships harness competencies, experience, values and resources to enable co-working around a common vision to achieve a shared goal and we see the benefits of this approach through our relationships with organisations such as the following:

- Abu Dhabi Sustainability Group (ADSG);
- Dubai Chamber Sustainability Network (DSN);
- Emirates Wildlife Society – World Wildlife Fund (EWS-WWF);
- Hawkamah, Institute for Corporate Governance; and
- The UAE Banks Federation (UBF), a professional representative body of 50 member banks operating in the UAE.

We are currently not signatories to any international sustainability initiatives but we have an approval from our Executive Committee, which specifies that any new premises conform to the Abu Dhabi Pearl Rating System for sustainable buildings. This requires us to build any new premises to a far higher environmental standard than is required by Law.

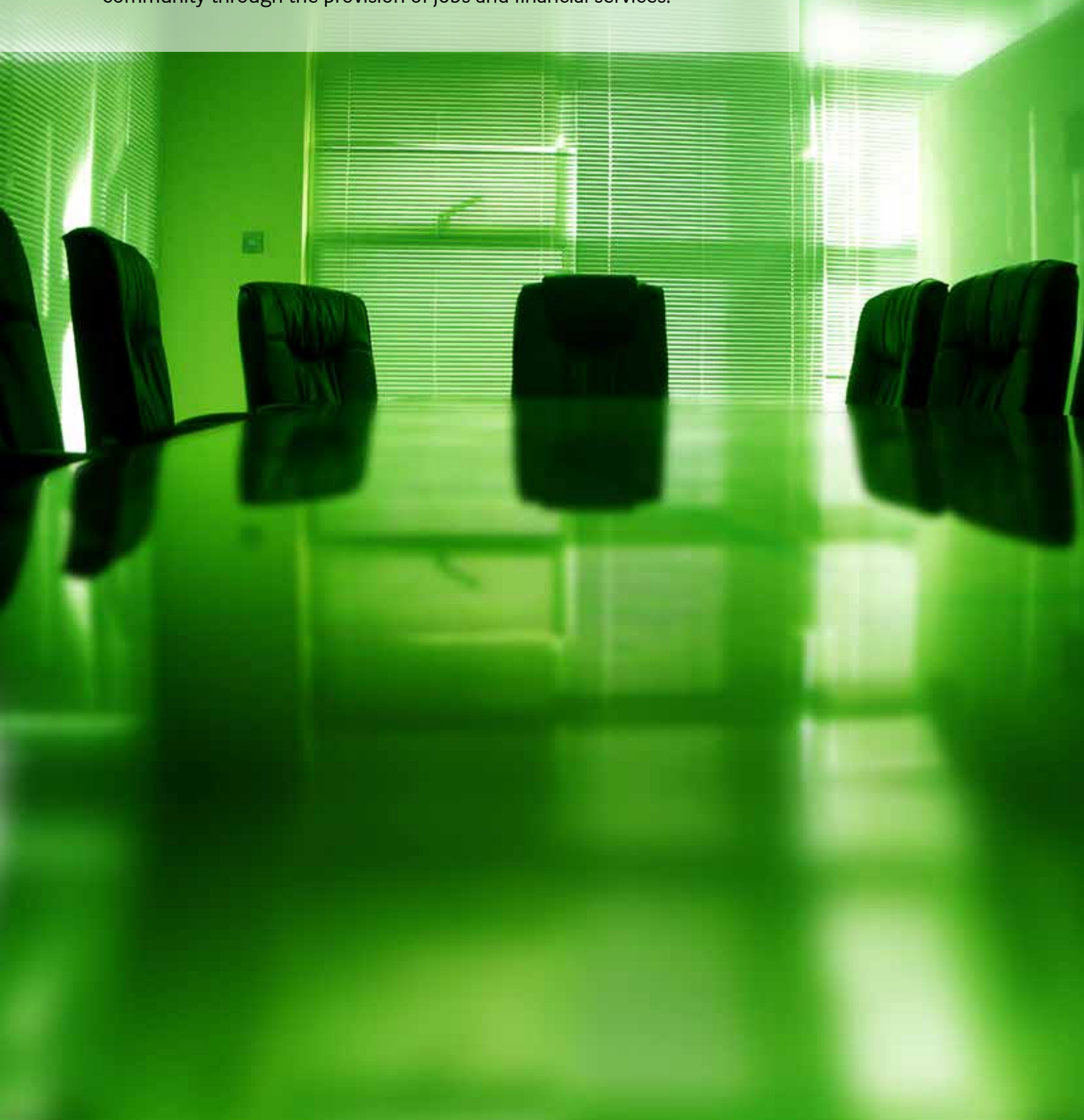
We are founding members and executive committee members of the Abu Dhabi Sustainability Group (ADSG). Our Sustainability Report also follows the Global Reporting Initiative's G4 Guidelines (in accordance with the "Core" option).



3.0 MANAGEMENT: MANAGING OUR COMPANY

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.



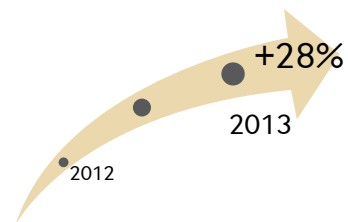
3.1 INTRODUCTION

OUR 2013 COMMITMENTS

| | | |
|--|---|---|
| Integrate sustainability into bank objectives through 2013 balanced scorecard. | At a group level, 2 sustainability KPIs were included in the balanced scorecard. | ✓ |
| Achieve 20% improvement in overall sustainability maturity | We reached an overall maturity of 25.6%, a relative improvement of 26.7%. | ✓ |
| Retain top 10 position on the S&P Hawkamah ESG Pan Arab Index. | We moved up one place to second position, achieving the highest ranking amongst financial institutions. | ✓ |

OUR KEY SUSTAINABILITY MATURITY IN 2013

We achieved a relative increase of 28% in maturity, compared to the 2012 baseline level, which was slightly less (0.8%) than our target.



Improvements in our sustainability maturity result from:

- ✓ The sustainability training events and programmes conducted for sustainability champions and the Sustainability Stakeholder Group members;
- ✓ The nomination of sustainability champions in our international offices;
- ✓ The introduction of two sustainability key performance indicators (KPIs) within our group-level balanced scorecard;
- ✓ The materiality assessment we conducted
- ✓ Out of our 19 commitments in 2013, nine were completed and six are in the process of being implemented.

WHAT IS MATERIAL TO US

The main material issues for this section include the following:

- New organisational structure and strategy (business and sustainability);
- Performance management;
- NBAD’s alignment to Abu Dhabi 2030 vision; and
- Materiality and stakeholder’s dialogue.

3.2 NEW ORGANISATIONAL STRUCTURE*

OUR RESTRUCTURING PROCESS IN 2013

In 2013, we embarked on a new strategy to build on our existing strengths in order to be recognised as the world's best Arab Bank. As a result, we had to expand some areas within the Bank whilst reducing others and eliminating duplication of roles.

During the re-organisation of our resources, we continued to communicate with our staff, and ensured that there was no adverse impact to our customers. Where positions no longer existed, we made every effort to reassign talented individuals to other roles within the Bank.

For those who were impacted by these changes, we followed several guiding principles:

- Communicate openly and honestly,
- Treat people with respect and dignity, and
- Provide people assistance with their transition from the Bank.

During 2013, less than 2% of the Bank's staff members were made redundant globally. We provided the employees affected with outplacement services and assistance during their transition from NBAD (see

Chapter 6.0 Section 6.6 'Job Creation & Security' for further information). We also ensured that they were appropriately compensated with regard to their severance pay.

We believe that although the actions we took in 2013 were challenging and difficult, they will ultimately benefit our customers, our staff, and our shareholders.

MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

The Board of Directors (the Board) is NBAD's highest governing body. It comprises the Chairman, Deputy Chairman and nine Board Members. The Board of NBAD is responsible for directing the Bank's affairs, creating value through NBAD's operations and, protecting the interests of shareholders and other stakeholders. The roles and responsibilities of the Board are documented in a Board charter and associated policies.

The main Board of Directors is also responsible for the overall strategic direction, risk appetite and application of the Group values and ethical standards. However, each of the committees supports them in this role. The day to day operations and implementation

of Board decisions are managed by the Executive Management and its Committees.

The Deputy Group Chief Executive has executive-level responsibility for sustainability issues. In terms of performance with respect to governance, the Board carries out self-assessments and, does not currently have specific sustainability criteria by which it assesses its performance.

Please refer to our Annual Report 2013 (www.nbad.com) for details of our Board Directors, Senior Members and Committees (Annual Report 2013, page 13).

BOARD COMMITTEES

In 2013, the Board Committees were reviewed as part of the Bank's restructuring process to ensure that their roles were aligned with the new strategic objectives. As part of this review, a new Committee – the Strategy and Transformation Committee - was formed in order to assist with the new strategy and related projects.

ROLES & RESPONSIBILITIES OF THE BOARD COMMITTEES

| Committees | Roles & Responsibilities |
|--------------------------------------|---|
| Audit | <ul style="list-style-type: none"> • Reporting • Management of whistleblowing investigations into integrity • Compliance with codes of conduct |
| Human Resources | <ul style="list-style-type: none"> • Sustainable HR issues including Emiratisation strategies, remuneration and performance management |
| Risk Management | <ul style="list-style-type: none"> • Risk management • Risk control • Regulatory compliance |
| Corporate Governance and Nominations | <ul style="list-style-type: none"> • Management of governance frameworks, charters and policies and compliance with these. |
| Strategy & Transformation | <ul style="list-style-type: none"> • Enabling new structure of NBAD Group to deliver on strategy |

CORPORATE SUSTAINABILITY (CS) TEAM

As a result of the internal restructuring, the Corporate Sustainability (CS) team was repositioned within the Corporate Communications Department (CCD) of the Bank. The team had the continuing responsibility to develop the Group's Sustainability Strategy and objectives and report on progress through collaboration with the Group Businesses. This was carried out with the support and guidance of the Sustainability Stakeholder Group (SSG).

As a member of the group enablement function, the Corporate Sustainability team acts as a Strategic Sustainability advisor and is responsible for assisting the Group Businesses in achieving NBAD's sustainability objectives. The CS Team reports to the Head of Corporate Communications and advises the Deputy Group Chief Executive, and (where appropriate) the Executive Committee (EXCO), of recommended actions and initiatives in line with the CS Charter.

SUSTAINABILITY STAKEHOLDERS GROUP (SSG)

In line with its Terms of Reference, the Group Heads of Divisions and Business are invited to join the Sustainability Stakeholders Group (SSG), or nominate a senior member of their team to represent them at quarterly meetings.

The SSG is responsible for overseeing and implementing NBAD's Sustainability Strategy. This will be achieved in collaboration with the Corporate Sustainability (CS) Team and through the support ►

of the Sustainability Champions. The SSG is required to make judgments, conduct enquiries and gain business assurance that decisions and actions, regarding the sustainability strategy, are relevant and deliverable. Members carry the responsibility to ensure that the performance of the group businesses is directed towards achieving NBAD's sustainability objectives. To meet Internal Audit requirements, all members of the SSG are required to undertake sustainability training. During the year, 12% of the SSG attended training as part of the ADSG Sustainability Capacity Building workshops.

A further Internal Audit requirement requires SSG members to formally verify the information and data included in the annual sustainability report that falls within their area of business.

SUSTAINABILITY CHAMPIONS

Our sustainability champions assist in developing the understanding and knowledge of sustainable business practices across the Bank. Their key role is to act as communicators of information and act as advisors and role models within their departments.



“We have come a long way in our aim to instil the principles of sustainable behaviour within NBAD’s collective culture since the inception of the Sustainability Champions initiative. As the Bank expands its presence globally and pivots its direction towards maturing markets, we have acknowledged the growing need for our staff to become all the more mindful of the consequences of such growth.

In years past, our Sustainability Champions were relied upon to acquaint our staff with the necessity and advantages of reduce, reuse and recycle in the environmental space of our day-to-day conduct. With an enhanced sense of commitment to and awareness of sustainability, our Champions are now prepared to evolve into ambassadors of our cause, helping carve out a road map towards sustainability

for our stakeholders, both internal and external. This would ensure that we engage with our clients, shareholders and society to push forward a plan that would address the financial, environmental, governance and social dimensions of our business.”

- Fadi Serhal,
Sustainability Champion

OUR ACHIEVEMENTS IN 2013

In 2012, we redeveloped the roles and responsibilities of our sustainability champions and restructured the SSG. For 2013, the bank wide strategic theme was '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.

One of our commitments for 2013 was to develop an annual training programme for the sustainability champions and SSG members. We successfully conducted one regional training event in Al Ain on 31st July 2013, attended by nine sustainability champions and SSG members.

The training was held to inform the SSG members and champions of their roles and responsibilities with regard to the implementation of NBAD's sustainability strategy. In addition to this training, 45 champions completed our basic CSR e-learning training modules. Relevant AD SG training was also undertaken by five SSG members.

Another commitment for 2013 was to expand our sustainability network by identifying sustainability champions in each international office. We contacted the regional managers (Country Heads) of each international branch in 2013, and requested them to nominate sustainability champions within their teams. As a result, we have 109 champions within the UAE, and a team of 43 international sustainability champions, representing all countries.

GOOD PRACTICE: ASSESSMENT OF OUR SUSTAINABILITY MATURITY



In 2012, we used the Abu Dhabi Sustainability Group (ADSG) sustainability assessment tool to model our progression over 3 years in order to develop a set of goals over this period to achieve increased maturity development versus our 2012 baseline.

- 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

In 2013, we undertook a further assessment of our sustainability maturity to determine the level of maturity we had reached. We discovered that we had received an overall maturity of 25.6% a relative improvement of 26.7%. This directly supports our positioning on the S&P Hawkamah Pan Arab ESG Index.

We continue to use the ADSG maturity assessment tool. The chart above shows how we plan to increase our sustainability maturity in relation to seven key stakeholder groups by 2015. These groups include management, owners (shareholders), employees, suppliers, customers, community and the environment.

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.

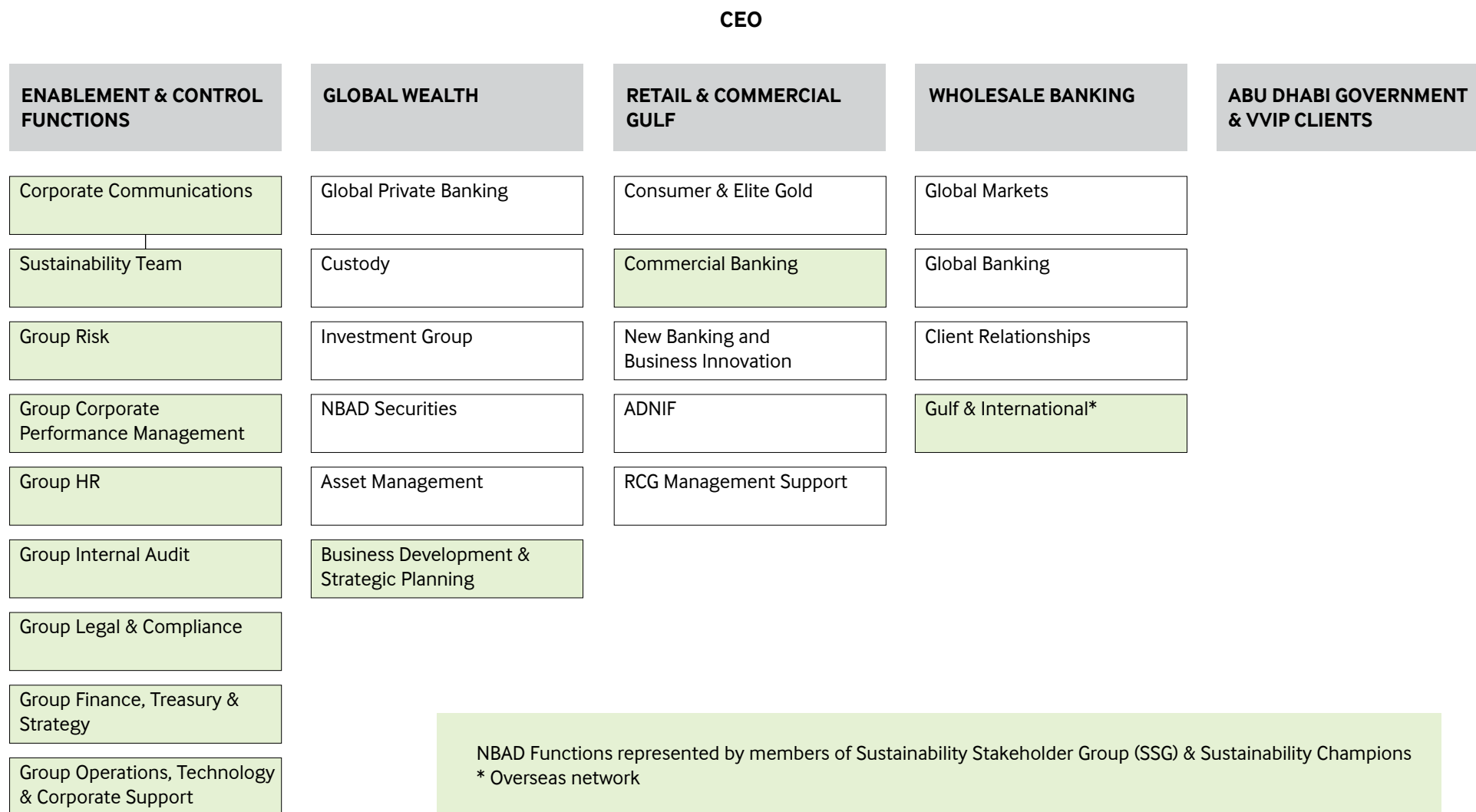
Our strengths are related to Corporate Governance and management of sustainability, and our policies and measurement of performance,

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.

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 areas of the business can support NBAD to become more mature as a sustainable organisation.

Our sustainability maturity in 2013 in relation to each of the stakeholder groups mentioned above is covered in the remaining sections of this report (Chapters 3 to 9).

OUR SUSTAINABILITY NETWORK



3.3 OUR GROWTH STRATEGY

NBAD aims to be the largest, safest and best performing bank in UAE and GCC.

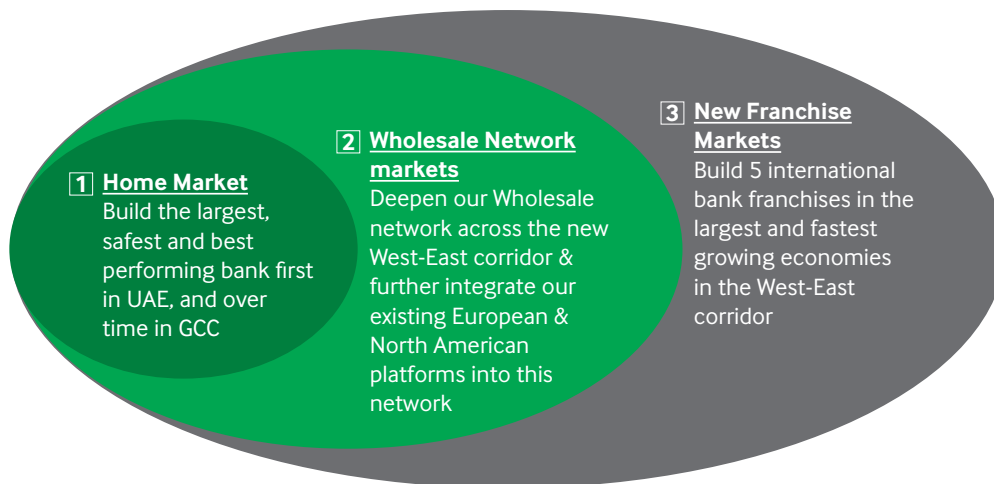
In 2013, we witnessed a transformational change in leadership, services and operations, which enabled us to steer and realign our strategic plans for domestic and international expansion. There has been a refocus of our strategy over the next five years. Our vision is to be the first

bank of choice for core clients, here in the UAE in the west-east corridor.

We have laid out a robust, five year growth strategy which will enable NBAD to grow its presence in the UAE whilst also expanding internationally. NBAD is extremely well positioned to

continue the successful growth trajectory we have experienced in the past by focusing on our new mission to be core to our chosen customers and to capitalise on our balance sheet strength and geographic positioning.

Our strategy to deliver this will be built around 3 geographical pillars and will be achieved primarily through organic growth



Time to complete build-5 years

Over the next five years, our growth strategy will be based on three geographical pillars, namely, the home market, wholesale network markets and new international franchise markets in the West-East corridor.

With regard to the strategic direction of wholesale banking, we have identified five key sectors targeting niche customers in major markets, which support the bank's strategy.

These include the following:

- Financial institutions;
- Energy and resources;
- Aviation, rail and transport services;
- Real-estate & family conglomerates; and
- Trade and retailers.

3.4 PERFORMANCE MANAGEMENT AND BALANCED SCORECARD

ALIGNMENT OF SUSTAINABILITY WITH NBAD GROUP BALANCED SCORECARD

The key focus areas of the Group-wide balanced score cards that are aligned with our sustainability principles include:

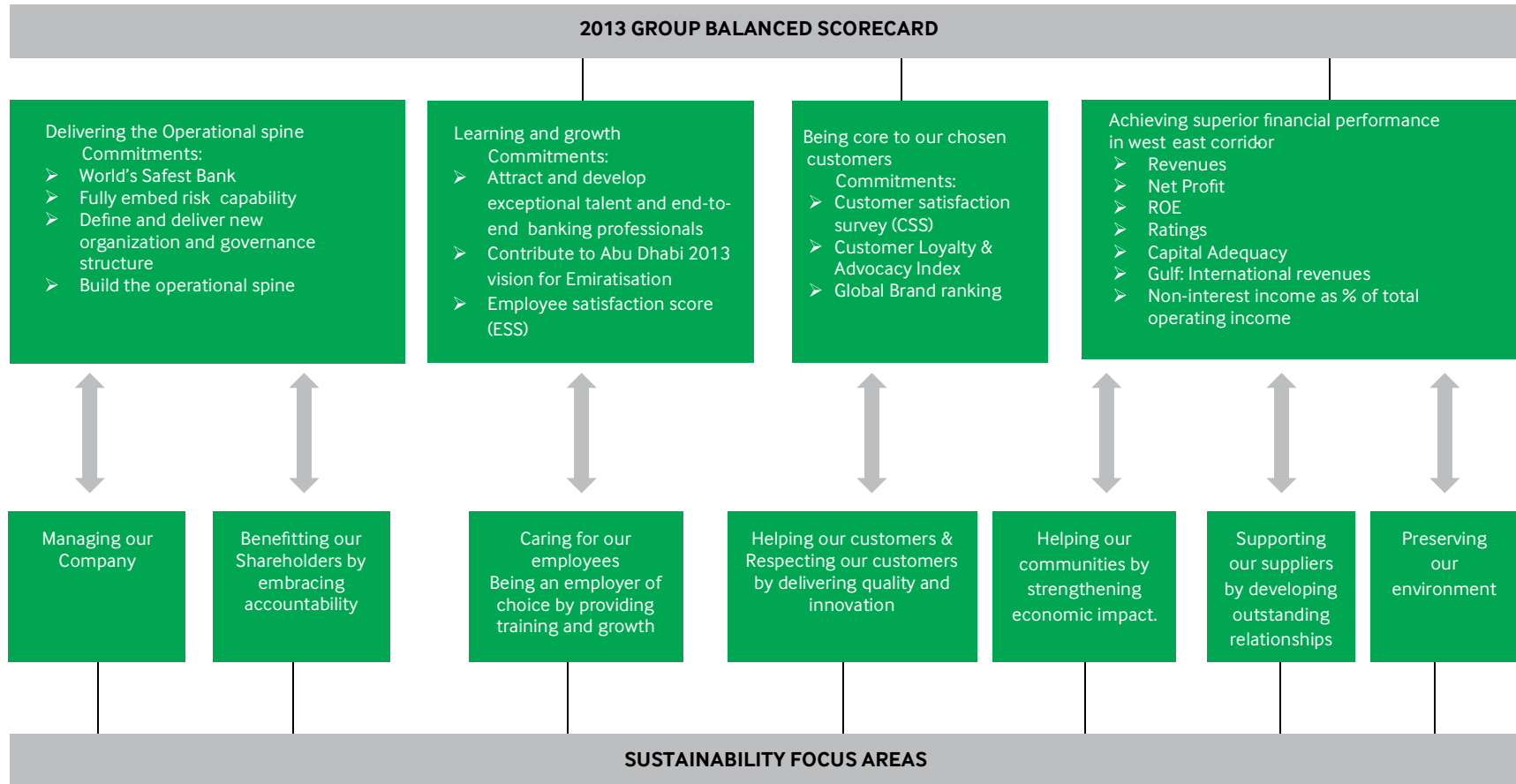
- Being core to our chosen customers;
- Becoming the one of the world's safest Banks in our operations; and
- Contributing to the Abu Dhabi 2030 vision through Emiratisation, recruitment of key staff and retention of employees.

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, our bank-wide strategic theme was "to build a platform for sustainable growth".

In 2013, we introduced two sustainability key performance indicators (KPIs) within our group-level balanced scorecard. We also achieved a sustainability maturity overall, of 25.6%, a relative improvement of 26.73%. Out of our 19 commitments in 2013, nine were completed and six are in the process of

being implemented (refer to **Chapter 1.0 Opening Remarks** for results of our 2013 commitments). For the other four commitments, we are looking at more strategic, long-term solutions to achieving these.

Moving forward, we will continue to align our sustainability objectives with the Bank's overall strategic mission. A number of our sustainability KPIs and targets are already incorporated within the Bank's Group wide 2014 and 2018 balanced scorecards. We have developed short-term (one year), medium term (two-five years) and long-term (over five years) targets in line with the Bank's strategic goals.



OUR SUSTAINABILITY STRATEGY MOVING FORWARD

We have developed a set of strategic themes for 2014 that are aligned with the Abu Dhabi Economic Vision 2030 and reflect the Bank's vision, mission and values:

- Support our external stakeholders, particularly the Government of the UAE, and utilize partnerships and collaborations to reiterate NBAD's position as their primary banking partner.
- Strengthen customer proposition by embracing international standards (Global Compact and Equator Principles) that will enable to develop products, policies

and processes so that we sell the right things to the right people, in the right way. This will support us in our advisory role to our customers and reflective of these is a view to positioning NBAD as an expert in sustainability and regional leader in best practice (working with Brunswick on the global positioning of NBAD).

- Adopt a long-term view and position on Environmental and Social issues to build trust amongst our customers and stakeholders by conducting business activities in a transparent, accountable and responsible manner.
- Introduce processes to measure the Bank's progress and ensure sustainable

success: maintain NBAD's high ranking on the S&P Hawkamah Pan Arab Environmental, Social and Governance (ESG) Index and undertake annual maturity assessments using the Abu Dhabi Sustainability Group Maturity Index.

People, Planet and Profit

These are the pillars at the heart of NBAD's sustainability programme and are integral to our ambition of delivering long-term profitable growth and ensuring the continued success of the Bank.

3.5 ALIGNMENT TO THE ABU DHABI VISION 2030

Despite the redirection of our strategy in 2013, we are still focussed and committed to the success of Abu Dhabi and the UAE as a whole. We have continued to align our goals and objectives with the government's objectives and the Abu Dhabi Vision 2030 through various aspects of our business.

The table below illustrates our achievements in 2013, which support the Abu Dhabi Vision 2030.

| Abu Dhabi Vision 2030 Priority | 2030 Objective | What we did in 2013 | Report Section |
|--|---|---|--|
| Supporting Economic Development of Abu Dhabi | Enhance competitiveness | Supporting SME development | Section 8.3 Collaborations & Partnerships, 'Khalifa Fund for Enterprise Development' |
| | Increased savings and depth of deposits | Financial literacy | Section 5.3 Responsible Communication, Marketing & Sales "Treating Customers Fairly" Section 8.3 Collaborations & Partnerships, 'Khalifa Fund for Enterprise Development' |
| Supporting Social and Human Resource Development in the Emirate | Expanded skilled workforce | Learning and development | 6.8 Learning & Development |
| Supporting Infrastructure Development and Environmental Sustainability | Efficient and safe transport infrastructure | Project financing of infrastructure and transport systems | 5.2 Responsible Financing, 'Project Financing' |

3.6 MATERIALITY ANALYSIS & STAKEHOLDERS DIALOGUE*

Our Stakeholders

We identified our relevant stakeholders 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. For further detail see page 10 of our 2009 Sustainability Report at www.nbad.com.

We have a number of stakeholders that can impact and are impacted by the Bank's operations. These include our shareholders (owners) and investors, Government, regulators, our customers, employees (including management representatives), suppliers, the local community, our partners and the environment.



In May 2013, we conducted a materiality assessment exercise with our internal stakeholders (management representatives and other employees). The stakeholders we consulted were based around the world, including London, Malaysia, Egypt and Bahrain.

* G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27

Materiality Assessment

As mentioned in the 'Materiality Matters' Sustainability Report, 2012, over the last five years, our sustainability journey has evolved from non-strategic, mainly philanthropic activities, through inclusion into performance measures, systems and processes and actual integration into the Bank's strategy. The framework by which we assess our sustainability maturity annually is the Abu Dhabi Sustainability Group (ADSG) Maturity Assessment tool. This tool helps us to keep focused on the main material issues.

The challenge for 2013 was to actively support business divisions to convert material issues into business opportunities and engage with our stakeholders (internal and external) to help prioritise the issues most material to them.

We have traditionally assessed our material sustainability issues in accordance with six priority focus areas – economic performance, embracing accountability, outstanding relationships, investing in our people, smart and environmentally friendly operations, and product and service innovations. Following the shift to the G4 Guidelines, in 2013 we followed a slightly different process with regard to our materiality assessment.

We created a pool of potential material issues with a sustainability context (including the GRI Aspects), and added further relevant topics from ADSG's Sustainability Handbook. We prioritised these potential issues according to:

- The potential impact of NBAD in terms of cost, compliance and reputation; and
- The potential impact on our stakeholders, as identified through an indirect stakeholder engagement process.

For the indirect stakeholder engagement process, we addressed employees in NBAD who are responsible for maintaining relationships with each Stakeholder Group as this is the first time we have used this approach.

We categorised the material issues identified into seven different focus areas – management, shareholders, customers, employees, suppliers, community and environment.

Our reporting process has been developed around the issues that we believe are highest in terms of importance for our stakeholders, and which have the greatest potential impact on our ability to deliver our strategy. We also added other material topics, which we felt would be of interest to the public.

We participated in the ADSG report support programme and presented our materiality issues for review to peers, as part of four workshops conducted for organisations in Abu Dhabi. The boundaries of each material aspect are indicated in Appendix A (GRI Tables 1, 2 and 3).

Our Stakeholder Engagement Process in 2013

| Stakeholder Groups | Material Issues (High significance) | Engagement Means & Frequency | Stakeholder Feedback |
|--|--|---|---|
| Management representatives, Government & regulators | <ul style="list-style-type: none"> • New organisational structure and strategy (business and sustainability) • Materiality (stakeholder's dialogue) • NBAD's alignment to Abu Dhabi 2030 vision • Performance management | <ul style="list-style-type: none"> • NBAD EXCO Meetings (weekly/ monthly) • NBAD BoD Meetings (quarterly) • Meetings & e-mails (as required) | <p>We have an internal Sustainability Stakeholder Group (SSG) represented by different areas of the business and a number of sustainability champions who support the SSG. Based on feedback obtained from our management representatives, we will review our existing sustainability approach to ascertain if it meets future needs.</p> |
| Shareholders and investors | <ul style="list-style-type: none"> • Transparency and Accountability • Corporate governance, ethics and compliance • Business continuity | <ul style="list-style-type: none"> • Annual General Meetings (AGM), (annual) | <p>Copies of our sustainability reports are available at the AGM for shareholders to raise any concerns. Our Chairman has instructed us on occasions to support various charities or philanthropic causes.</p> |
| Customers | <ul style="list-style-type: none"> • Responsible communication, marketing and sales • Access to financial services • Customer data privacy • Customer satisfaction | <ul style="list-style-type: none"> • Branches, E-channels, Toll-free number, Relationship Management Meetings (as required) • Customer Satisfaction Survey (annual) | <p>A Group Customer Satisfaction Survey was conducted across the customers of the NBAD group businesses. The majority of our businesses achieved the global average benchmark for customer satisfaction with regard to their respective line of business.</p> <p>We experienced a slight increase in the number of customer service complaints received in 2013, compared to 2012 and as a result we have been investigating ways to address these issues to ensure we provide exceptional products and services to our customers.</p> <p>Refer to Section 5.4 'Customer Satisfaction'.</p> |



| Stakeholder Groups | Material Issues (High significance) | Engagement Means & Frequency | Stakeholder Feedback |
|---------------------------------------|---|---|---|
| Employees | <ul style="list-style-type: none"> • Equal opportunities and diversity • Human rights and labour practices • Employee engagement • Health, safety and well-being • Emiratisation • Job creation and security • Employee benefits • Learning and development | <ul style="list-style-type: none"> • Global People Survey (annual) • HRG Internal Business Partners, E-mails, Meetings (as required) • Town Halls (as required) | <p>The results of our annual Global People Survey in 2013 demonstrated an overall positive trend with regard to management practices.</p> <p>Refer to Section 6.4 'Employee Engagement'.</p> |
| Suppliers | <ul style="list-style-type: none"> • Responsible procurement • Supporting suppliers (local suppliers, payment of bills) | <ul style="list-style-type: none"> • E-mails & meetings & telephone-calls (as required) | <p>We did not undertake direct engagement with regard to our material issues.</p> |
| Local Community & partners | <ul style="list-style-type: none"> • Collaborations and partnerships • Donations, charity and sponsorships • Economic value and contribution | <ul style="list-style-type: none"> • Events (as required), • Online channels, Media channels (as required) • Dialogue through local authorities & regulators (as required) | <p>We undertook a perception analysis exercise, requesting members of the Abu Dhabi Sustainability Group (ADSG) and Dubai Sustainability Network to provide feedback on their perception of NBAD as a responsible bank.</p> |
| Environment | <ul style="list-style-type: none"> • Water consumption • Energy consumption • Materials consumption (paper) | <ul style="list-style-type: none"> • Events (as required) | <p>Continued ongoing informal discussions with EWS-WWF, the Environment Agency, Abu Dhabi (EAD), ADSG and the Dubai Sustainability Network with regard to these issues.</p> |

In 2014, our objective is to undertake direct engagement with our stakeholders. We will provide our stakeholders' feedback and our response to their concerns with regard to materiality issues of high significance. We will also review our priority focus areas and sustainability policies to determine whether these are still relevant going forward.

3.7 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Area & Objectives | Timeframe | We Will |
|--|--------------------------------|--|
| <p>Managing our Company & Benefitting our Shareholders by embracing accountability and transparency</p> <p><i>To be the World's Best Arab Bank and the most trusted financial partner and advisor for our chosen clients.</i></p> | Short-term (2014) | Undertake direct engagement with our stakeholders for the perception and materiality analysis aspect of our sustainability reporting. |
| | Medium term (2015-2018) | Continue to integrate sustainability objectives within our 5 year strategy and report on our progress annually. |
| | | Investigate how our sustainability objectives can be incorporated into employees' annual performance targets to measure and reward our employees' performance against these targets. |
| | | Achieve 50% relative improvement in our overall sustainability maturity in comparison with our 2012 baseline. |
| | | Focus on two strategic programmes to create significant social impact (medium to long term) to demonstrate that we are a valuable corporate citizen. |
| | | Review traditional corporate responsibility activities in 2015, to align with our new growth strategy. |
| | Long-term (2018-beyond) | Continue to support Abu Dhabi and the UAE's economic growth by aligning our goals and objectives with the Abu Dhabi Vision 2030. Report on our progress annually. |
| Investigate incorporation of sustainability-specific objectives in managers' formal appraisal to integrate the principles of sustainability within our organisation. | | |

4.0 SHAREHOLDERS: BENEFITTING OUR STAKEHOLDERS

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.



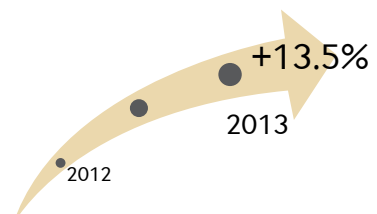
4.1 INTRODUCTION

OUR 2013 COMMITMENTS

Refer to **Chapter 3.0 Management** for our 2013 commitments in relation to our stakeholders.

OUR SUSTAINABILITY MATURITY IN 2013

We achieved a relative increase of 13.5% in maturity in 2013, compared to the 2012 baseline level, exceeding our maturity target for the year.



Improvements in our sustainability maturity result from:

- ✓ Implementing our social media strategy through the launch of our LinkedIn page;
- ✓ Contributed significantly to the development of the UAE Banks Federation's Banking Sector Code of Conduct;
- ✓ Modifying our consumer banking terms and conditions to make them easier for our customers to understand,
- ✓ Delivered a number of compliance training programmes and events during the year, including the anti-money laundering (AML) e-learning programme;
- ✓ Held a Business Continuity Awareness Week in March 2013, informing staff of our business continuity arrangements;
- ✓ Held the official opening of our upgraded Business Continuity Centre in March 2013.

WHAT IS MATERIAL TO US

The main material issues for this section include the following:

- Transparency and Accountability;
- Corporate governance, ethics and compliance; and
- Business continuity.

4.2 TRANSPARENCY AND ACCOUNTABILITY

TRANSPARENCY

OUR ANNUAL REPORTS

NBAD is 70.18% owned by the Abu Dhabi Investment Council on behalf of the Abu Dhabi Government. NBAD shares are listed on the Abu Dhabi Stock Exchange, which is regulated by the UAE Securities & Commodities Authority. We meet a range of regulatory disclosure requirements, primarily through our continuous disclosures to the Abu Dhabi Stock Exchange (ADX), and by publication of our Annual Reports, including our Risk Management and Basel II-Pillar III Disclosure Reports and Corporate Governance Reports. We also regularly publish our Sustainability Reports.

OUR WEBSITE AND SOCIAL MEDIA

Other information which is beneficial to our stakeholders is generally made available or updated on our website www.nbad.com.

Our new Investor Relations pages have already greatly improved the ease of access to up to date financial information.

We have been working consistently to develop a robust, comprehensive social media strategy. This year

we were able to launch our LinkedIn page, which includes information about our history as well as our latest news. It also serves as an additional platform for recruitment.

The number of NBAD LinkedIn followers has already surpassed 31,000, and approximately 50 followers join weekly

We are currently working on the launch of further social media platforms such as Facebook, Youtube and Twitter, which we will use to reach out and communicate with a wider audience.



"LinkedIn is a great channel to connect with.. professionals from across the world."

Shamsa AlSuwaidi,
Social Media Co-ordinator,
NBAD

ACCOUNTABILITY

CODES OF CONDUCT

In accordance with our Corporate Governance Policy, 2013, NBAD's Board of Directors ensures that shareholders are presented with a balanced and clear assessment of NBAD's position and prospects.

The Board of Directors retains responsibility for approving significant group-wide policies which includes the Sustainability Policy. These are available for all employees.

Codes of Conduct have been developed for all employees and 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. In accordance with our Corporate Governance Policy, 2013, all employees are accountable with regards to their actions, risk and ethical behaviour.

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. It is also responsible for ensuring that NBAD maintains a sound risk management framework and internal control systems. ►

The Board monitors delegations and devolution of power through NBAD via management reporting frameworks, independent reviews and verifications by audit, compliance, legal departments and external advisors.

Extract from Our Corporate Governance Policy, 2013

“All employees should be accountable for their actions or inactions and every employee should have clarity on their respective responsibilities and delegated authority.”

“NBAD is committed to be accountable to its stakeholders. One way we achieve this is by being a transparent and sustainable business with strong corporate governance principles. We believe our transparency and ESG performance serve as a model to encourage the market to continue adopting these practices, which will strengthen our national and regional economy and position in global commerce.”

Abdulla M.S. AbdulRaheem,
Deputy Group Chief Executive of NBAD

Good Practice: Our contribution to the Development of the UAE Banks Federations Code of Conduct

NBAD is a member of the UAE Banks Federation (UBF), a professional representative body of 50 member banks operating in the UAE. UBF advocates banks' interests, and enhances cooperation and coordination among them, in order to promote and upgrade the UAE's banking industry for the benefit of the banking sector, its customers, and the national economy.

In 2013, we collaborated with the UAE Banks Federation and contributed significantly to the development of a "Code of Conduct" for the banking industry in UAE. This voluntary code for Banks will be approved and ratified in 2014. It will provide guiding principles to raise the professional standards of banking practice and promote trust in the UAE Banking Industry.

The objective of this Code of Conduct is to enable Banks to deliver the highest quality of customer service standards, and maintain a professional and transparent relationship with their customers.

We participated in a specialised committee and contributed significantly with regard to legal, compliance, HR, retail and corporate aspects.

Modified Terms and Conditions

We standardised our consumer banking terms and conditions, and converted their contents into plain language to help our customers clearly understand our mutual responsibilities towards one another.

Please refer to **Chapter 5.0 Customers** for further details.

4.3 CORPORATE GOVERNANCE, ETHICS & COMPLIANCE

OUR GUIDING PRINCIPLES

We ensure adherence to and maintenance of high standards in the implementation of corporate governance practices. We ensure that our corporate governance principles and practices are in-line with the key pillars of our long-term strategy, to drive sustainable profitable growth with high customer service standards.

We were awarded the 2013 Hawkamah Bank Corporate Governance Award in June 2013, which recognises the implementation of additional policies and practices to improve corporate governance approaches. During this year, our Group General Counsel & Group Head of Legal & Compliance (Samer Abdelhaq) was also named Corporate Governance Officer of the Year at the Allied Compliance Consultants (ACC) Achievements Awards.

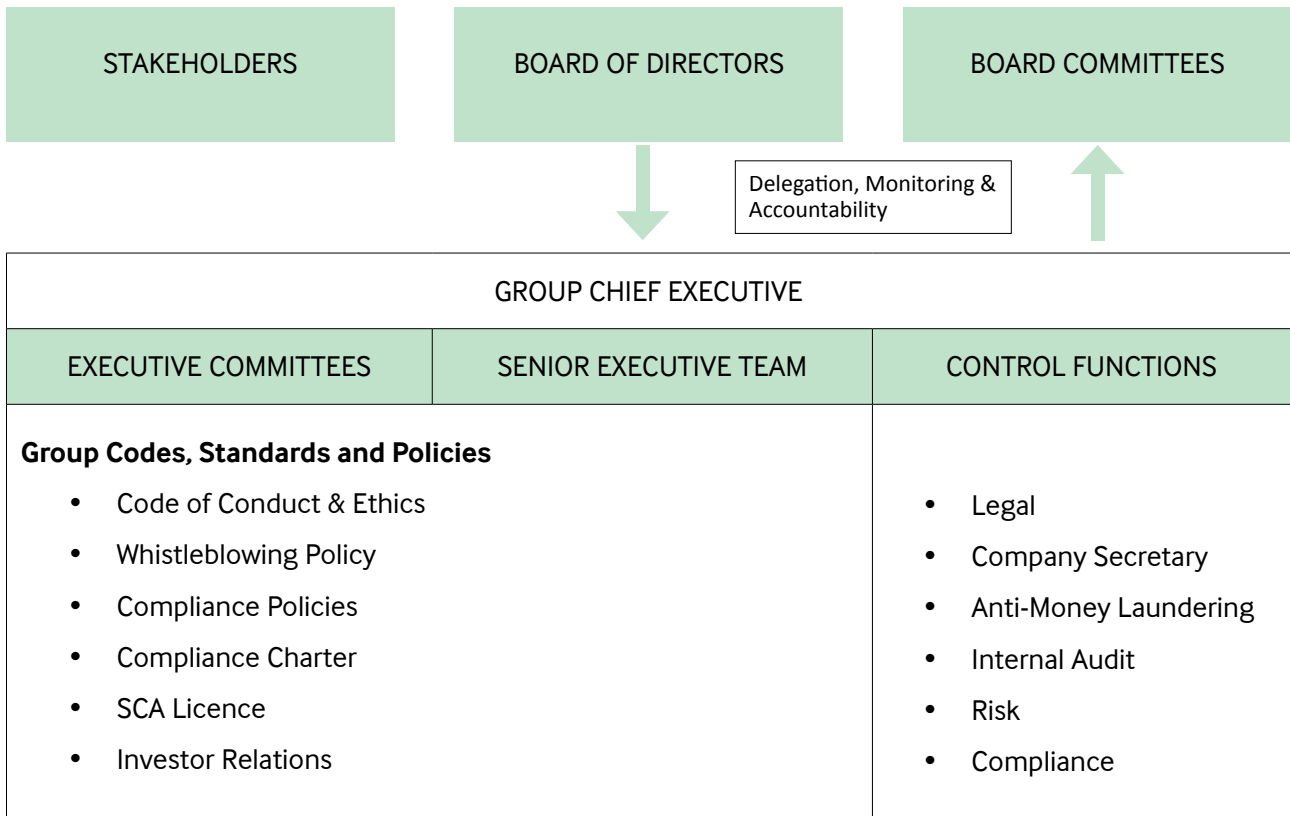
NBAD Guiding Principles of Corporate Governance:

1. Strong Corporate Governance Standards
2. Leadership
3. Accountability
4. Transparency



In July 2013, NBAD was awarded the Hawkamah Bank Corporate Governance Award

OUR CORPORATE GOVERNANCE FRAMEWORK



As mentioned in **Chapter 3.0 Management**, the Board of Directors (the Board) is NBAD’s highest governing body. The Board of Directors consists of eleven Members, two of whom are independent. Shareholder nominations are determined by overall shareholding of the Group (please refer to our Articles of Association at www.nbad.com for full details).

As part of the organisational restructuring, the Legal and Compliance functions were brought together as one division. While both functions continue to operate with independence and separate

authority, their alignment supports an ability to deliver greater depth and breadth of advice, awareness of accountabilities and oversight to the frontline and business divisions.

We undertake frequent reviews of our strategic and operational environment and maintain communication with our stakeholders, to determine an appropriate balance, scope and sophistication of the corporate governance framework which is proportionate to the Bank’s nature, size and complexity.

In 2012, as part of an initiative of the Corporate Governance and Nomination Committee, a full review of the corporate governance policies was performed. The revised documents were approved by the Committee and the Board. A similar review will be completed in 2014 to ensure continuing alignment with best practice.

For further information about our Corporate Governance, including Board remuneration, meetings, policy and processes, please refer to our 2013 Annual Report, which is published on www.nbad.com, under the section ‘Investor Relations’.

S&P HAWKAMAH ESG PAN ARAB INDEX

In July 2013, we moved up to second position in the S&P Hawkamah ESG Pan Arab Index, achieving the highest ranking amongst financial institutions. This demonstrates our strong and progressive environmental, social and corporate governance practices as indicated by the index criteria.

The S&P Hawkamah ESG Pan Arab Index

The S&P Hawkamah Index measures the top 150 Arab listed companies based on their performance on nearly 200 environmental, social and governance (ESG) metrics.

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.

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.

The ranking is a recognition of NBAD's ESG performance especially as we have been one of the top 10 performers since the establishment of the Index.

| Year | 2010 | 2011 | 2012 | 2013 |
|------|------|------|------|------|
| Rank | 8th | 6th | 3rd | 2nd |

The improvement in our ranking brings us closer to achieving our vision to become the World's Best Arab Bank. We have achieved our management objective to be one of the highest ranked banks in the Index.

VALUES AND ETHICAL STANDARDS⁴

It is critically important for the Board members, senior management and all employees to conduct themselves in accordance with the Bank's values and ethical standards in all that they do for and on behalf of NBAD.

The Board has responsibility for overseeing the culture within NBAD and sets the "tone from the top", which is reinforced by senior management throughout the organisation.

We have a number of relevant policies, which are proactively reinforced with all employees:

- Code of Conducts and Ethics;
- Whistleblowing Policy;
- Anti-Money Laundering Policy;
- Anti-Fraud Policy;
- Insider Dealing Rules;
- Client and NBAD Confidentiality;
- Conflicts of Interest;
- Remuneration Policy; and
- Personal account dealing.

The Board has also mandated Codes of Conduct which apply to Directors, employees and agents of NBAD. This encourages appropriate behaviour, defines inappropriate behaviour, and defines the process and outcomes for the identification and reporting of such behaviour.

FROM 'COMPLIANCE CULTURE' (2012) TO 'THE YEAR OF DELIVERY' (2013)

REGULATORY COMPLIANCE

As required by the Central Bank of the UAE, we implemented a comprehensive set of policies for the prevention and detection of fraud, corruption, bribery, money laundering and other criminal and civil offences. Regulatory and compliance matters are regularly reported to the Executive Management team, and are reported on a quarterly basis to our Audit Committee.

COMPLIANCE AWARENESS TRAINING

We have a strong approach to compliance through on-going training and communication to embed the message that 'Compliance is everyone's responsibility'. Since 2010, Anti-Money Laundering Training (AML) has been mandated for all employees, not just for front line staff.

The year 2012 was highlighted as '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 to embed a culture of compliance throughout all divisions.

⁴ SKEA Report, 2013

As 2013 was themed 'The Year of Delivery', this was implemented through a number of training programmes and events that were undertaken during the year.

| Training Programme | Objectives | Total No. of Attendees |
|--|---|---------------------------------------|
| Anti-money laundering & counter-terrorist financing training (in accordance with Financial Action Task Force (FATF) recommended guidelines). | Enhance staff awareness with regard to identifying and dealing with these practices. | Classroom = 536 E-learning = 3,070 |
| Cross-border training | Ensure staff is fully aware of their obligations under regulatory requirements when conducting cross border banking activities. | 50 |
| Foreign Account Tax Compliance Act (FATCA) Training | FATCA requires individuals to report their financial accounts held outside of the United States and requires foreign financial institutions to report to the Internal Revenue Service (IRS) certain information about their American clients thereby combating offshore tax evasion. The training ensures that client-facing staff is able to identify relevant clients as per IRS requirements. | 550 ⁵ |

ANTI-MONEY LAUNDERING

Anti-money laundering is a key focus of NBAD, in order to safeguard our reputation and minimise any associated risks.

To ensure that our staff acquires sufficient understanding of the anti-money laundering policy, Learning & Development and Compliance collaborated to launch the Anti-Money Laundering e-learning programme in June 2013. This is mandatory training for staff and the programme requires a minimum pass rate of 80%. The learning material is in line with the Anti-Money Laundering laws, AML best practice, and NBAD AML Policy.

Approximately

75%

of our staff completed and passed the e-learning material by the end of 2013.

A total of

3,606

employees completed the anti-money laundering training in 2013.

⁵ Approximate numbers of attendees

WHISTLEBLOWING

Whilst we have instituted a sophisticated set of systems and controls to segregate duties, establish limits and approval processes, and monitor and audit employee and stakeholder interactions, we are aware that systems are not fool proof. We have, therefore, developed an over-arching Whistleblowing Policy which incorporates independent reporting channels, confidentiality and sensitivity, investigation powers, escalations, reporting, re-integration of findings into the operational and control framework, and regulatory co-operation.

In 2013, 1 whistleblowing case was reported. This was linked to a potential breach of policy. This case was closed and appropriate action taken.

As a leading financial service provider, we ensure that employees have an effective understanding of the whistleblowing policy. We regularly communicate the importance of adherence to our whistleblowing policy,

and provide reassurance and protection of those employees who share their concerns on any suspected “red-flag” financial transactions or unacceptable behaviour.

Suspected whistleblowing activities include (but are not limited to) financial fraud, criminal activities, health & safety risks, environmental damage, breach of policies, reputational damage and breach of privacy codes. Communication channels to report such activities include a hotline number, online forms, an e-mail address, and direct interaction with the Legal & Compliance Division.

4.4 BUSINESS CONTINUITY

Our Business Continuity Management (BCM) system proactively identifies and handles risks by providing strategies and solutions for an effective response to ensure business continuity and safeguard the interests of our key stakeholders, reputation, and customers.

All our business units perform an annual business impact analysis to identify their critical business process and recovery time objectives.

Business continuity plans are developed at departmental levels throughout the group and are tested annually.

Our Group Risk Committee is responsible for providing oversight and strategy for Business Continuity Management and Disaster Recovery Management at the Group.



The BCM Lifecycle
Improving organisational resilience

Our achievements in 2013:

- ✓ Roll-out of the new Business Continuity methodology across NBAD, covering all divisions, departments, units, sub-units and branches;
- ✓ We held a Business Continuity Awareness Week in March 2013, informing staff of our business continuity arrangements;
- ✓ We held the official opening of our dedicated standby site in March 2013;
- ✓ Ninety-four staff members attended the Business Continuity Coordinators Training course;
- ✓ Conducted an Integrated Business Continuity IT Disaster Recovery Exercise in Nov 2013 thereby giving assurance that our business continuity is fit for purpose;
- ✓ Thirty-six Business Unit tests completed their documented Business Continuity strategy, thereby giving assurance that their chosen strategy is fit for purpose;
- ✓ We completed a 'sharing process' and agreement of future collaboration with ADIA (one of our major corporate customers) with regard to our Business Continuity Management arrangements; and
- ✓ Provided support to the Central Bank & National Crisis Emergency Management Authority on UAE National Critical Infrastructure project, thereby supporting the UAE Government in emergency management.

4.5 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Area & Objectives | Timeframe | We Will |
|--|---------------------------------------|--|
| <p>Managing our Company & Benefitting our Shareholders by embracing accountability and transparency</p> <p><i>To be the World's Best Arab Bank and the most trusted financial partner and advisor for our chosen clients.</i></p> | <p>Medium term (2015-2018)</p> | <p>Retain our ranking in the top 10 position on the S&P Hawkamah ESG Pan Arab Index, which is important to us as a regional validation of our transparency and responsibility and as a commercial measure of our potential value to investors.</p> |

5.0 CUSTOMERS:
RESPECTING OUR
CUSTOMERS



*We build
relationships*

5.1 INTRODUCTION

OUR 2013 COMMITMENTS

| | | |
|--|---|---|
| Integrate a sustainability-wide evaluation into the annual bank-wide policy review process | This was put on hold due to the Bank's reorganisation. In line with the restructuring, a new Group Policy Framework was designed and put into place at the end of the year. | |
| Deliver new standard product terms and conditions | New versions of T&Cs for general operations accounts, mobile banking, internet and phone banking went live in August 2013. | ✓ |
| Increase team of service ambassadors in 20 branches and increase positive customer feedback. | This was partially achieved, as we increased the number of Service Ambassadors to cover 14 branches. | ⌚ |
| Enhance positioning of UAE as an attractive and advanced place for skilled professionals by launching Corporate Pension Product. | The NBAD corporate pension plan (Wealth Builder) was successfully launched in 2013. | ✓ |



Achieved



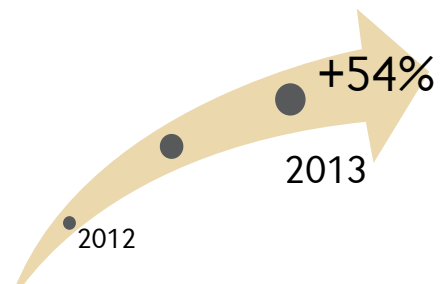
On hold



In progress

OUR SUSTAINABILITY MATURITY IN 2013

We exceeded our maturity target for the year, achieving a relative increase of 53.9% in maturity, compared to the 2012 baseline level.



Improvements in our sustainability maturity result from:

- ✓ Continued our compliance screening and customer due diligence, in accordance with our principles and procedures;
- ✓ Development of broader investment choices and saving plans;
- ✓ Consumer banking terms and conditions made clearer and simpler;
- ✓ Partnership with the Emirates Foundation for Youth Development community financial literacy programme;
- ✓ Conducted customer satisfaction surveys and responded to customer needs;
- ✓ Expansion of our team of Service Ambassadors in 14 branches;
- ✓ Developed a new customer onboarding process to streamline account opening and delivery of products to our customers;
- ✓ Continued investment in easy to use and convenient channels to ensure financial accessibility to our customers;
- ✓ Introduced life insurance and medical insurance for low income segment (Ratibi cardholders); and
- ✓ We continued to provide ATMs and branches in low populated and economically disadvantaged areas of the UAE.

WHAT IS MATERIAL TO US

The main material issues for this section include the following:

- Responsible communication, marketing and sales;
- Access to financial services;
- Customer data privacy; and
- Customer satisfaction.

We have also included additional information with regard to our responsible financing practices (including our project financing, sanctions compliance screening and due diligence practices), as we feel that these are important material issues with regard to our operations and activities.

OUR CUSTOMER FOCUS STRATEGY

Our customers are at the heart of everything we do. We recognise that, at its very core, banking has and continues to be a people-to-people business.

Since the middle of the year, we defined our mission as being “core to our chosen customers” and we have introduced a 5-year strategy aligning to the growth in investment and flow across the “West-East Corridor” (from West Africa to East Asia). The strategy is to build on our fundamental strengths as an institution and capitalise on our unique geographical location. We are at the centre of the growth expected from Asia, the Middle East and Africa in the coming years.

We are aware that globally, ethical banking and responsible financing is becoming more and more attractive to people. With over 300,000 clients, we strive to serve our customers in a responsible way. This has been demonstrated through the increase in our maturity this year. Our strategy focuses on the following:

- Offer responsible products and services to help our customers remain financially secure;
- Seek to ensure financial inclusion for as wide a customer base as possible;
- Communicate and sell our products and services in a responsible way;
- Ensure customer satisfaction; and
- Respect our clients’ changing needs and design new and innovative products to meet these requirements.

In 2013, we focussed on enhancing advisory services, on digitalisation and on improving trust and transparency in order to strengthen our relationship with our customers.

Our strategy of customer focus is built around two key capabilities – people and technology. Our people remain our most important asset and are proactively involved in meeting the Bank’s objectives with regard to customer satisfaction.

Another critical part of our customer focus over the past few years has been our investment in technology. We have introduced industry-leading features and solutions for our customers, centred around a 24-hour core banking system. We remain focused on continuous innovation for the benefit of our customers.

5.2 RESPONSIBLE FINANCING

COMPLIANCE SCREENING

ANTI-MONEY LAUNDERING, COUNTER FINANCING OF TERRORISM & SANCTIONS COMPLIANCE

We are committed to achieving the highest level of compliance with the UAE's laws, regulations and guidelines on Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) and those of all the jurisdictions in which NBAD operates.

We have a Sanctions Compliance Unit, which monitors sanctions issues and the programmes imposed by the UAE, UN, EU, UK and US. We are committed to complying with all relevant sanctions on every transaction we perform or relationship we maintain.

CUSTOMER DUE DILIGENCE

We aim to ensure that our policies and procedures comply with relevant laws and regulations with respect to Know Your Customer (KYC) and other client identification requirements. We take all reasonable efforts to ascertain the true identity of our customers and we have

relevant procedures and approval processes in place for all staff onboarding customers.

Customers and counterparties are regularly screened against lists of terrorists and sanctioned names issued by the UN, US, EU and UAE by our Sanction Compliance Team, through appropriate systems.

We have specific procedures in place to report and act on any suspicious transactions. We aim to ensure full transparency on every financial transaction, to screen outgoing and incoming transactions for sanctioned entities or countries, and to review the status of customers from time to time.

In compliance with the above mentioned principles, the Bank declined a number of business relationships and rejected a number of transactions in 2013.

New Accounts subject to enhanced Due Diligence

6,013

Number of accounts declined

232

Payments subject to filtering

5,248,633

Number of payments rejected

921

PROJECT FINANCING

The Abu Dhabi Vision 2030 continues to be the compass for how we support Abu Dhabi and the UAE.

The Abu Dhabi Economic Vision 2030 is a 20-year roadmap set out by the Government of Abu Dhabi in an effort to achieve effective economic transformation across the Emirate. The Economic Vision uses the Government's policy agenda as a guideline, which focuses on four key priority areas:

- Economic development;
- Social and human resource development;
- Infrastructure development and environmental sustainability; and
- Optimisation of Government operations.

During this year, a specialist Client Relationships team was established in the Wholesale Banking division to focus on six major client industry sectors:

- Financial institutions;
- Aviation and transport services;
- Energy and resources;
- Real estate and family conglomerates; and
- Traders and retailers;
- Diversified sector

These sectors are strategic sectors in the UAE and are aligned with the Abu Dhabi Vision 2030. Our Project & Syndicated Finance (PSF) team provides funding with a focus on these sectors. The team has experience in top-tier lending to UAE based Corporate and Sovereign/Quasi-Government related entities.

We are a firm supporter of the Abu Dhabi 2030 vision, focussing mainly on infrastructure, power, transport and multi-use developments. This is exemplified by a number of large projects arranged by our PSF team, under which NBAD was lender. These include Etihad Rail phase I (USD 1.28 billion), Shams Solar Power Plant (USD 600 million), Baraka Nuclear Power Plant, Abu Dhabi Ports Company, as well as real estate financing (including various hotels) or direct financing for TDIC and Al Dar Properties.

Case Study: Etihad Rail

During this year, we participated in a syndicate to finance a USD \$1.28 billion investment for Stage One of the Etihad Rail network development.

Stage One of the Etihad Rail network will extend 264 km from Shah and Habshan to Ruwais, facilitating a modern, safe, efficient and environmentally-friendly means to transport ADNOC's shipments of granulated sulphur for export at the port of Ruwais. Etihad Rail received its first shipment of wagons for Stage One in December last year, and will receive its first shipment of locomotives this quarter, while construction works on the route are well underway. Upon completion, the UAE's national railway network will span approximately 1,200 km across the Emirates, boosting economic growth by connecting key centres of industry and population, and sustaining trade and social development. The Etihad Rail network will also form a vital part of the GCC railway network.

“Building a rail network in the UAE is one of the most important and crucial elements in the goal to establish Abu Dhabi and the United Arab Emirates as the enabler and epicentre of commerce.

The National Bank of Abu Dhabi is committed to supporting ambitious projects like Etihad railways which will ultimately link the nation's seven emirates to other GCC countries and will become the greatest facilitator of increased trade. NBAD is a strong supporter of key infrastructure projects in the region and has contributed substantially to the financing of this railway transaction with advisory, lending and other services. We are very delighted to be part of this project and consider the ultimate build-out of the Etihad Rail project as a solid contribution to the UAE, and in fact the GCC, in terms of economic progress and diversification, as well as social and environmental benefits.”

Mark Yassin,
Senior General Manager, Global Banking

APPLICATION OF EQUATOR PRINCIPLES

When working on large projects or in syndication, environmental and social impacts are considered in accordance with the Equator Principles.

Where projects are smaller in scale or for real estate development in the region, various factors are considered in the risk assessment prior to lending. The most pertinent factors regarding sustainability involve due diligence of the project parties, (in particular their track record), as well as consideration of the social and environmental impacts of the project.

We will develop a formal Group-wide policy in 2014 for project financing, to help us follow the Equator Principles' requirements as we prepare to become signatories.

LOAN QUALITY

The amount of overdue but not impaired loans decreased by 29% in 2013 vis-à-vis 2012, which is largely due to effective risk management and an improved economic climate. Although there has been some slippage into non-performing category (approximately 4% increase in absolute NPL), non-performing loans ratio declined during the year from 3.40% to 3.16%. Provision coverage has, however, remained stable and was above 100%.

| Loan Quality | | | |
|--|-------|-------|---------------|
| Overdue but not impaired loans (AED mn)* | 2012 | 2013 | Annual Change |
| Overdue (but not impaired) loans | 219 | 156 | -29% |
| Non-performing loans | 5,781 | 6,013 | + 4% |
| % Non-performing loan ratio ⁶ | 3.40% | 3.16% | - |
| % Provision coverage | 95% | 105% | + 10% |

*between 31 and 90 days overdue

| Composition of Past Due not Impaired | 2012 | 2013 |
|--------------------------------------|-----------------|-----------------|
| less than 30 days | 413.56 | 483.78 |
| 31-60 days | 85.50 | 79.63 |
| 61-90 days | 133.55 | 76.43 |
| more than 90 days | 1,968.54 | 1,647.17 |
| Total | 2,601.14 | 2,287.01 |

COMPLIANCE WITH UAE CENTRAL BANK'S MORTGAGE REGULATIONS

With the overall objective of protecting the financial sector, fostering consumer protection and enhancing financial stability, in October 2013 the UAE Central Bank introduced a comprehensive set of Mortgage Regulations, which define the mortgage loan market in the UAE.

Amongst other guidelines, these regulations lay down the

differentiation on residential loans between owner-occupier and investment, between the first and subsequent properties as well as a differentiation based on property value. The regulations also define the maximum permitted loan-to-value (LTV) for each property segment. The key focus throughout the regulations is the importance of debt servicing capability.

Whilst we have prudent lending policies on all our loan products, including mortgages, we made

a number of key revisions in our Mortgage Lending policy to fully comply with the Central Bank regulations. The main alterations were made in relation to the maximum LTV on our loan schemes and the property evaluation requirements. We carry out due diligence on customer's debt servicing assessment and undertake detailed reviews of our customers' financing requirements in order to ensure we offer the right products to meet their requirements.

⁶ NPL ratio = non-performing loans net of interest in suspense divided by gross loans net of interest in suspense

5.3 RESPONSIBLE COMMUNICATION, MARKETING & SALES

'TREATING CUSTOMERS FAIRLY'

We provide product information in a way that is clear, fair, and in a manner, which seeks to keep the customer informed and to improve their financial awareness. We have developed a "Treating Customers Fairly" policy, 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 take reasonable care to ensure that borrowers are aware of the obligations they are undertaking. We also ensure that we are transparent about service charges, interest rates and the basis of calculations.

During 2012, we took some large steps forward in helping our customers become more aware of responsible debt management and other financial activities. During the process of developing our new corporate website, we included a new page providing 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.

We are seeking to improve the financial literacy of our customers and community. We partnered with the Emirates Foundation for Youth Development on a UAE community financial literacy programme.

For further details of our financial literacy programmes in partnership with the Emirates Foundation for Youth Development, please refer to Chapter 8.0 Community.

MODIFIED TERMS & CONDITIONS

The terms and conditions for our general operation accounts, mobile banking, phone banking and internet banking went live in August 2013.

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. We completed this project this year. The new versions are now clearer, streamlined and easier for the customer to understand.

The terms and conditions are supported by the implementation of our new 'Treating Customers Fairly' policy. We believe this will help our customers to feel confident in our services and trust us as their bank of choice.

BROADER INVESTMENT CHOICE

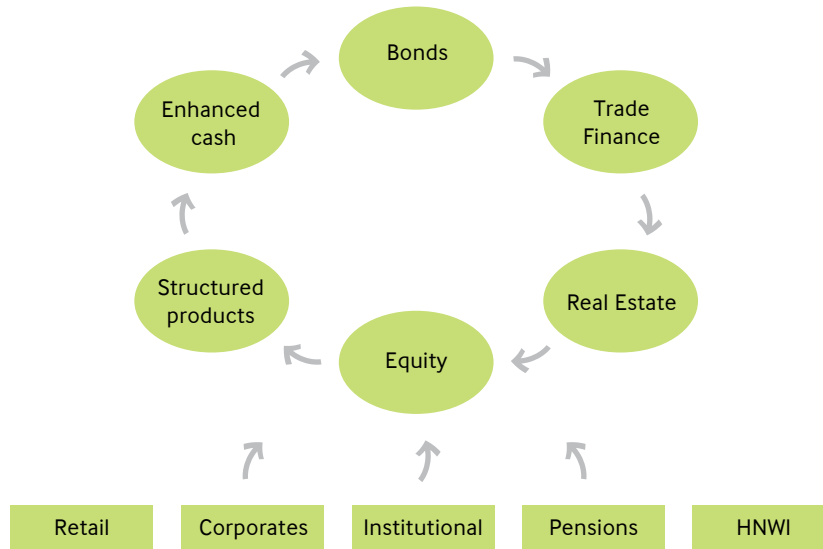
WIDER ASSET CLASS COVERAGE

We further enhanced our range of investments, by launching the MENA Dividend Leader Fund, the MENA Bond Fund and the Emerging Markets Fund. Our product suite offers our customers the opportunity to invest in a wide array of markets ranging from lower risk bonds delivering stable income, right up to broader emerging market equity funds which are designed to focus on capital growth over the medium to long term.

Our objective is to offer clients a full range of asset classes, no matter what their investment time horizon or view on the market. We will introduce further asset classes in 2014, including the Trade Finance and money market style funds. ►

NBAD ASSET MANAGEMENT

Building out a full product suite



A solution for clients whatever the market conditions

OUR RISK PROFILING

We are committed to acquiring a thorough understanding of our customers’ general attitude towards investing and their willingness to accept risk in pursuit of what potentially could result in higher returns.

Our methodology is based on the development of a comprehensive product suitability assessment that is matched to our defined client risk profiles. This is then matched with respective product risks, to ensure our clients receive the right products with minimal risks.

Case Study: Our Regular Savings Plan - ‘Smart Investment Plan’ (‘SIP’)

Our Smart Investment Plan (SIP) is an innovative plan to help people save in “bite-size chunks”. It is a regular investment product that gives clients the opportunity to invest smaller funds systematically over a desired period of time. This could include investing for a child’s higher education, a daughter’s wedding or to secure a stable retirement.

SIP follows a disciplined investment approach, providing customers with the following:

- Access to a variety of funds covering a wide range of the investment market;
- Access to specialist fund managers;
- Power of compounding;
- The benefit of the dollar cost averaging on the number of units bought; and
- The opportunity to participate in the long-term growth of equity markets.

We had 140 transactions in relation to our SIP this year.

OUR WEALTH BUILDER PLAN FOR EXPATRIATES

During 2012, the NBAD Trust team identified an open market space for a new product sector in the form of corporate pensions for expatriates. Currently, pension schemes are only available for UAE nationals and Gulf Cooperation Council (GCC) nationals. Expatriate workers in the UAE usually receive end of service benefits.

The WBP is a corporate pension / savings service, specifically designed for domestic and multinational 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 talent.

The opportunity allowed us to pioneer the offering for the UAE with the introduction of the “Wealth Builder Plan” (WBP).

It is essentially a packaged corporate structure underpinned by a range of investment fund options, which each employee can choose from based on their own individual risk appetites. Also WBP can be used in lieu of the end of service increments. As per the labour law, we recommend this is used in addition to the end of service increments, as in the WBP, assets are invested and properly managed.

Update following the launch of the WBP in 2013

Having launched the Wealth Builder Plan in 2013, it has been met with much interest in the marketplace. We are 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 – thus, establishing the Bank as a pioneer in this space. We are currently engaged with a number of corporate clients on a tailored approach to suit each corporation’s requirements.

We continue to 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.

AUTOMATING TRANSACTIONS – THE ‘NAFURA’ SYSTEM

We collaborated with Masdar in 2012 to develop the ‘Nafura’ system, for a more efficient approach to deliver payment orders. We partnered with the Department of Finance (DoF) to launch the Automated Transaction Facilities. The Nafura system uses technology to migrate from paper-based instructions, which previously had to be delivered in hard copy. The system was developed for the benefit of corporate customers (who typically use very high volumes of paper in their transactions), and to reduce the risk of errors from manual systems.

Including Payroll, in 2013, Nafura processed **1.9** million transactions, totalling over **AED 170** billion

The volume of transactions processed by Nafura in 2013 was approximately **3** times the number of transactions undertaken in 2012.

Currently, NBAD has **28** corporate clients and **231** users of the Nafura scheme.

The benefits of Nafura include the following:

- ✓ Improvement in customer service as the system can support significant numbers of transactions;
- ✓ Reduction in environmental impacts due to paper reduction and traffic-related impacts, as the need to drive to branches to conduct transactions is eliminated;
- ✓ The risks of fraud and mistakes usually associated with paper-based transactions are greatly reduced; and
- ✓ Ensures robust security and confidentiality of data.

ZAKAT FUND PAYMENT

‘Zakat’ or ‘alms-giving’ is the practice of charitable giving by Muslims based on accumulated wealth. Our Zakat Fund and donations are managed by our Islamic Banking Division - Abu Dhabi National Islamic Finance (ADNIF). Our Zakat donations are made annually based on our profits (usually 2.5% of our profit).

ADNIF, through NBAD, offers our customers (NBAD cardholders) the opportunity to make Zakat donations using NBAD ATMs.

Please refer to **Chapter 8.0 Community** for further detail on the overall amount of charitable donations made by the Bank in 2013.

5.4 CUSTOMER SATISFACTION*

SERVING OUR CUSTOMERS

CUSTOMER SATISFACTION SURVEYS

We undertake regular benchmarking exercises and customer satisfaction surveys to improve and upgrade our performance and address our customers' needs.

During this year, a Group Customer Satisfaction Survey was conducted across the customers of the NBAD group businesses, representing the biggest survey exercise ever conducted by the Bank to date.

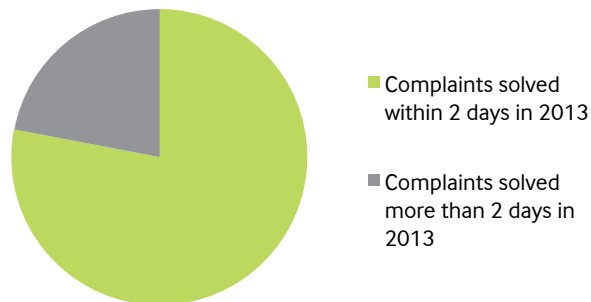
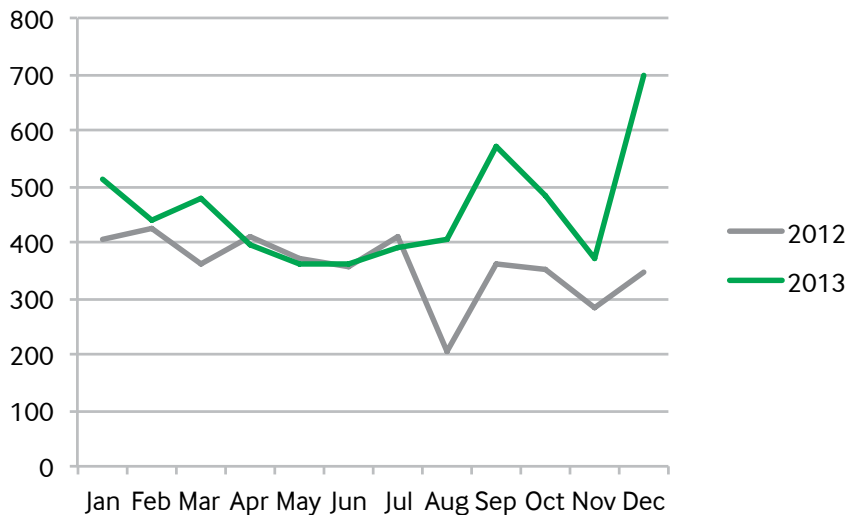
“It is important that we report and record the complaint so that we can make sure that we fix things so that it does not happen to another customer and we stop repeating the same mistakes.”- GCEO, NBAD

As an outcome of the survey, the majority of our businesses achieved the global average benchmark for customer satisfaction with regard to their respective line of business.

We experienced a slight increase in the number of customer service complaints received in 2013, compared to 2012 and as a result we have been investigating ways to address these issues to ensure we provide exceptional products and services to our customers.

We believe that our new strategy, which puts the customer at the front and centre will help us develop solid solutions.

The customer response team received a total number of **5,463** complaints during 2013, compared to **4,278** in 2012.



* G4-24, G4-26, G4-27

WHAT OUR CUSTOMERS WANT⁸

| OUR CUSTOMERS SAID | WE HAVE |
|--|--|
| Client experience across front-end client interaction needs to deliver a more professional and satisfying experience. At present the experience is variable. | Increased the number of Service Ambassadors in 14 branches. Developed a 'Bring your Heart to Work' service for our employees, designed to help improve our attitude and behaviour to our customers. |
| Speed and efficiency of the service delivery is inconsistent. | We continued to invest in other distribution channels to enhance our customer service capabilities. These include our internet services (NBAD Online), our e-banking service (NBAD Direct), and introduction of additional ATM machines. |
| After hours sales service required to support customers | Developed a 24-hour customer contact centre and automated phone banking facilities in addition to our internet and e-banking services. |
| Product / service features and customers not understanding the terms of the products. | Modified terms and conditions which are now clearer, streamlined and easier for our customers to understand. |
| Improve on complaint handling and resolution | Developed a new Customer Complaints Handling System (CMS) to record and address complaints. |
| More innovation and new products. | Aligned to this feedback we introduced the staff "Inspire" scheme, whereby staff is encouraged to identify areas in our business needing improvement and to put forward ideas to enhance and fix them. |

**Good Practice: "Bring your Heart to Work" Campaign**

The "Bring your Heart to Work" service will ensure that all staff have the skills and resources to deliver excellence to our customers. Implementation of this service is one of our 2014 commitments.

"We are making this investment to ensure that everyone can touch our customers positively, and execute with pride and passion. It will introduce a common language for us to use when we talk with our customers and will ensure that all staff have the skills and resources to deliver excellence to our customers every time we engage with them."

Alex Thursby, NBAD-CEO

⁸ Group Customer Satisfaction Survey – Executive Briefing, 2013

COMPLAINTS MANAGEMENT SYSTEM (CMS)

We are in the process of developing the customer Complaint Management System (CMS), for implementation in March 2014. The CMS will be rolled out globally and will provide end-to-end complaints/feedback management within the Bank.

Upon implementation, we will provide system access to over 800 staff across the Bank. This will enable all branches and departments to record and address complaints-related reports relating to their own business units.

MYSTERY SHOPPER PROGRAMME

We have used the Mystery Shopper approach since 2006 to support the delivery of our customer strategy to drive exceptional service. The approach utilises a service provider to independently assess our branch network on quality of service delivery against specific criteria.

In 2014, we will be managing the Mystery Shopper programme internally with our own resources of internal shoppers with the help and support of a research agency.

SERVICE AMBASSADORS

NBAD introduced Service Ambassadors in January 2012 to improve customers' service experience in branches.

The Role of NBAD Service Ambassadors

About NBAD Service Ambassadors:

- ✓ They serve at more than a dozen major branches across the UAE;
- ✓ Help customers receive quality and efficient service and promotes alternative NBAD channels such as online/ telephone banking, ATM and CDM usage;
- ✓ A competitive recruitment programme is in process to expand the service; and
- ✓ The programme won NBAD the Best Customer Service Initiative Award.

"I take great pride in being the face of the Bank every day because once the customer walks into the branch we are the first people they meet. As Service Ambassadors we ensure that customers in our branch receive quality and efficient service and we help to make customer experience a distinguished feature in the market."

"Being a Service Ambassador at NBAD is the most amazing job; I love meeting people and..each time a customer thanks me I feel good. It is amazing to know that I am part of a function that is taking NBAD to the next stage of superior customer service. We have a mission."



*Elizabeth Polepole
Ambassador with a Mission*

CUSTOMER ON-BOARDING PROJECT

The customer on-boarding initiative aims at improving the customers' overall experience with opening new accounts at the Bank. Our Business Process Team conducted an exercise to examine the existing practices of the bank, to identify the key performance indicators and 'turn around times' for on-boarding new customers, and for opening new accounts. The team engineered a new process with an outside-in perspective to develop a standard and consistent process across NBAD that speeds up account opening.

This new process leverages automation, straight-through-processing, exception handling, and speeds up delivery of products to our customers, while maintaining legal and compliance requirements of the Central Bank of the UAE.

The customer onboarding project will be under further development in 2014 for implementation in 2015.

5.5 ACCESS TO FINANCIAL SERVICES

ACCESSIBILITY

As mentioned in **Chapter 2.0 'NBAD at a Glance'**, in the UAE we service our customers through our 126 branches and cash offices, 588 ATMs/CDMs, private banking units, online banking channels and 24-hour contact centre support.

We provide ATMs and branches in rural and harder to reach areas. We have 46 ATMS and 17 branches in low populated and economically disadvantaged areas of the UAE.

Besides the conventional banking practices undertaken in our branches, we have developed a number of easy to use and convenient channels to ensure financial accessibility to our customers.

We have continued to invest in other distribution channels to enhance our customer service capabilities. These channels include our internet services (NBAD Online), our e-banking service (NBAD Direct), which allows customers to conduct

their banking needs online, ATM machines, a 24-hour customer contact centre and automated phone banking facilities.

Our focus going into 2014 will revolve around the delivery of our new and enhanced business solutions such as e-channels (internet and mobile banking, mobile wallet), iBanking, retail FX, cards systems replacement and customer onboarding. We will also continue to adopt best practices and target additional operation cost reductions in 2014.

FINANCIAL INCLUSION

We have always been forefront in terms of serving the lower income or underbanked customer segment (employees who earn up to AED 5,000 per month). We have developed the Ratibi Salary Debit Card to enable a previously unbanked segment of the population to have access to a regulated financial product as part of the wage protection scheme.

We will continue to try and expand our products and services to niche segments of the community, assisting women, low income earners and reaching remote areas within the region.

ENHANCEMENT OF EXISTING PRODUCTS – RATIBI PAYROLL CARD

The introduction of Ratibi payroll cards demonstrates our commitment to providing secure financial services to the low income and unbanked population of the UAE.

We are the first and only bank in the UAE to provide a free-of-charge life insurance coverage for low income consumers providing an insurance of up to five times their salary (a maximum of AED 25,000).

Ratibi has evolved as a social product, creating financial independence and providing an easy, secure and convenient access to funds for employees and low income consumers.

The Ratibi payroll card was upgraded in 2012 with the addition of free accidental insurance in the event of hospitalisation or death. The logistic services, construction and hospitality sectors are the industries benefiting the most from the product.

Case Study: RABITI Card

The ICAEW (Institute of Chartered Accountants in England and Wales) identified NBAD's Ratibi Card as a case of success to be studied by accountants and students of Harvard University and the American University of Dubai (AUD).

To model the success of the Ratibi card as a tool to bring banking to the unbanked population, ICAEW, with contribution from NBAD, organised the Ratibi Card Case Study for the benefit of Harvard University and AUD students. The students were tasked to analyse the challenges and solutions involved in assisting the unbanked segments of society, and to use the success of the NBAD Ratibi card as a case study.

"It is a great honour that prestigious international organisations and academic institutions have recognised that the Ratibi Card is truly an example of shared value which addresses a social issue through a business solution. It delivers a much needed service by bringing banking services to a segment of society that would otherwise have no access to it".

Ahmed Al Naqbi,

Head of Strategic Business Ventures & Innovation, NBAD



Students listen and absorb information on the Ratibi card

5.6 CUSTOMER DATA PRIVACY

It is the policy of the Bank that both the financial records of our customers and the relationships between the Bank and its customers are kept confidential.

NBAD is committed to safeguarding the confidentiality and privacy of all our customers' information, including personal, business and other information.

The Bank has a strong data and information security policy in effect, which is rigorously implemented and is subject to frequent internal audits.

In 2013, there were 6 cases of fraud. All incidents were investigated and closed out.

Our information security policies and requirements broadly align to internationally accepted information security management standards such as ISO27001 and Payment Card Industry – Data Security Standard (PCI-DSS).

Our security infrastructure is among the best in the financial industry and ensures that our systems are secure from internal and external threats. The Bank also has a comprehensive and robust system in place for disaster recovery that meets industry standards.

Codes of Conduct and employee policies have been developed for all employees and, separately for the Board of Directors. These set out ethical and behavioural requirements with regard to confidentiality and respecting and protecting the privacy of our customers. Employees are required to read and sign the Code of Conduct before joining the Bank.

With regard to customer privacy breaches, we record and monitor all complaints related to breaches of confidentiality.

16 complaints were recorded in 2013, which were all resolved.

5.7 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Areas & Objectives | Timeframe | We Will |
|---|---------------------------------------|--|
| <p>Helping our customers & Respecting our customers by delivering quality and innovation</p> <p><i>To be 'Core' to our chosen customers.</i></p> <p><i>Put our customers at the forefront and do the right things the right way.</i></p> | <p>Short-term (2014)</p> | <p>Engage with our customers through our customer satisfaction survey to identify and meet our customers' needs and expectations.</p> |
| | | <p>Focus on securing sustainable competitive advantage through staff engagement and collaboration to enhance our customer focus and achieve significant progress on customer focus initiatives such as our 'Bring your heart to work' programme.</p> |
| | | <p>Integrate sustainability evaluation into the annual bank wide policy review process and develop a formal Group-wide policy for project financing. This will help us follow the Equator Principles' requirements, as we prepare to become signatories to the Equator Principles.</p> |
| | | <p>Increase financial accessibility for customers by offering a wider range of investment choices.</p> |
| | | <p>Implement our customer complaint management system to record complaints, ensure that we fix things for our customers and avoid repeating the same mistakes.</p> |
| | <p>Medium term (2015-2018)</p> | <p>Increase the number of service ambassadors from 14 to 22 branches to ensure our customers receive a high quality and efficient level of service.</p> |
| | | <p>Continue further development of our customer onboarding project for implementation in 2015, to improve our customers' overall experience with opening new accounts.</p> |





6.0 EMPLOYEES: CARING FOR OUR EMPLOYEES

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.



6.1 INTRODUCTION

| Investing in our people | | | | |
|---|--|--|---|--|
| <p>Number of employees⁹ in the UAE</p> <p>4,477</p>  | <p>Total AED paid in employee salary, benefits and rewards</p> <p>AED 2,187,719 ('000')</p> <p>* staff costs as per 2013 financials</p> | <p>UAE Nationals</p> <p>834 377</p>  | <p>Employee satisfaction</p> <p>69%</p>  | <p>Number of e-learning hours delivered</p> <p>11,952</p>  |

OUR 2013 COMMITMENTS

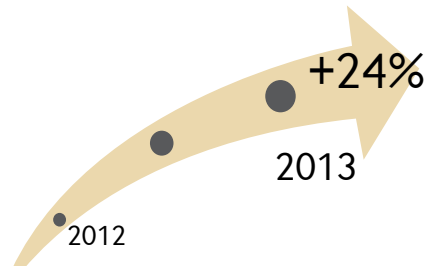
| | | |
|---|--|--------------------------------------|
| Support national talent development through recruitment of 100 net new Emirati employees in 2013. | We faced strong competition in terms of hiring and retaining UAE nationals in 2013, and have developed a more long-term strategic approach to ensure success in Emiratization as a result. | ■ |
| Deliver 10,000 training days via e-learning | 11,952 training hours were delivered, with over 3,500 staff accessing the e-learning programmes. | ✓ |
| Develop annual training programme for sustainability champions and Sustainability Stakeholder Group (SSG) members | 45 sustainability champions undertook basic online CSR training, one regional training event was conducted in Al Ain, five SSG group members attended ADSG training. | ✓ |



⁹ Including trainees and students

OUR SUSTAINABILITY MATURITY IN 2013

We exceeded our maturity target for the year, achieving a relative increase of 24% in maturity, compared to the 2012 baseline level.



Improvements in our sustainability maturity result from:

- ✓ Introduced a number of significant people processes and implemented a flatter, simpler and more flexible structure for our employees to enhance performance;
- ✓ Provided an appropriate severance pay and conducted support workshops for employees affected by the restructuring process;
- ✓ Despite our restructuring, we increased the number of women in the UAE workforce;
- ✓ Conducted our annual employee satisfaction survey, the results of which demonstrated a positive trend;
- ✓ Carried out a fire drill and fire safety training for our Head Office;
- ✓ Collated employee feedback on our medical insurance and agreed relevant upgrades with our service provider;
- ✓ Conducted an internal check and benchmarking exercise to ensure that our fair wages policy was being implemented;
- ✓ Implemented a number of initiatives (including sponsorships and training programmes) to support our Emiratisation strategy;
- ✓ Implemented our paternity leave policy, which was developed in 2012; and
- ✓ Launched a new initiative for external participants to attend our NBAD Academy training programmes and developed an e-learning strategy to deliver training modules internationally.

WHAT IS MATERIAL TO US

In 2013, we underwent a major reorganisation to better align our resources to our business strategies. In support of the new reorganisation, we also introduced a number of significant people processes to address identified gaps in our tools to drive performance.

Our main material issues with regard to our employees include the following:

- Equal opportunities and diversity;
- Human rights and labour practices;
- Employee engagement;
- Health, safety and well-being;
- Job creation and security;
- Emiratisation;
- Employee benefits; and
- Learning and development.

6.2 EQUAL OPPORTUNITIES & DIVERSITY

OUR PEOPLE

Our employee base in the UAE¹¹ decreased marginally by 1.2% in 2013 while our international team increased slightly by 2.7% compared to 2012. The number of students and trainees we sponsored also decreased in 2013. Due to the reorganisation of our resources in 2013, we did not actively recruit sponsored students. Our focus was mainly on the recruitment of trainees.

| | 2012 | 2013 | % Change |
|--|-------|-------|----------|
| International Employees | 1,296 | 1,332 | +2.7% |
| UAE Employees¹⁰ | 4,340 | 4,284 | - 1.2% |
| Total Group Workforce | 5,636 | 5,809 | +3.1% |
| Sponsored students & trainees | 284 | 193 | -32% |

¹⁰ Includes Grades 1-12+

WORKFORCE IN THE UAE IN 2013

| Workforce - UAE | 2012 | 2013 |
|--|-------------|-------------|
| Total workforce (number including trainees and students) | 4,624 | 4,477 |
| Workforce by Gender | | |
| Male workforce (excluding trainees and students) | 2,818 | 2,735 |
| Female workforce (excluding trainees and students) | 1,522 | 1,549 |
| Workforce by Type | | |
| Full-time contract employees | 4,340 | 4,284 |
| Temporary contract employees | 284 | 193 |



OUR DIVERSITY

Nationality

Our diversity increased in 2013, growing from 74 nationalities worldwide in 2012 to 81 nationalities, and from 70 nationalities to 77 in the UAE in 2013. The majority of nationalities (ie over 90 employees per country) represented by our staff in the UAE have been categorised below.

Within the UAE, Emiratis are the most populous nationality, and there is a positive skew toward regional employment with the top 10 nationalities heavily influenced by the Gulf, India and, more widely the MENA region. ►

| Country of Origin | UAE employees |
|----------------------|---------------|
| India | 1,133 |
| United Arab Emirates | 1,211 |
| Egypt | 305 |
| Jordan | 324 |
| Pakistan | 194 |
| Syrian Arab Republic | 138 |
| Palestine | 133 |
| Philippines | 147 |
| Lebanon | 105 |
| Sudan | 91 |
| UK | 125 |

AGE GROUPS

| Age Group | 2012 | 2013 |
|----------------|-------|-------|
| Under 30 years | 1,380 | 891 |
| 31-50 years | 2,519 | 2,917 |
| Over 50 years | 441 | 476 |

WOMEN

| Women | 2011 | 2012 | 2013 |
|--|------|------|------|
| % of total Group workforce | - | 33% | 34% |
| % of total UAE workforce | 35% | 35% | 36% |
| % of senior-level positions in UAE (grade 12+) | 7% | 8% | 6.5% |
| % of middle-management positions in UAE (9-11) | 24% | 24% | 26% |
| % of Branch Managers (Global) | - | 35% | 37% |
| % of Branch Managers (UAE Only) | 51% | 51% | 51% |

Despite the restructuring process in 2013, the number of women in the UAE workforce increased by 27. The percentage of women representing the total UAE workforce, therefore, increased to 36%.

There was a slight decrease in the representation of women in senior positions from 8% to 6.5%. The percentage of female Branch managers in the UAE remained at 51%, with 4 female Branch managers located internationally, and 43 female Branch managers located in the UAE.

The number of employees under 30 years has decreased in 2013, compared to 2012. The number of employees within the age group 31-50 and over 50 years has increased.

Detailed people numbers, including our international workforce, can be found in Appendices C-1 and C-2. The definitions of our performance indicators are included in Appendix C-3. A glossary of terms can be referred to in Appendix D.

6.3 HUMAN RIGHTS

HUMAN RIGHTS

As a leading bank, and in terms of our strategy to become an employer of choice, NBAD is committed to provide equal opportunities and fair practices when it comes to people management. We aim to recruit a professional, qualified, skilled and diverse workforce that meets our organisational needs regardless of gender,

nationality, religion, colour, cultural/ social background, age, languages, ethnicity, social affiliations, or other classifications. We reject discrimination of all types.

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 raise and share their concerns

or feedback through employee engagement channels such as the Global People Survey, town halls, and internal business partners or through our whistleblowing facility for compliance-related issues.

There have been zero (0) complaints of human rights related incidents recorded through our whistleblowing system during 2013 at NBAD.

6.4 EMPLOYEE ENGAGEMENT

EMPLOYEE ENGAGEMENT

One of the key strategic drivers of the NBAD vision is employee engagement. Employee engagement indicators are obtained from our annual Global People Survey (GPS). This is an important channel by which we engage with our employees, to enable them to share their thoughts, raise their concerns and

highlight the potential areas of improvements in terms of people management practices. For UAE specifically, 72% of employees engaged in the survey.

RESULTS OF THE SURVEY

Our staff engagement level is in line with the global average and there is a positive trend with regard to the majority of the

constituent questions. The key message that has emerged out of the survey across the three years, relates to the strong brand allegiance and loyalty that employees experience in working for our organisation.

NBAD RESULTS OF EMPLOYEE ENGAGEMENT (UAE)

| Engagement | 2013 Global Norm | 2011 | 2012 | 2013 |
|--|---------------------|------|------|------|
| Overall employee engagement | 76% | 74% | 74% | 72% |
| I rarely think about looking for a new job with another company. | 63% | 55% | 55% | 55% |
| I would personally recommend NBAD as a great place to work to my friends and family. | 77% | 78% | 77% | 75% |
| Overall, I am extremely satisfied with NBAD as a place to work. | 79% | 73% | 75% | 72% |
| I am proud to work for NBAD. | 84% | 89% | 87% | 86% |

6.5 HEALTH, SAFETY & WELL-BEING

EMPLOYEE HEALTH

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

Employees were asked to give feedback on our medical insurance, both service standards and inclusions. In response, upgrades were agreed including preventative services such as dental and general health checkups.

We were unable to launch a full Strategic Health and Wellbeing Strategy or an official committee to support it in 2013. In 2014, we will meet with the Abu Dhabi Health Authority (HAAD) to reactivate the partnership with regards to the Weqaya Wellness Programme.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

Occupational Health and Safety (OH&S) has been a priority commitment since 2010. The Bank has put in plans in the event of a fire at any of the Head Office buildings and has provided appropriate training to Fire wardens. There are at least two Fire Wardens on each floor in the Head Office, who officiate during the annual fire safety drills, along with appointed first aid responders.

In 2013, our appointed fire wardens were provided with appropriate training by the NBAD Academy. Seven training courses were completed in the UAE region and we obtained fire warden certificates for 105 employees out of 205 staff members. A fire drill for our Head Office was also conducted with Civil Defence in 2013.

Safety inspections were also carried out for incidents that were reported to the OH&S division.

Total number of sick days in 2013

10,297 days

Average number of sick days/employee in 2013

1.832 days

A total of 19 incidents were reported, which were all investigated and closed out.

6.6 JOB CREATION & SECURITY

OUR REORGANISATION IN 2013

NEW PEOPLE PROCESSES

In 2013, NBAD Group underwent a major reorganisation to better align our resources to the business strategies. In support of the new reorganisation, we also introduced a numbers of significant people processes to address identified gaps in our tools to drive performance. Overall, we have implemented a flatter, simpler and more flexible structure for our employees.

New People processes:

- ✓ Introduction of new pay benchmarks to enable greater pay equity in terms of rewards;
- ✓ Elimination of grade-based reward mechanisms;
- ✓ Elimination of promotion and pay review cycles in the case of exceptional staff performance;
- ✓ Introduction of performance calibration to further differentiate performance levels, as well as incorporate a comparative assessment across teams; and
- ✓ Reward decision makers are required to look at the overall performance of the Bank as well as departmental performance, before making decisions on the divisional bonus pool.

EMPLOYEE TURNOVER RATE

Reflecting the changes due to the reorganisation of the Bank, in the UAE a total number of 512 employees were hired and a total number of 568 employees left the Bank. The employee turnover (leavers/joiners ratio) was 1.06% in the UAE.

Total number of men hired = **279**

Total number of women hired = **233**

Total number of men who left the Bank = **367**

Total number of women who left the Bank = **201**

4% of staff resigned to explore different career opportunities

1% of staff retired

Less than **2%** of staff were made redundant globally

| Total number of new employee hired | |
|---|-------------|
| | 2013 |
| Under 30 years | 212 |
| 31-50 years | 282 |
| Over 50 years | 18 |

| Percentage Employee Turnover (leavers/joiners ratio) in UAE | | | |
|--|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 |

| | | | |
|-------------------------------|---|---|------|
| Turnover of all employees (%) | - | - | 1.06 |
|-------------------------------|---|---|------|

| Turnover by Gender (UAE) | | | |
|---------------------------------|--|--|--|
|---------------------------------|--|--|--|

| | | | |
|----------------------------------|------|------|------|
| Turnover of female employees (%) | 0.43 | 0.68 | 0.83 |
|----------------------------------|------|------|------|

| | | | |
|--------------------------------|-----|------|------|
| Turnover of male employees (%) | .07 | 0.82 | 1.18 |
|--------------------------------|-----|------|------|

We provided appropriate severance pay to the affected employees, and also provided workshops and support from outplacement consultants to those affected by the restructuring. The workshops helped to provide an environment where attendees were able to share their experiences, build their confidence and cultivate a positive attitude towards

moving forward in their careers. The workshops also equipped attendees with the tools to help them search for alternative employment opportunities in the market.

Believing that 'everyone is talented', we will start to see more focus during 2014 on evolving our culture, to help our employees to take more responsibility for their own

career as we align to our new broad banding model. This will help people to progress in their careers and will start to create internal mobility. Meanwhile, our strategy for 2018 will create new opportunities to meet demands of our chosen customers.

EMIRATISATION AT NBAD



2013 Actual Emiratisation % = **35%**

2014 Target for Emiratisation = **100** net new Emiratis hired annually

Unlike other countries, the indigenous population in the UAE is the minority. The UAE Government, is therefore keen to enhance employment opportunities for UAE Nationals. This remains an important focus of the Abu Dhabi 2030 vision.

NBAD is committed to the professional development of Emiratis as one of our key strategies aligned to the Abu

Dhabi Vision 2030. We are also committed to building a highly skilled, highly productive and sustainable workforce for the UAE.

A key strategic objective in terms of Emiratisation is to become “the employer of choice for UAE Nationals”. We offer high potential UAE Nationals the opportunity for career progression through a talent management unit,

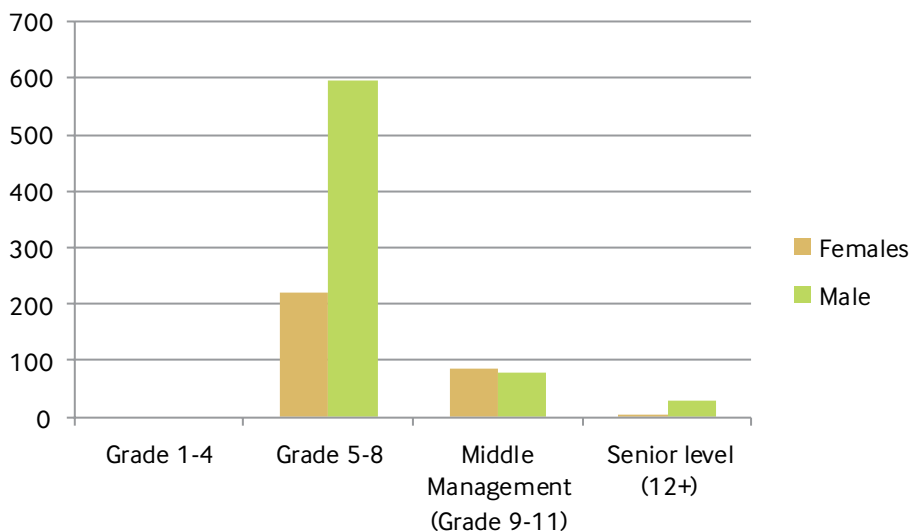
which looks after developing and retaining UAE National talents. In the UAE, 23% of senior management and 19% of middle management are Emirati.

We have an integrated approach to the our Emiratisation strategy, which is measured and monitored in our Group Balanced Score Card.

Total Number of UAE Nationals in the Workforce

| Emiratisation | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------|-------|-------|-------|-------|-------|
| No. of UAEN in the workforce | 686 | 779 | 965 | 1,030 | 1,018 |
| No. of UAEN in training | 364 | 460 | 337 | 284 | 193 |
| Total UAEN in Bank | 1,050 | 1,239 | 1,302 | 1,314 | 1,211 |

Distribution of UAE Nationals according to Career levels



UAE Nationals who left During 2013

| Employment Category | Female - UAE National | Male - UAE National |
|-------------------------------------|-----------------------|---------------------|
| AFAQ training programme (graduates) | 31 | 6 |
| Sponsored Trainees | 30 | 16 |
| UAE National : Staff | 73 | 35 |
| Total | 134 | 57 |

UAE Nationals Hired During 2013

| Employment Category | Female - UAE National | Male - UAE National |
|--|-----------------------|---------------------|
| AFAQ training programme (graduates) | 8 | 4 |
| AlBedayah training programme (graduates) | 2 | 3 |
| Sadara training programme (graduates) | 3 | 1 |
| Sponsored Trainees | 77 | 32 |
| UAE National : Staff | 102 | 78 |
| Total | 192 | 118 |

In 2013, there were a number of initiatives taken by the Bank to support Emiratisation.

| We Said | We Have |
|--|---|
| <p>We would continue to support national talent development through recruitment of 100 net new Emirati employees</p> | <p>In 2013, we achieved the following:</p> <ul style="list-style-type: none"> ✓ Launched the Dr. Jauan Al Dhaheri Scholarship in October 2014 in partnership with INSEAD Global Executive MBA Program, enabling one UAE national to participate in INSEAD’s programme each year. ✓ Appointed 57 AFAQ UAE National Trainee graduates with full Masters degrees in Finance from Zayed University. ✓ Introduced international secondments and assignments for high potential UAE nationals. ✓ Sponsored over 100 UAE National interns. ✓ Signed the agreement of ABSHER initiative with Presidential Affairs to create jobs for Emiratis. ✓ Signed the MOU with Tawteen council for the ‘AIMasar sponsorship programme’ to sponsor Emirati students during their studies at the Universities. ✓ Introduced a new Al Sadara Graduate ‘Emiratisation at NBAD’ programme for enablement career roles with full Masters in management of International Business from Zayed University. ✓ Participated in three major career fairs (Abu Dhabi, Dubai and Sharjah) plus numerous local career events in HCT and local Universities. ✓ Participated successfully in an international Career fairs in the United States (Washington) and the United Kingdom (London) for UAE Nationals who are studying abroad. |

OUR LONG TERM EMPLOYEE SERVICE AWARDS

We hold an annual event celebrating employees who have reached service milestones of 15, 25 and 35 years with NBAD. This

remarkable event celebrates the successful retention plans and efforts to develop and invest in employees.

In 2013, NBAD recognised a total of 2,215 years of service from 109 NBAD employees.

21 employees celebrated 35 years of success with NBAD, 16 employees celebrated 25 years and 72 members of staff completed 15 years of experience with NBAD.

6.7 EMPLOYEE BENEFITS



PERFORMANCE MANAGEMENT

A key finding from our Global People Survey (conducted since 2011), is that our employees want to see more transparency with 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 access the Strategy Map of the Bank. This meant they could link their personal objectives to a specific area of the Group Strategy and therefore their divisional balanced scorecard.

In late 2013, we introduced a new performance management system, whereby the balanced scorecard for all levels of management could be shared

to promote further alignment, even across geographical locations.

The direct link we provided between individual performance and the Bank's strategy helps employees to understand their purpose and value for the success of the organisation.

OUR 'EMPLOYER OF CHOICE' APPROACH

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.

All employees of the organisation are covered by generous benefits policies. These benefit policies are reviewed periodically and assessed for improvement against world class practices.

Some of the people policies that are unique to NBAD include:

- Provision of early retirement on health grounds;
- Six months critical illness paid leave;
- Paternity leave;
- One of the best medical insurance schemes in the industry; and
- Provision of long term study leave with sponsorship.

Staff are also recognised and rewarded for their performance through a bonus structure as well as through special product-related incentives.

We conduct annual employee surveys on the staff medical insurance scheme in order to gain valuable feedback and help NBAD in negotiating the next contract terms with the providers.

PARENTAL LEAVE

In 2012, we introduced a paternity leave policy at NBAD according to which, five working days were granted to our male employees for paternity leave. This policy was implemented in 2013. The total number of employees who took parental leave in 2013 was 31.

Number of employees who took parental leave in 2013

| 2013 | Male | Female |
|---|------|--------|
| Total number of employees who took parental leave | 19 | 12 |
| Total number of employees who returned to work | 19 | 12 |
| Total number of employees who after returning to work were employed 12 months after | 2 | 2 |

FAIR WAGES



We benchmark our total compensation packages against the upper quartile of the pay market. Our 'Pay for Performance' reward strategy does not consider gender, nationality or age when determining the basic salary of our employees.

Since 2011, we have carried out checks to determine whether our policy is being

implemented, by comparing the basic salary of men and women across two specific job roles, held by about 10% of our UAE employees.

In 2012, we identified 13 directly comparable job roles in grades 5 to 8, which are represented by approximately 30% (1,241) of our employees in the UAE.

| Ratio of wages – Men : Women | |
|------------------------------|-----------|
| 2011 | 0.976 : 1 |
| 2012 | 0.984 : 1 |
| 2013 | 0.966 : 1 |

In 2013, we undertook a wage comparison for a total of 1,734 men and women in 18 job roles. We found that the ratio follows a similar trend for each year.

OVERTIME POLICY

We ensure that our working hours and conditions comply with the local laws and regulations of labour practices. We also ensure that we provide incentives and rewards for employees with regard to additional working hours and overtime.

The amendment and enhancement of our overtime policy in 2013 ensures that when working overtime is absolutely necessary, employees in specific job roles are financially compensated and rewarded for their time and efforts.

GRIEVANCES

Employees have direct access to grievance mechanisms by contacting the Human Resources (HR) business partners and/or a direct communication with management. We do not have a formal recording system for grievances, however, we have an 'open door' policy, and resolve any employee grievances informally.

6.8 LEARNING & DEVELOPMENT



NBAD Academy

We are committed to providing support for the learning, education and growth of our people. As such we continued to invest significant resources in our learning and development activities. We provide training programmes through our NBAD Academy, as well as through external institutions, including world renowned business schools and leading universities in UAE.

Good Practice: NBAD Academy

Launched in October 2009 and strategically located in Abu Dhabi, the NBAD Academy is a purpose-built facility delivering Learning & Development programmes for all NBAD colleagues.

With facilities in Abu Dhabi, Dubai and Egypt, the NBAD Academy supports our people in delivering learning and development courses and supporting their individual performance in a variety of innovative and leading edge ways. Training in other overseas regions is handled through local service providers and the NBAD e-learning facility.

Our NBAD Academy continuously reviews the quality of its courses and the service providers, as well as the training needs of staff to ensure that it supports the growth and development of the bank's future leaders.

In 2013, NBAD Academy launched several initiatives, including commercial services for external participants to attend NBAD Academy programmes, leadership programmes delivered internationally across five offices, and an e-learning strategy to deliver learning solutions internationally (over 600 hours of technical e-learning programmes).

Total Training Delivered (days)

26,190

Average Training per employee (days)¹²

7.27

Number of employees trained

3,603

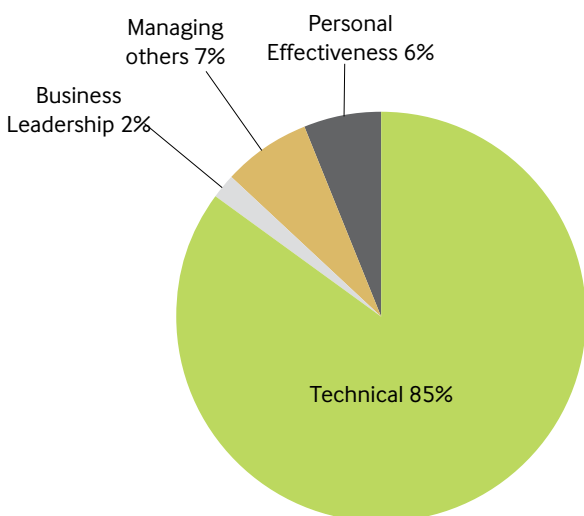
Average training per employee (hours)

50.93

Number of e-learning training hours delivered to over 3,500 employees

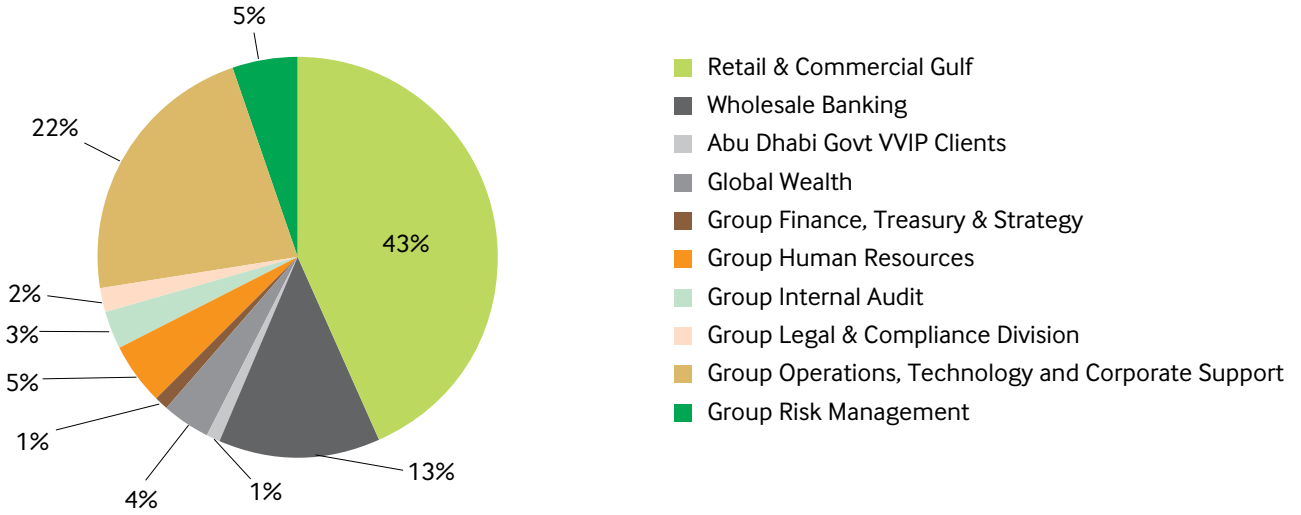
11,952

Percentage Distribution of Training Days by Competency



¹² Average training hours/days are calculated based on number of people trained, not total employee numbers.

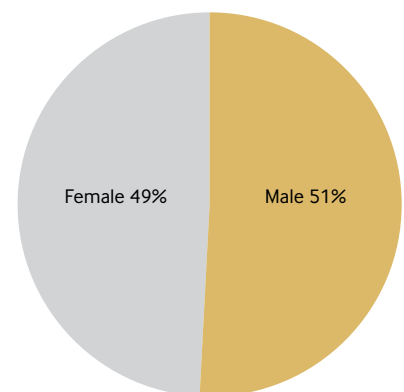
Training Days by Division



Distribution of Employee Training Days by Gender

| Gender | Total Number of Days | Number of Attendees | Average Number of days |
|--------|----------------------|---------------------|------------------------|
| Female | 12,760 | 1,423 | 9 |
| Male | 13,430 | 2,180 | 6.2 |

UAE National Training Days Gender Distribution



LEARNING & DEVELOPMENT FOR UAE NATIONALS

TRAINING PROGRAMMES FOR UAE NATIONALS



AFAQ Graduation Ceremony 2013

TRAINING PROGRAMMES FOR UAE NATIONALS

Integral to sustainability is our commitment to identify and nurture the talent of Emiratis as the next generation of leaders in the UAE. We are always on the lookout for talented Nationals who are interested in pursuing a career in the banking and financial sector.

In addition to outstanding opportunities for personal and professional growth, we also offer five world class education programmes at the NBAD Academy specifically for Emiratis:

AFAQ for Finance Graduates

Our Flagship Management Trainee Programme fast tracks talented finance graduates into leadership roles. Through AFAQ, graduates have the opportunity to combine an internationally accredited post-graduate Masters degree in Finance with work experience.

AL SADARA for Non-Finance Graduates

Graduate Development Trainee Programme: This programme gives non-finance graduates the opportunity to complete a Masters in International Business along with work experience. ►

TOMOUH for Undergraduates wishing to study abroad

This programme offers undergraduate students the opportunity for full time study abroad followed by guaranteed work placement through sponsored internship. Students also have the opportunity to join AFAQ or Al Sadara on completion of their undergraduate studies.

MUSTAQBALI for Undergraduates wishing to study in the UAE

This offers undergraduates the scope of full time local study with an internship. It also includes the opportunity to join AFAQ or Al Sadara on completion of their undergraduate studies.

High School Graduates**AL BEDAYA for High School Graduates and Diploma Holders**

This is a first-step Trainee Programme ,which provides internationally recognised certification to those who wish to follow a structured career path in the financial services industry.

We believe that by enhancing the capabilities of our people today, we are transforming ourselves for a better, brighter tomorrow.

For further information visit 'Careers' at www.nbad.com

Case Study: 2041- A leadership journey to Antarctica

In 2013 four Emirati male 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 organizes trips to Antarctica annually. 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, our participants 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. In addition to gaining environmental knowledge and sustainable practices, the expedition is designed to develop personal and leadership skills.

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

Yasmin al Jawadri,

Compliance



Good Practice:

INMA (DEVELOPMENT CENTER FOR UAE NATIONALS)

As part of the Emiratization Strategy, at the end of 2012, NBAD Academy partnered with Abu Dhabi University Knowledge Group to run the INMA programme for UAE Nationals talent. The same initiative continued in 2013. Nominated participants were actively involved in learning about their own behaviour as part of their professional development. During the programme participants:

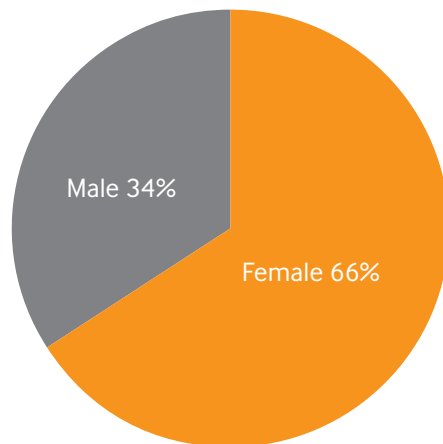
- Identified their relevant strengths and areas to develop;
- Gained an insight with regard to their career trajectory.

In 2013, a total of 32 sessions were arranged and 202 UAE Nationals participated in the programme.

TRAINING DAYS ATTENDED BY UAE NATIONALS

| UAE Nationals Gender | Total Number of Days | Number of Attendees | Average Number of days |
|----------------------|----------------------|---------------------|------------------------|
| Female | 4,906 | 716 | 6.8 |
| Male | 9,448 | 345 | 27.4 |

UAE National Training Days Gender Distribution



6.9 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.


| Sustainability Focus Areas & Objectives | Timeframe | We Will |
|---|--------------------------------|--|
| <p>Caring for our employees</p> <p><i>To be an employer of choice and develop world class talent.</i></p> <p><i>To listen to our employees and encourage innovation.</i></p> | Short-term (2014) | Seek feedback from employees on NBAD as an employer through our employee satisfaction survey, to highlight potential areas of improvement in terms of our people management practices. |
| | | Launch the sustainability awareness e-learning module for NBAD staff to instill the principles of sustainable behaviour within the culture of our organisation. |
| | | Provide training and career development opportunities to support the learning, education and growth of our people. |
| | | Contribute to the Abu Dhabi 2030 Vision for Emiratisation by providing 100 net new jobs for Emiratis annually (ongoing commitment). |
| | Medium term (2015-2018) | Provide 100 net new jobs for Emiratis annually to support the Abu Dhabi 2030 Vision for Emiratisation. (ongoing commitment). |
| | Long-term (2018-beyond) | Provide 100 net new jobs for Emiratis annually to support the Abu Dhabi 2030 Vision for Emiratisation. (ongoing commitment). |
| | | Provide certified training for 300 professional bankers under the Professional Bankers Project, to build a pipeline of professional individuals with the ability to meet our new strategy. New recruits will also be part of this group, providing employment opportunities for talented individuals. |
| | | Provide certified training for 300 professional bankers under the Professional Bankers Project, to build a pipeline of professional individuals with the ability to meet the Groups Strategy. New recruits will also be part of this group, providing employment opportunities for talented individuals. |
| | | Undertake responsible marketing and communications training for relevant staff to provide an understanding of the relevance of sustainability within their area of business. |
| | | |

7.0 SUPPLIERS: SUPPORTING OUR SUPPLIERS



7.1 INTRODUCTION

OUR 2013 COMMITMENTS

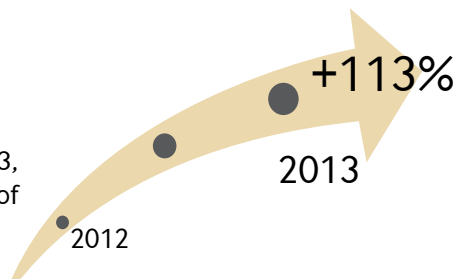
| | |
|--|---|
| Incorporate sustainability factors into standard procurement policies. | Sustainability is included in the procurement policy and forms part of the RFP process.  |
|--|---|

 Achieved

OUR SUSTAINABILITY MATURITY IN 2013

We exceeded our maturity target for this year, achieving a relative increase of over 100% (113%) in maturity, compared to the 2012 baseline level.

We achieved an overall maturity improvement of 25.6 per cent in 2013, a relative improvement of 26.73 percent, mainly due to the inclusion of sustainability factors within our procurement policy and processes.



Improvements in our sustainability maturity result from:

- ✓ Development of our new Procurement and Commercial Management department to centralise our procurement activities;
- ✓ Development of a formal procurement policy, within which sustainability factors were embedded;
- ✓ Standardised and centralised our procurement procedures and implemented the Oracle procurement management system;
- ✓ Undertaking sustainable retrofit of our offices and branches; and
- ✓ Continued our support of local suppliers through procurement of products and services from locally-based suppliers.

WHAT IS MATERIAL TO US

The main material issues for this section include the following:

- Responsible procurement; and
- Supporting suppliers (local suppliers, payment of bills).

7.2 RESPONSIBLE PROCUREMENT

THE NEED FOR A CENTRAL PROCUREMENT SYSTEM

Until the end of 2012, the responsibility for corporate purchasing was split across the Bank, with individual departments owning different sections of the procurement process.

Our Human Resources Group (HRG) for instance, was responsible for business travel, while our Corporate Communications Department (CCD) had primary control over the marketing budget. The Administration Department had also been involved in various aspects of corporate purchasing since the Bank was inaugurated, and had built long-term partnerships with suppliers over many years.

As a result of receiving a number of non-conformances during internal and external audits, due to a lack of transparency and control, a decision was taken by our Executive Committee (EXCO) in 2012, to centralise our Procurement system and ensure that appropriate controls were in place to minimise the risks involved.

OUR PROCUREMENT & COMMERCIAL MANAGEMENT DEPARTMENT

At the end of 2012, a new Procurement and Commercial Management department was formed in order to develop and implement the Procurement system. Its main objective was to centralise our procurement activities and develop clear and transparent policies and procedures, within which sustainability factors were embedded.

The procurement teams in different departments were integrated within our new department, and we began the process of developing a Group-wide policy for all types of procurement. The new Department is structured with four divisions - Supplier Relationship Management, Strategic Sourcing, Transactional Procurement and Procure-to-Pay systems and operations.

The launch of the Procurement & Commercial Management department signified a major step forward in the management of our suppliers and partners, and ensured

that global best practice was imbedded in the procurement function process, covering the following:

- On-boarding suppliers;
- Commercial negotiations (to ensure the best value for the Bank); and
- Annual supplier evaluation.

The procurement team participates with the Abu Dhabi Sustainability Group's (ADSG) Procurement committee annually, and has a common goal to become more sustainable.

OUR PROCUREMENT POLICY

A formal Procurement Policy was developed in late 2012. During this year, we incorporated the principles of sustainability into the new Group Procurement & Commercial Management policy, covering topics such as environmental responsibility, human rights, equal opportunity, diversity, impacts on society, ethics and ethical trading, biodiversity and community involvement.

Good Practice: Sustainable Retrofit of our Offices

Since early 2013, we have been carrying out retrofits of our offices and branches using sustainable materials in line with Estidama Pearl II/LEED Silver guidelines. During this year, approximately 10 branches and offices were refurbished in this way.

Our office furniture (desks and chairs) and carpets are made from up to 90% recyclable materials. We are in the process of purchasing LED lighting which conforms to the Estidama Pearl 2 requirements.

In 2014, we aim to carry out refurbishments of approximately 115 branches and cash offices based on Estidama Pearl 2/LEED silver guidelines.

Extract from our Procurement Policy

P & CM shall function as a major agent in the translation of NBAD's Corporate Sustainability Policy into action and ensure that it is fully represented in the formulation of such policy. The areas of Corporate Sustainability policies that are relevant to the supply chain may include some or all of the following:

- Environmental responsibility;
- Human rights;
- Equal opportunities;
- Diversity;
- Sustainability;
- Impact on society;
- Ethics and ethical trading;
- Biodiversity;
- Community involvement and
- Support Local Communities and Businesses where possible.”

Case Study: The Oracle System for Procurement

Why the System was needed

Prior to our procurement system being centralised, we had a lack of flexibility, control and transparency in our procurement processes. We needed a formal system in place to ensure we had a complete audit trail of our expenditure.

We chose Oracle as our procurement management system, to help track, control and facilitate transparency in our purchasing processes. The implementation of the system began in June 2013, and was completed within the next six months.

With a single control point for purchasing, we had more visibility and control of our purchasing activities. As we developed our electronic tracking system, we targeted the elimination of paper usage from all our processes by the end of 2013.

Benefits of the Oracle System

- Ensured mandatory centralisation of all purchasing activities;
- Led to full traceability of our purchases, as we can track all activities from purchase to payment, including justification of all purchases;
- Enabled standardised and automated accounting and approval processes within the procurement system;
- Eliminated use of paper completely internally, and we are now educating our vendors to move away from paper-related processes;
- The approval hierarchy was standardised and systemised;
- Vendors were able to participate online in our RFP process, further reducing paper usage;
- Full reporting was available at varying stages of procurement - from pre-commitment, post-commitment and post-payment stages;

- Each stage (requisition, purchase order, invoice and payment stages) had an approval process electronically and was traceable; and
- Ensured supplier onboarding and registration via Supplier Life Cycle management.

Challenges We Faced

- The change management process during which our procedures and processes were standardised proved difficult and complex;
- We faced a level of resistance internally, as staff was reluctant to adapt to the new changes in the procurement process; and
- We faced a very tight deadline of six months for implementation of the system.

MOVING FORWARD IN 2014 – OUR 'PROCURE TO PAY' CYCLE

In 2013, we focussed more on the 'procure' element of our system including processes such as requisition, purchase order, standardisation of procedures and automated approval, leading to appropriate categorisation and control of our expenditure.

Next year, our objective is to extend our system's transparency and controls to the 'pay' element, which would enable a fully controlled and automated 'procure to pay' cycle. We will then have full control of payment through purchase orders and invoices and will be able to standardise our payment schedules.

We will establish a Supplier Relationship Management (SRM) unit in 2014. This unit will be responsible for developing mutually beneficial relationships with NBAD strategic suppliers. The unit will also be responsible for implementing joint projects with suppliers that will provide an added value and lowest Total Cost of Ownership (TCO) to both the organisations.

We do not currently have an updated list of vendors as we are currently updating the vendor data base. In 2014, we will ensure that data for our supplier onboarding system will be available. We will also aim to have a fully automated supplier life cycle management system,

which will categorise, record, analyse and assess our vendors accordingly. Moreover, we will introduce necessary KPIs and balance scorecards to ensure efficiency and effectiveness are maintained.

We will undertake annual reviews of each supplier, which will involve a due diligence process. The sustainability criteria included in our procurement policy will be covered in this process. The information obtained through this process will feed into our purchasing modules and selection criteria, and will ultimately influence our supplier selection.

7.3 SUPPORTING SUPPLIERS

WE SUPPORT LOCAL SUPPLIERS

We have standardised our purchase of IT, stationery, and furniture through local suppliers (ie those suppliers who are registered in the UAE). Although the majority of our suppliers are locally based, it is currently difficult to provide details and calculate the amount we spend

on these suppliers as we are still updating the vendor details in the new Oracle system.

We will be able to report on our expenditure on local suppliers by the end of 2014, once our vendor data base is updated.

We will work with strategic suppliers in a socially responsible and ethical manner

and will continuously seek to improve the ways in which our business is conducted. Our aim is to care for our suppliers that have proven efficiency and commitment to our values, vision and mission, and develop them so that they are able to provide us with differentiators.

7.4 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Area & Objectives | Timeframe | We Will |
|--|---------------------------------------|---|
| <p>Supporting our Suppliers by developing outstanding relationships</p> <p><i>Develop two-way, mutually beneficial relationships with strategic supply partners</i></p> <p><i>To be recognised as the customer of choice</i></p> <p><i>Strategically position critical suppliers to share NBAD values and commitments (Win-Win)</i></p> | <p>Short-term (2014)</p> | <p>Extend our management system’s transparency and implement controls to enable a fully controlled and automated “Procure-to-Pay” process.</p> |
| | | <p>Undertake annual reviews and due diligence of vendors using sustainability criteria in order to engage responsible suppliers.</p> |
| | | <p>Establish our Supplier Relationship Management (SRM) strategy and process with sufficient key performance indicators (KPI’s) to measure efficiency and effectiveness.</p> |
| | | <p>Ensure that our supplier onboarding system is implemented and our vendor data base is updated in order to report on our expenditure on local suppliers by end 2014.</p> |
| | <p>Medium term (2015-2018)</p> | <p>Identify and address any further gaps in our ‘Procure to Pay’ system and manage our due diligence process more stringently in relation to sustainability criteria.</p> |
| | | <p>Commence implementation of our Procurement Selection Criteria of suppliers by reviewing the suitability and sustainability of our vendors (in accordance with our Procurement Policy) and undertaking automated background checks.</p> |

8.0 COMMUNITY: HELPING OUR COMMUNITIES




Policy:

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



8.1 INTRODUCTION

OUR 2013 COMMITMENTS

| | | |
|--|---|---|
| <p>Begin quantitative measurement of the Bank's financial value to Abu Dhabi</p> | <p>Unable to undertake in-house, but have contributed to a new report to be published by AD SG in 2014.</p> |  |
| <p>Open offices in 3 new international locations.</p> | <p>Plans had changed with new strategy and organisation. We have opened a representative office in Brazil in alignment with new business focus.</p> |  |
| <p>Maintain an average return of 20% on shareholder funds</p> | <p>We no longer report on this financial metric.</p> |  |

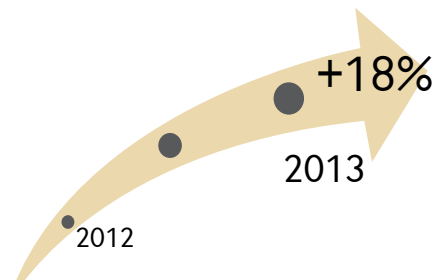
 In progress

 Stopped

OUR SUSTAINABILITY MATURITY IN 2013

We have achieved a relative increase of 18% in maturity in 2013, compared to the 2012 baseline level, exceeding our maturity target for the year.

By developing cross-sector partnerships we believe that we will achieve greater impact and success than by working alone. We have been working in collaboration with a number of organisations, including the Abu Dhabi Department of Transport (DoT), UAE Banks Federation, Abu Dhabi Sustainability Group (ADSG), Emirates Wildlife Society (EWS-WWF), Etihad Airways and the Dubai Sustainability Network.



Improvements in our sustainability maturity result from:

- ✓ Ongoing collaboration with the Abu Dhabi Department of Transport (DoT) to pilot a number of the schemes supporting the Abu Dhabi Transport Mobility Management Plan (TMM), including the employee 'park and ride' and car sharing schemes;
- ✓ Ongoing partnership with the Emirates Foundation for Youth Development involving the development of a nationwide financial literacy programme;
- ✓ Continuing membership of the Global Banking Alliance (GBA) for Women;
- ✓ As a member of the UAE Banks Federation, we contributed significantly to the development of the Code of Conduct for the banking industry;
- ✓ Participated in a number of activities organised by the Abu Dhabi Sustainability Group (ADSG);
- ✓ Applied for the Dubai Chamber CSR Label Award and was one of 13 organisations to be awarded the Dubai Chamber CSR Label;
- ✓ Conducted our annual blood donation drives;
- ✓ Continued our support of the Sheikh Khalifa Enterprise Fund;
- ✓ Continued our financial support for the community through commercial sponsorships and community investments; and
- ✓ Organised recreational and social events for our employees and their families.

WHAT IS MATERIAL TO US

The main material issues for this section include the following:

- Economic value and contribution;
- Collaborations and partnerships; and
- Donations, charity and sponsorships.

8.2 ECONOMIC VALUE & CONTRIBUTION

By considering the sustainability triple-bottom line (People, Profit, Planet) in our banking operations, we ensure the sustainable growth and positive economic contributions of our business. We are committed to generate the positive value of our business to benefit the different stakeholders groups impacted by our operations. Our objective is to ensure the diversification of our generated and distributed economic contributions.

NBAD's Economic Contributions in 2012 & 2013

| | | % change | 2012 | 2013 |
|-------------------|--|-------------|-------------------------------|-----------------------|
| Value Generated | Revenues (total operating income) (AED '000s) | 8.4% | 8,668,389 | 9,397,988 |
| | Global Net Profits (AED '000s) | 9.3% | 4,332,228 | 4,733,125 |
| | Total (AED '000s) | 8.7% | 13,000,617 | 14,131,113 |
| Value Distributed | Employee compensation (Salary, benefits and rewards) (AED '000s) | 12.9% | 1,937,666 | 2,187,719 |
| | To Providers of Capital (dividends & payments on other capital instruments) (AED '000s) | 22.1% | 1,599,504 | 1,952,848 |
| | Donations & Community Investments (AED '000s) | 17.1% | 36,877 | 43,198 |
| | Payments to Government (taxes) (AED '000s) | 67% | 131,961 | 220,324 |
| | Suppliers (payments of purchases) (AED '000s) | - | NA ¹³ | 929,726 ¹⁴ |
| | Total (AED '000s) | - | 3,706,008¹⁵ | 5,333,815 |

¹³ 2012 figures are not available as we started recording and reporting this data in 2013.

¹⁴ Approximate total amount.

¹⁵ The total amount does not include payments to suppliers.

8.3 COLLABORATIONS & PARTNERSHIPS

UAE BANKS FEDERATION

We are an active participant in the activities of the UAE Banks Federation (UBF), which seeks to promote the interests of the banking industry in the UAE. We are members of several specialised committees including HR, retail and corporate, legal and compliance.

As outlined in Chapter 4.0, in 2013 we contributed significantly to the development of UBF's "Code of Conduct" for the banking industry in UAE. The objective of this project is to promote collaboration between banks, with the aim of delivering the highest quality of customer service standards. The "Code of Conduct" will be approved and ratified in 2014.

ABU DHABI SUSTAINABILITY GROUP (ADSG)

The Abu Dhabi Sustainability Group (ADSG) is a multi-stakeholder membership organisation that was established in 2008. The aim of ADSG is to promote sustainability management in Abu

Dhabi by providing knowledge sharing and capacity building opportunities for government, private and non-profit organisations.

As members of the ADSG, we participated in a number of activities to demonstrate our support for ADSG:

- Continued to support ADSG on the Advisory Board;
- We were re-elected to join the ADSG Facilitation and Coordination Committee;
- Worked on the development of the ADSG strategy and continued to align NBAD activities with ADSG and Abu Dhabi's 2030 Economic Vision; and
- Continued to provide 'in kind' support to ADSG through the NBAD Academy, with the provision of training facilities and services to support the ADSG capacity building programmes.

EMIRATES FOUNDATION FOR YOUTH DEVELOPMENT

We have signed a Memorandum of Understanding (MoU) and partnered with the Emirates Foundation for Youth Development to address the national need for financial literacy and money management education. This is to ensure that the younger generation are educated with regard to personal finance management. Issues such as how to save, invest and spend wisely are addressed. It is a nation-wide programme targeting students and employees within an age group of 15-30 years.

We provided training facilities for the ADSG support workshops and capacity building programmes over

12 days, for **42** attendees, out of which **5** were SSG members.

Case Study: "Esref Sah!" Programme

In 2013, Emirates Foundation launched their nationwide programme on financial literacy for youth - Esref Sah. ("Spend Wisely").

"The Esref Sah programme intends to build a national programme that addresses challenges facing young people in relation to managing their personal finances and notably, debt. Research has shown that young people around the world and particularly in the UAE, often struggle to manage the wide array of sources of debt and often do not have sufficient Esref Sah to manage their future asset base."

- Emirates Foundation for Youth Development (EFYD).

Objectives of the Programme include:

- Provide awareness on financial education and understanding of financial topics (for eg. borrowing, saving, spending, investing);
- Provide guidance on the negative impacts of financial mismanagement; and
- Stabilise and sustain the financial position of youth, and their families.

We worked with Emirates Foundation during 2013 to create a Financial Literacy programme to support the UAE community. Seven of our staff was trained as financial literacy leaders.

We plan to build from this base of seven employees to build a team of internal coaches to support the development of a 'financially-fit' workforce, and expand our external contribution towards raising levels of financial literacy across different segments of the community.

This campaign also supports our direction in undertaking responsible selling and marketing of products and services.



The EFYD honoured its Strategic Partners and participants at the Recognition Day Event. His Highness Sheikh Abdullah Bin Zayed Al Nahyan, Minister of Foreign Affairs and Chairman of EFYD recognised the Foundation's partners of all programmes, including the Financial Literacy Programme (Esref Sah), which NBAD is involved in.

GLOBAL BANKING ALLIANCE FOR WOMEN (GBA)

In 2013, we joined the Global Banking Alliance (GBA) for Women. GBA is a global consortium of financial institutions driving women's wealth creation, and is comprised of 39 member institutions, in more than 135 countries.

“We want to learn from the Alliance how to refine our outreach to women throughout our regional market, not just the UAE”

*- Belinda Scott,
Senior Manager-
Corporate
Sustainability, NBAD*

GBA is involved in developing innovative, comprehensive programmes that provide female entrepreneurs with access to capital, markets, education, and training.

In April 2013, the Bank was featured in a GBA Newsletter, highlighting our decision to join the Alliance, our strategy with regard to development of women, and our commitment to Abu Dhabi's 2030 vision of expanding women's economic participation. (Please visit www.gbaforwomen.com to view the newsletter in full).

Women's Empowerment

As highlighted in the GBA newsletter (April 2013), we have two formal on-going women's programmes, which were both launched in 2012.

‘Velvet,’ Private Banking for Women’ is one of our investment products exclusively for high net-worth women, which combines personalised global private banking with commercial banking services. ‘Velvet’ aims to empower women with financial knowledge and investment tools. It offers onshore and offshore banking services including savings accounts, wealth management, and inheritance planning in line with cultural sensitivities. ‘Velvet’ private advisers are also female and are able to bring our ‘Velvet’ services to clients’ doorsteps.

‘Fursati’ Programme for Women

‘Velvet’ launched the ‘Fursati’ (my opportunity) programme in November 2012. The programme is run in collaboration with the Dubai Businesswomen's Council. Focusing on intellectual empowerment and enhancement of financial skills, it includes educational seminars for women and, aligns our products and services to meet the needs of women in business.

‘Fursati’ events are useful networking opportunities and serve to communicate our commitment to develop and work with women in the region. Three ‘Fursati’ sessions were held in 2013:

- Negotiation skills (January 2013): Training on the negotiation process and skills required.
- Investments (June 2013): Information on the various asset classes including real estate and trusts.
- Entrepreneurship (December 2013): Opportunity to share experiences with regard to starting up a business and sustaining growth. The event also discussed the opportunities that Expo 2020 would bring to the Emirate of Dubai, the UAE and businesses within.

In 2013, 3 ‘Fursati’ sessions were arranged, including negotiation skills, investments and entrepreneurialism. There were approximately 30 participants in attendance at each event.

9TH ANNUAL BLOOD DONATION CAMPAIGN

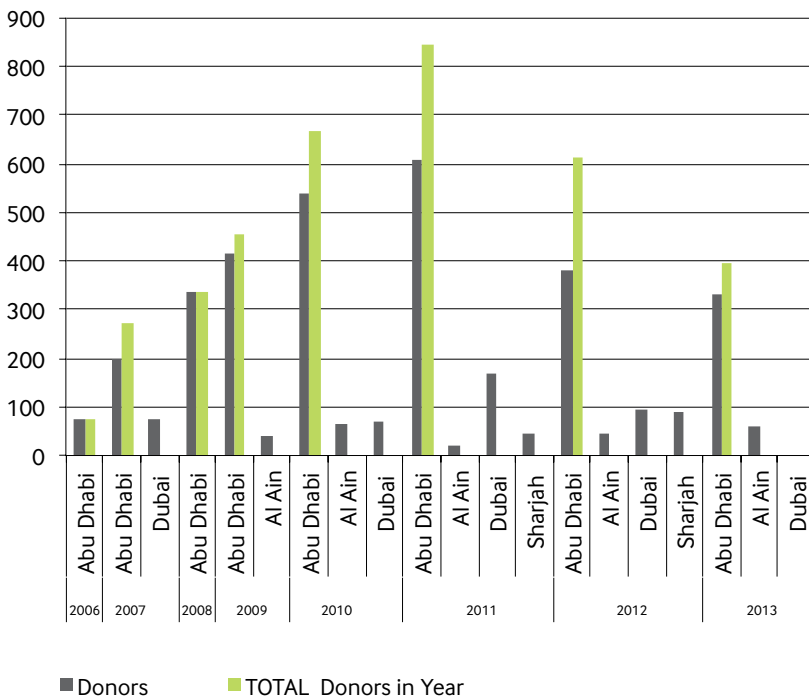
Our Annual Public Blood Donation activity since 2004 has been our flagship employee – community activity, producing higher attendance and donations each year.

We have a close relationship with the Abu Dhabi and Dubai

Blood banks. One of our longest partnerships has been with the Abu Dhabi Blood Bank, which operates under Sheikh Khalifa Medical City (SKMC), a SEHA (Abu Dhabi Health Services Company) Health system Facility, and the Ministry of Health Department of Blood Transfusion and Research Services.

In 2013, we held our ninth annual blood donation event in Abu Dhabi and Al Ain.

We will continue to support the blood banks in the UAE. Since 2006, 3,658 donors have contributed to the blood donation campaigns.



In Abu Dhabi and Al Ain, over **400** people registered to donate blood.

ABU DHABI DEPARTMENT OF TRANSPORT (DOT)

The Abu Dhabi Transport Mobility Management (TMM) Programme is an initiative in collaboration with the Department of Transport (DoT) to encourage sustainable and responsible means of travel to work. This includes reducing the cost of business travel, reducing traffic congestion during business rush hours, improving the local air quality and reducing our environmental impacts relating to carbon emissions.

In 2012, we pilot tested a 'park and ride scheme' for our employees working in the Head Office, which was unsuccessful mainly due to the location of the car park.

As a continuation of exploring and implementing sustainable transport solutions, in 2013 we began to pilot an employee car-sharing scheme by providing an internal online platform for "drivers" and "riders" to meet and agree to voluntarily "car-share".

Moving forward, we will continue to pilot and improve on this scheme to maximise benefits for our employees and the community overall.

KHALIFA FUND FOR ENTERPRISE DEVELOPMENT

The Khalifa Fund for Enterprise

Development (or 'Khalifa Fund) aims to create a new generation of Emirati entrepreneurs by instilling and enriching the culture of self-employment amongst young people, as well as supporting and developing small to medium-sized investments in the Emirate.

Commercial Banking (part of Retail and Commercial, Gulf) deals with small-medium enterprises (SMEs), and actively engages with entities such as the Khalifa Fund for Enterprise Development to support the ongoing development of SMEs.

Since 2011, we have been a banking partner for the various funding schemes administered by Khalifa Fund. We disburse and manage such funds on behalf of the fund and offer additional banking services to these companies to improve their chance of success. Our support helps the Khalifa Fund to focus on identifying and supporting entrepreneurs, while we offer daily administration of funding and help with improving the efficiency of the fund.

The Khalifa Fund initiatives allow us to contribute to the strategic vision of UAE to build a robust, diversified economy by promoting entrepreneurship among citizens of UAE.

In 2014, we plan to enter into a joint venture with the Khalifa Fund to provide equity financing to early stage businesses. This venture, called Mubadarat, will identify

companies in need of growth capital and will focus on early stage businesses with a good track record and promise of scalability.

We plan to partner with the Khalifa Fund to be the banking partner for the SME Toolkit. This will serve the wider SME sector in UAE, serving citizens and resident entrepreneurs alike, in order to help position the UAE as the hub for business across the West-East Corridor.

Please refer to the Khalifa Fund website (www.khalifafund.ae) for further information.

ETIHAD AIRWAYS

We have been members of the Etihad Airways Sustainability Stakeholder Council since 2013, and we attend quarterly meetings annually.

DUBAI SUSTAINABILITY NETWORK

We have established a long-term partnership with the Dubai Sustainability Network, through which we can add value to the development of sustainability principles in the UAE.

In 2013, we renewed our membership with the Dubai Sustainability Network and supported knowledge sharing sessions in a Sustainability Communication Task Group.

We applied for, and obtained, the Dubai Chamber CSR Label in 2013.

EWS-WWF

We continued our partnership with Emirates Wildlife Society-World Wildlife Fund (EWS-WWF) in 2013, and our NBAD GEMS card allows loyalty rewards points (NBAD Stars) to be exchanged for donations to EWS-WWF and/or wildlife sponsorships.

Adding value to financial products has been demonstrated through our Gems biodegradable credit card (the first such credit card in the UAE) and our partnership with EWS-WWF, whereby loyalty points can be donated to support environmental conservation initiatives. This partnership is the first of its kind in the UAE.

In 2013, we supported the EWS-WWF by providing a venue at our NBAD Training Academy to conduct a two-day ecological footprint training workshop.

8.4 CORPORATE COMMUNITY CONTRIBUTIONS

CHARITY, DONATIONS & SPONSORSHIPS

Our financial support for community involvement includes commercial sponsorships and community investments. Our community investments focus on supporting activities that can benefit our people and the wider society, and include initiatives such as financial literacy, protecting the

environment, supporting our stakeholders, and promoting health and well-being.

Our financial support includes donations from channels such as ATM donations, NBAD Star redemption for EWS-WWF and sponsorships.

The list below shows some of our main sponsorships and donations in 2013.

Our total community support in 2013 amounted to AED **43,198,000**, equivalent to **0.9 %** of our net profits. We have increased our financial support by **17%** since 2012.

Charitable donations
(Zakat Fund payments)
AED **19,135,000**
Corporate charitable
donations
AED **515,000**

Sponsorships
AED **18,223,187**

Donations by customers
to Red Crescent through
ATM Channels
AED **1,592,180**

NBAD Stars redemption
for EWS-WWF (680,512
Stars)
AED **6,805**

Our Zakat Fund Donations

Our Islamic Banking Division - Abu Dhabi National Islamic Finance (ADNIF) - manages our Zakat Fund and donations. Some of the major (over AED 1,000,000) donations in 2013 included the following charities and/or campaigns:

- Syria Aid Campaign through UAE Red Crescent;
- Zayed Higher Organisation for Humanitarian Care and Special Needs;
- The Sheikh Zayed Bin Sultan Al Nahyan Charitable & Humanitarian Foundation;
- Friends of Cancer Patients (Sharjah);
- UAE Zakat Fund;
- UAE Red Crescent (towards a centre for disabled people);
- Sharjah City for Humanitarian Services; and
- Faraj Fund.

COMMERCIAL SPONSORSHIPS

We are recognised as a supporter of the local community based on the profile of the sponsorships we undertake and the transparency in reporting the annual financial donations we make.

Our commercial sponsorships have direct benefits to our business departments, and are aligned to support the achievement of our goals and objectives. We review our return on investment (RoI) in relation to the sponsorship proposals. We are against

sponsorships that only provide a branding exposure and are interested in sponsorships which have a community focus.

We support strategic Abu Dhabi events such as the Formula One race, which we believe helps to raise awareness of Abu Dhabi internationally, and contributes towards the economic development of the UAE.

We are currently working on a strategy for sponsorships that will be applicable across the west-east corridor in which we operate.

Case Study: Zayed Charity Race, 2013

NBAD sponsored the Zayed Charity Race 2013 at a cost of AED 300,000. The event was hosted in Central Park in New York City (NYC) and was attended by members of the royal family of Abu Dhabi.

The Zayed Charity Race 2013 was the ninth International Zayed Charity Marathon to be held in New York City, to raise awareness about kidney disease and raise funds to support lifesaving programmes.

8.5 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Area & Objectives | Timeframe | We Will |
|--|---------------------------------|---|
| <p>Helping our communities by strengthening economic impact.</p> <p><i>To support development in areas we operate within in line with our financial success</i></p> | <p>Short-term (2014)</p> | <p>Enter into a joint venture (Mubadarat) with the Khalifa Fund to provide equity financing to early stage businesses and partner with the Khalifa Fund to be the banking partner for the SME Toolkit.</p> |
| | | <p>Continue to participate in the Dubai Chamber Sustainability Network (DSCN) working groups to encourage and promote sustainability amongst the wider business community.</p> |
| | | <p>Complete the Carbon Disclosure Project (CDP) report as part of the pilot programme facilitated by Masdar and ADSG, to measure and disclose our greenhouse gas (GHG) emissions and identify current and future internal strategies to minimize these emissions.</p> |
| | | <p>Support the Abu Dhabi's 2030 vision by investing in the local economy (ongoing commitment).</p> |









9.0 ENVIRONMENT: PRESERVING OUR ENVIRONMENT

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.

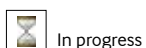


9.1 INTRODUCTION

| Being environmentally smarter in 2013 | | | |
|---|--|---|--|
| Paper recycling through secure document destruction  Increased by 19%  | GHG emissions (tonnes)  Decreased by 28%  | Electricity consumption (KwH)  Decreased by 33%  | Water consumption (IG)  Decreased by 11%  |

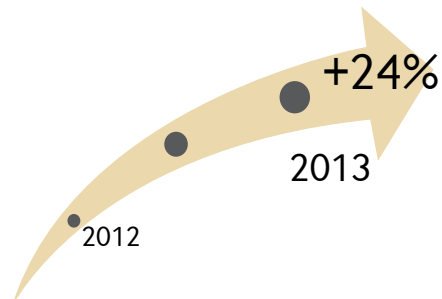
OUR 2013 COMMITMENTS

| | | |
|--|---|---|
| Implement system to monitor paper consumption by department/branch | We ran a pilot test involving 9 departments to assist in monitoring paper consumption |  |
| Work with international offices to understand and record their sustainability activities. Set a baseline group sustainability status. | Data collection commenced with international offices. We have not been able to set a group baseline as yet. |  |
| Reduce NBAD Head office energy consumption by improving the efficiency of cooling system and upgrade of Building Management System (BMS) | Increased temperature settings in Head office and conducted maintenance on the cooling system. We were unable to upgrade the BMS. |  |



OUR SUSTAINABILITY MATURITY IN 2013

Through the promotion of responsible consumption of environmental resources within our organisation, we achieved our target maturity of 24.3% in 2013, compared to the 2012 baseline level.



Improvements in our sustainability maturity result from:

- ✓ Development of an employee car-sharing sustainable transportation scheme;
- ✓ Implementation of water-saving measures in the facilities of NBAD's Head Office;
- ✓ Introduction of measures to reduce electricity usage and energy consumption in our Head Office facilities;
- ✓ Paper consumption awareness campaigns conducted in NBAD UAE and international offices;
- ✓ Continuation of paper recycling and waste reduction through our Secure Shredding Center (SSC) operations; and
- ✓ Introduction of data collection in our international offices, including the 'Paperless Day' promotion.

WHAT IS MATERIAL TO US

The main material issues that were identified in our materiality assessment in relation to the environment include resource consumption (water and energy) and consumption of materials (paper). As we do not manufacture products, our consumption of utilities, paper and fuel are the most material factors.

We have also included additional material issues relating to management of our GHG emissions and electronic waste (e-waste). We have outlined our future objectives for responsible management of these issues and disposal of our e-waste.

9.2 WATER CONSUMPTION

It is evident from national and international research reports on water consumption, that the UAE indicators are highly above the average per capita global consumption. This has pushed government officials and experts in the country to explore sustainable solutions and address changes in cultural behaviour to resolve the critical issue of water scarcity. Solutions investigated included investing financially in water saving devices and technology, and raising public awareness through campaigns to reduce consumption.

Some of the challenges faced relate to increasing population rates, climate change and irresponsible and unsustainable water consumption behaviours. In 2012, the annual total demand for water in the Emirate was estimated to be 3.4 billion cubic metres¹⁸.

As the UAE has very little or no fresh water, it relies heavily on costly, energy-intensive desalination plants. According to the Statistics Centre Abu Dhabi, in 2012 desalinated water and groundwater met 79% and 12% of the total water demand, respectively¹⁹.

Annual total demand for water in Abu Dhabi Emirate, 2012

3.4 billion cubic metres

Consumption of water in UAE

82 % above the global average Average¹⁶

Average per capita water consumption in UAE¹⁶

550 litres/day

International average:

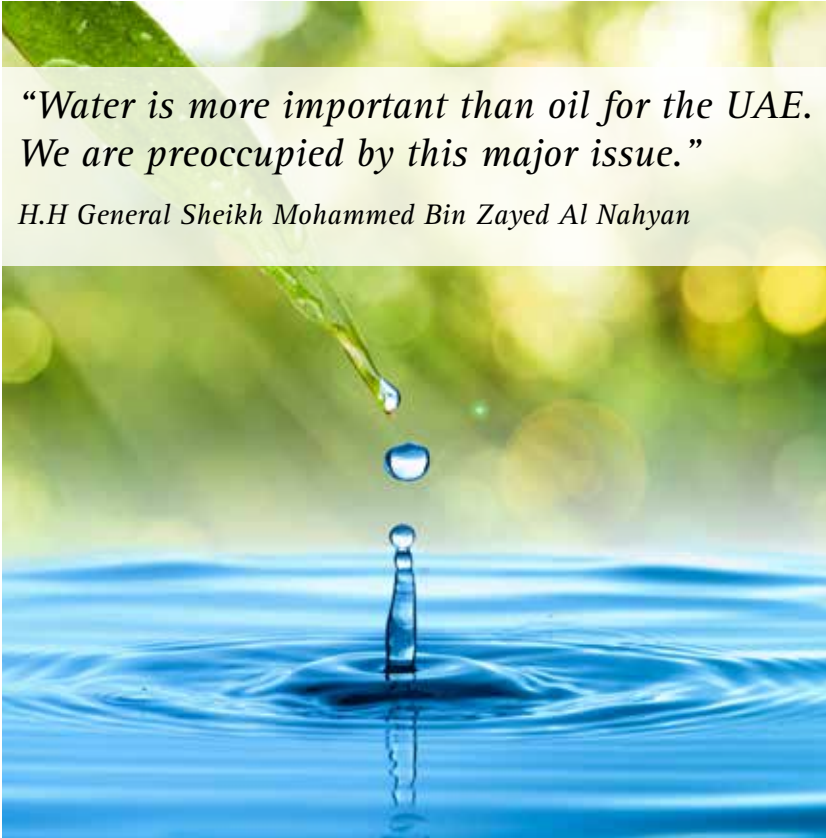
170 – 300 litres/day¹⁷

Expected increase in demand for water by 2030

Up to **5** billion cubic metres¹⁶

“Water is more important than oil for the UAE. We are preoccupied by this major issue.”

H.H General Sheikh Mohammed Bin Zayed Al Nahyan



¹⁶ www.emirates247.com, March 13, 2013

¹⁷ 'Abu Dhabi takes steps to reduce water consumption, Gulf News (March 20, 2014)

¹⁸ 'Protecting our Shared Resources', Environment Agency Abu Dhabi (EAD), 2014

¹⁹ The National (March 17, 2013) in <http://iwsabudhabi.com/Portal/news/> (17 March 2013)

²⁰ 'No plans to raise power, water rates: UAE minister' www.arabianindustry.com (September 5, 2013)

Both water and electricity rates in the UAE are also heavily subsidised by the UAE Government. According to the UAE’s Minister of Energy (Suhail Mohammed Al Mazroui), the Government bears “nearly 85 % of the power and water production costs for Emiratis and 50 % for the dominant expatriate community”²⁰. There is concern over the presence of subsidies providing fewer incentives to reduce the rate of water consumption in the region.

As part of a five year strategy (2014-2018), the Environment Agency - Abu Dhabi has proposed a number of water management solutions, including resource management strategies (for desalinated, recycled and groundwater sources). We are committed to support the national efforts through the implementation of water-saving solutions and initiatives.

HOW WE MANAGE OUR WATER CONSUMPTION

Our activities in terms of water use are related mainly to employee usage and use for cleaning purposes. The water we consume is municipal water and our waste water is diverted to the public sewage network. At present, we are not implementing any water recycling or reuse practices.

Although our water consumption is minimal with regard to our activities, we are aware of the importance of



responsible water consumption in the UAE.

In 2013, our UAE Head Office’s Bank Premises & Facilities Management (BPFM) department ensured that the water levels in all the water cisterns in the Head Office wash rooms were adjusted, to allow less quantities of water to be used without affecting the flushing power.

There was one reported water leak at the NBAD Head Office facility in October 2013 relating to a damaged pipe line in the pump room, for which maintenance was carried out.

In 2013, we consumed an estimated 26,701,673 Imperial

Gallons (IG) of Municipality provided desalinated water. We decreased our total water consumption by 11% in comparison with our 2012 consumption rates. This is an estimated consumption rate based on utility bills received. We reduced our total water consumption rate by 3,133,093 IG, which is equivalent to approximately six Olympic sized swimming pools²¹. Our water consumption per capita in 2013 was 5,964 Imperial Gallons (IG), compared to 6,732 Imperial Gallons (IG) in 2012. The methodology used in 2012 to calculate our water consumption across the UAE, was also utilised for our 2013 data²².

| | 2012 | 2013 | %Change |
|---|------------|------------|---------|
| Total water consumption (IG) | 29,834,766 | 26,701,673 | -11% |
| Total CO₂ emissions from water (tonnes) | 1,866.29 | 1,670.30 | |

²¹ Based on the assumption that one Olympic size pool contains 2.5 million litres of water
²² See page 42 of our 2011 Sustainability Report, available on nbad.com for a full description of our estimation methodology

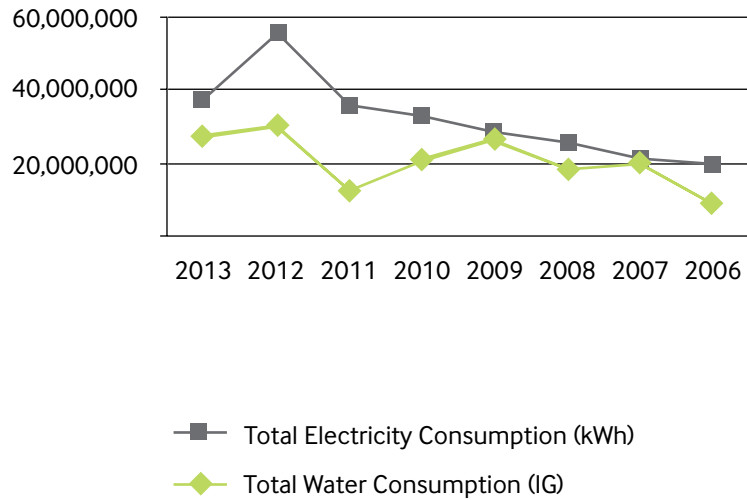
Looking at our water consumption rate over time (from 2006 to 2013), it is evident that there is a downward trend in consumption. This has occurred despite an increase in the number of employees across the UAE during this period.

Due to a number of conflicting issues (from 2006 to 2011), and the obvious skewing of the data, we cannot provide full and validated utilities figures for each year, but we are sharing the figures as part of our overall consumption trends. We will continue to work on reducing consumption further and finding ways of improving our data collection.

We have started to collate data with regard to the amount of drinking water (water coolers) we consume in our Abu Dhabi premises. We provide water coolers to eliminate the purchase of plastic water bottles, which will end up as waste.

Our objective for 2014 is to record our drinking water consumption for all our UAE units, and to investigate the possibility of including this information in our GHG emissions calculation.

Electricity and Water Consumption Rate



9.3 ENERGY CONSUMPTION



How we manage our energy consumption

Although our operations are not energy-intensive, we have a commitment to reduce our energy consumption and minimise our impacts on climate change. Our energy consumption is linked to our electricity usage, business-related travel and fleet fuel (diesel and petrol) used for transportation.

Our electricity consumption in 2013 was 33% lower compared to 2012 levels. We reduced electricity consumption by 18,203,935 kWh (65,534.2 GJ). We reduced our diesel consumption (in our fleet cars and transportation trucks) by 68 gallons compared to 2012, however, we increased our petrol consumption by 19,146 gallons.

In the UAE, our energy consumption originates mainly from electricity usage at our NBAD branches.

The decrease in our electricity consumption in 2013 was partly due to a number of initiatives that were implemented by our Bank Premises & Facilities Management (BPFM) department for the Head Office building.

These initiatives include the following:

- The BMS software was programmed to ensure that equipment is operational based on the number of occupants in the building. For example, small chillers were programmed to function at night and weekends, and the bigger chillers were programmed to function on weekdays. ▶

TOTAL ELECTRICITY CONSUMPTION

Electricity consumption across NBAD UAE branches (kWh)

55,710,665 kWh
in 2012

37,506,730 kWh
in 2013

Consumption per capita (kWh/gigajoules)

2012 Consumption per capita (kWh/gigajoules)

12,570 kWh
45.25 gigajoules

2013 Consumption per capita (kWh/gigajoules)

8,378 kWh
30.16 gigajoules

- Maintenance work was completed on the chillers and cooling towers within the Head Office building, ensuring a more efficient use of electricity by these units.
- The chiller point temperature was increased by 1C in the Head Office, reducing our air conditioning capacity.
- Timer devices were installed for lighting in the basement areas of the building, ensuring that lights were switched off automatically, saving energy and reducing the amount of heat emitted.
- The halogen spot lights in the lift lobbies were replaced with energy-efficient light emitting diode (LED) spot lights.
- At weekends (Fridays and Saturdays), the lights in the Head Office building were switched off between 9 pm and 6 am, compared to 10 pm and 6 am on weekdays

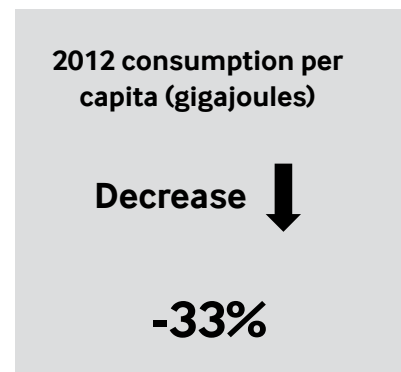
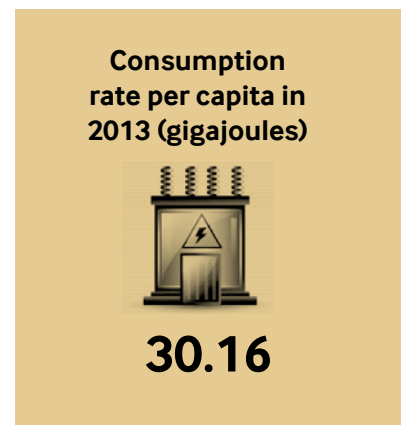
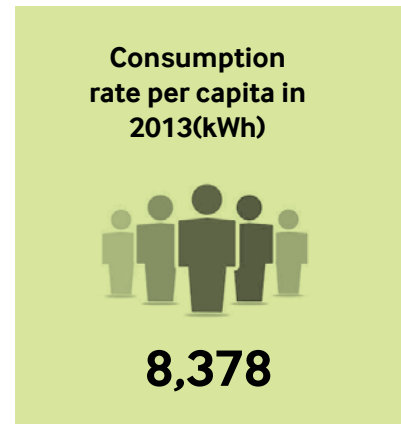
Case Study: NBAD Egypt

The NBAD Egypt office branches have, on a regional level, implemented a number of innovative solutions to reduce their energy consumption as follows:





- Installing motion detector lighting in the offices;
- Switching off lights and air-conditioning when the rooms are not occupied;
- Increasing the temperature of air-conditioning units to 22C.
- Cleaning filters of air conditioning on a regular basis ;
- Switching computers off and unplugging other devices when leaving the office;
- Switching off all water heaters in the summer; and
- Use of portable desk lamps after working hours and weekends instead of the main lights in the work areas.

Ahmed H. Habashy

Head of General Administration
Regional Management – Egypt



9.4 GHG EMISSIONS

| | | | |
|---|--|---|--|
| CO ₂ emissions from fleet 1,088.72 tonnes  | CO ₂ emissions from Electricity consumption 19,128.43 tonnes  | CO ₂ emissions from Water consumption 1,670.30 tonnes  | CO ₂ emissions from air travel 784.22 tonnes  |
|---|--|---|--|

MEASURING OUR GHG EMISSIONS

We began to measure our own Greenhouse Gas (GHG) emissions from our UAE operations, using power and water factors developed for Abu Dhabi specifically²³. Our total CO₂ emissions in 2013 amounted to 22,671.68 tonnes based on our business travel, electricity use and water consumption. We use a minimal number of vehicles for business purposes (a maximum of 133 cars in any month). In 2013, we reduced our use of diesel vehicles, however we increased our consumption of gasoline. Our CO₂ emissions from fuel (diesel and gasoline) usage in 2013 amounted to 1,088.72 tonnes of CO₂.

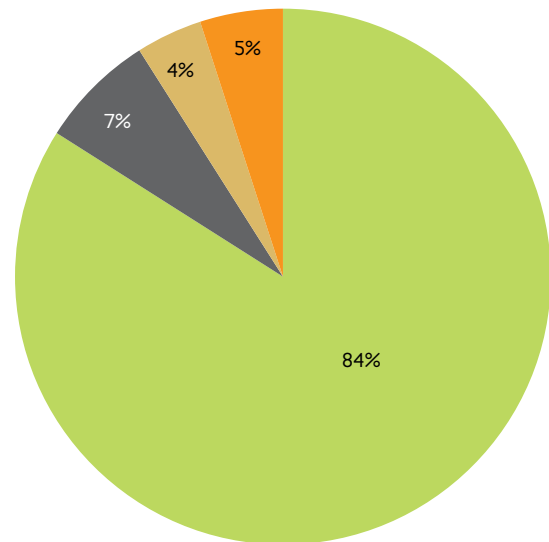
In 2013, we increased our business flights CO₂ emissions from 423.67 tonnes to 784.22 tonnes. During the second half of the year, more flights were arranged to meet our business requirements to expand NBAD’s presence in the West East corridor.

Our overall results indicate a significant decrease (28%) in our GHG emissions in 2013, compared with our 2012 emission levels of 30,945.71 tonnes of CO₂. Our calculations have determined that in 2013, 84% of our total GHG emissions occurred from electricity consumption. The decrease in emissions is partly due to the initiatives implemented in Head Office by the Bank Premises & Facilities Management (BPFM) team.

We will continue to work on improving our operational performance and energy efficiency to reduce GHG emissions.

2013 Total CO₂ Emissions (tonnes)

22,671.6



■ ELECTRICITY ■ WATER ■ BUSINESS FLIGHTS ■ FLEET

²³ GHG emissions are calculated for NBAD-owned properties

Case Study: NBAD Park and Ride Pilot Scheme

As part of the Abu Dhabi Economic Vision 2030, the Department of Transport (DoT) is delivering a wide ranging Transport Mobility Management Plan (TMM) to reduce congestion and improve transport options in Abu Dhabi. NBAD is one of the organisations invited by DoT to pilot the solutions toward the TMM .

In 2012, to demonstrate our support for the Department of Transport (DoT) Transport Mobility Management Programme (TMM) , we piloted a free Park and Ride Service for our employees in Abu Dhabi, with support from Mawaqif. This service, proved unsuccessful however, as only 3% of the 206 employees who took part used the service. Many employees were supportive of the park and ride scheme, but felt that it would be more beneficial for employees living further away from their workplace, and who would prefer parking closer to home.

HOW WE MANAGE OUR GHG EMISSIONS

As discussed previously, we have implemented a number of initiatives to minimise our water and electricity consumption. In addition to these initiatives, we are involved in piloting a number of transport schemes to reduce traffic congestion and associated impacts in Abu Dhabi, on behalf of the Abu Dhabi Department of Transport (DoT).

During 2013 we collaborated with the DoT to develop a car sharing scheme for our employees travelling to and from our Abu Dhabi offices to other Emirates. We have created a webpage for a car sharing initiative on our intranet. Employees are able to register on the website as a 'driver' or 'rider' and are required to provide details of their location, preferred journey times and other preferences. It is designed to provide our employees with an easy means of communication with regard to car sharing arrangements. By the end of 2013, 70 employees had registered for the car share scheme on the website.

Based on the success of the pilot scheme, we will look into developing a reward scheme for the employees who are involved in the car share scheme.

Currently, we provide a free bus shuttle service for those employees who are required to visit the NBAD Khalidiya office daily. All NBAD employees are encouraged to use this service instead of using their private vehicles. This initiative helps to reduce the amount of fuel consumed by our employees commuting between offices in Abu Dhabi.

9.5 MATERIALS (PAPER) CONSUMPTION



Participants in 'paperless' day

HOW WE MANAGE OUR PAPER CONSUMPTION

Paper is used in large quantities through the Bank's activities, including operations, issuing contracts and procurement, correspondence, services offered to clients and promotional materials. Our standard copier paper is made from agro residue (wheat pulp) and constitutes the majority of our paper consumption. We do not use any recycled materials.

We have not yet been able to install a system to monitor paper consumption by department/branch. We did, however, implement a number of paper consumption awareness campaigns in 2013, which had a positive result in terms of our paper consumption trends.

As a result of the implementation of responsible paper usage and printing initiatives by our employees, we reduced the amount of paper ordered from UAE stocks by 5% in 2013. The total amount of paper stocks ordered in 2013 was 219,150 kg, as opposed to 230,850 kg ordered in 2012.

| Item | 2012 | 2013 | % change (-/+) |
|---|---------|---------|----------------|
| Total paper consumption (kg) | 230,850 | 219,150 | 5% (-) |
| Total paper consumption per capita (kg) | 52 | 49 | 6% (-) |

We implemented the following paper consumption awareness campaigns in 2013:

- We participated in a paperless day on 20th November, 2013, in which over 200 employees from 34 UAE departments/branches and 35 international departments/branches participated. We tripled the number of sheets saved in 2013 compared to the amount saved in the Paperless Day held last year (50,390 versus 20,000).
- We ran a pilot test during 2013 for nine departments in our Head Office. This initiative was launched to create environmental awareness on the impacts of paper consumption and to assist these departments in monitoring their paper usage.



Case Study: NBAD Abu Dhabi – Group Internal Audit (GIA) Team

“Being committed to the sustainability initiatives undertaken by NBAD to protect and conserve the environment, we at GIA always strive to set a good example for other departments. We are constantly striving to develop a green workplace through our day-to-day office management, focused on efficient use of resources and saving of energy.

Throughout the year we abide by the 3-R principles ‘Reduce, Re-use and Recycle’ in our day-to-day housekeeping and this has helped us achieve our status as the leader on paperless day for three years in a row.

At the operating level we developed a mechanism to track paper consumption across the department and at the individual staff level on a monthly basis, implementing the following measures on continuous basis:

- *Disseminating information by electronic means as far as possible.*
- *Encouraging staff to use paper on both sides, reuse envelopes, etc.”*

- Zeina Nadim Arnous,
Assistant Vice President
Group Internal Audit - Wholesale Clients

“We will continue to promote staff awareness of both environmental protection and green office management.”

- Malcolm Walker, Senior Managing Director & Group Chief Audit Officer
Group Internal Audit



GIA Team planting Ghaf Tree seedlings as part of their paper-saving reward

Case Study: NBAD Egypt

The NBAD Egypt office branches have, on a regional level, implemented a number of innovative solutions to reduce their paper consumption as follows:

- ✓ Altered printer and photo-copier settings to enable printing and copying on both sides of paper.
- ✓ Requested all staff to re-use printed paper by using blank sides to write on or print drafts.
- ✓ Use 70gm paper instead of 80gm paper.
- ✓ Provided recommendations to stop printing monthly client statements and use electronic or web-based statements.
- ✓ Submitted new solutions to the management team to enhance the current statement production process by using full digital printing solutions.
- ✓ Worked with our Head Office-Gulf & International (G&I) & Corporate Communication Department to redesign pre-printed stationery forms to reduce the size and, volume of paper and associated costs.

“We started sending regular awareness emails to all colleagues through our HR Employees Relationship Officers asking them to save water, paper, electricity & fuel not only in offices but at homes and everywhere. It was essential to grab the attention of all staff and get them to believe in what we are doing rather than sending only data. The idea was to enable all staff to collaborate with sustainability champions and seek to save costs”.

- Ahmed Habashy,

Head of General Administration- FCD

HOW WE MANAGE OUR SECURE DOCUMENT DESTRUCTION AND PAPER WASTE



By recycling 111 tonnes of paper, we saved **2,664** trees²⁴

We established our Secure Shredding Center (SSC) in 2011 to meet regulatory requirements for document

destruction. Through the use of this system, we realised that we could reduce our paper waste and recycle our

shredded paper. In this way we could divert volumes of paper away from landfill disposal. The waste paper is, therefore, collected, measured, recorded and destroyed by the Bank’s own internal team at our secure shredding facility, before being sent to an external recycling facility for re-manufacture.

In 2012, SSC operations were expanded to all UAE offices and branches. The SSC recycles not only confidential paper, but all printed documents at the end of their life, along with newspapers. In 2013, our SSC generated AED 140,672 of revenue from recycled proceeds.

| Item | 2012 | 2013 | % change (-/+) |
|---|---------|---------|----------------|
| Total paper recycled (kg) ¹ | 93,365 | 110,958 | 19% (+) |
| Paper Shredded (tonnes) | 178 | 320 | 80% (+) |
| Revenue (recycling proceeds AED) | 73,001 | 140,672 | 93% (+) |
| Outsourced cost avoided (AED) | 169,100 | 320,000 | 89% (+) |
| Cross-cut shredders not purchased (AED) | 175,000 | 184,000 | 5% (+) |
| Value to NBAD (AED) | 417,101 | 644,672 | 55% (+) |

9.6 E-WASTE DISPOSAL

HOW WE MANAGE OUR ELECTRONIC WASTE (E-WASTE)

Recycling Waste Electrical & Electronic Equipment (WEEE) is a relatively new environmental initiative under our responsible business

practices. Our objective is to appoint a contractor to manage the responsible disposal of our e-waste.

In 2013, we collected and stored all our electronic items (including computers, laptops, photocopiers, printers and

calculators) for future recycling by an appointed e-waste contractor.

We will finalise a policy with regard to e-waste disposal, and will formally engage a contractor to collect our e-waste in 2014.

²⁴ "Recycling 1 tonne of printing and writing paper saves 24 trees" (<http://www.theemiratesgroup.com/english/news-events/news-releases/news-details.aspx?article=388554>.)

9.7 OUR FUTURE COMMITMENTS

A summary of all our future commitments is included in Appendix B.

| Sustainability Focus Area & Objectives | Timeframe | We Will |
|--|--------------------------------|--|
| <p>Preserving our environment</p> <p><i>To minimize and mitigate our environmental impacts.</i></p> | Short-term (2014) | Continue to work on improving our operational performance and energy efficiency to reduce GHG emissions. Record and document our environmental consumption data. |
| | | Commission an Environmental Audit of Head Office building to identify environmental improvement opportunities. |
| | | Finalise a policy with regard to electronic waste (e-waste) disposal, and formally engage a contractor to collect our e-waste. |
| | Medium term (2015-2018) | Develop and implement environmental resource management plans. |
| | | Monitor, record and assess trends in relation to paper, water, waste and energy consumption and set targets for reduction. |
| | Long-term (2018-beyond) | Improve the environmental performance of our NBAD buildings and branches to minimize our resource consumption and mitigate associated impacts. |

Appendix A
GRI Section

Appendix A - GRI Section

GRI G4/ISO 26000 Index

- The Report follows the new GRI guidelines G4 at “Core” level.
- Coverage of indicators is characterized as Full (F), Partial (P), Not Reported (NR) or Not Applicable (NA).
- Material aspects and boundaries are indicated in the GRI Tables below.
- ‘NBAD, UAE’ refers to our UAE operations.
- ‘NBAD Group wide’ operations refer to our UAE and international operations.

Table 1 General Standard Disclosures

| General Standard Disclosures | Summary | Report Section | Coverage/Omissions | External Assurance ¹ | Material Aspects (Boundary) | ISO 26000 |
|------------------------------|--|--|--------------------|---------------------------------|-----------------------------|-----------|
| Strategy and Analysis | | | | | Yes (NBAD, UAE) | |
| G4-1 | Most senior executive statement | Chapter 1.0 'Message from Chairman' & 'Message from CEO'. | F | No | | 6.2 |
| G4-2 | Description of key impacts, risks and opportunities | Chapter 2.0 Section 2.1. Chapter 3.0 Section 3.3 . | F | No | | 6.2 |
| Organisational Profile | | | | | Yes (NBAD, UAE) | |
| G4-3 | Name of organization. | National Bank of Abu Dhabi PJSC. Chapter 1.0 'Opening remarks'. | F | No | | 6.2 |
| G4-4 | Primary brands, products, and/or services. | Chapter 2.0 Section 2.1 'Our value chain', 'Our Business Segments', 'Our products and services'. | F | No | | 6.2 |
| G4-5 | Location of headquarters. | Chapter 2.0 Section 2.1, 'Our company'. | F | No | | |
| G4-6 | Number of countries organization operates (major operations or relevant to TBL). | Chapter 2.0 Section 2.1, 'Our Company'. | F | No | | |
| G4-7 | Nature of ownership and legal form. | Chapter 2.0 Section 2.1, 'Our Company', Chapter 4.0, Section 4.2 'Transparency and Accountability', 'Our Annual Reports'. | F | No | | |
| G4-8 | Markets served (geographic breakdown, sectors served, types of customers). | Chapter 2.0 Section 2.1, 'Our Company'. | F | No | | |
| G4-9 | Scale of the reporting organization. | Chapter 2.0 Section 2.1 'Our company', Section 2.2 'Our Financial Performance'. Chapter 6.0, Section 6.2 'Equal Opportunities & Diversity', 'Workforce in the UAE in 2013'. | F | No | | |
| G4-10 | Total workforce by type, contract, region, broken down by gender. | Chapter 6.0 Section 6.2 'Our People', 'Our Diversity'. | F | No | | |
| G4-11 | Employees with collective agreements (by percentage). | Collective bargaining is not relevant in the UAE. | NA | No | | |
| G4-12 | Organisation's supply chain. | Chapter 2.0, Section 2.1 'Who We Are', 'Our Value Chain' Chapter 7.0, Section 7.3 – 'We Support Local Suppliers'. Our payments to suppliers in 2013 is included in Chapter 8.0, Section 8.2 'Economic Value & Contribution'. | F | No | | |
| G4-13 | Significant changes in report period (size, structure, ownership, supply chain). | Chapter 3.0, Section 3.1 'Introduction', 'Our Restructuring Process in 2013', Section 3.2. | F | No | | |
| G4-14 | Whether and how precautionary approach addressed. | Chapter 2.0, Section 2.3 'Managing Sustainability', 'Corporate Sustainability Policy', Chapter 4.0, Sections 4.2 to 4.4. | F | No | | 6.2 |

¹ Only information regarding our financial statements has been externally assured.

| General Standard Disclosures | Summary | Report Section | Coverage/Omissions | External Assurance ¹ | Material Aspects (Boundary) | ISO 26000 |
|--|--|---|--------------------|---------------------------------|-----------------------------|-----------|
| G4-15 | The economic, environmental and social principles and initiatives to which the organization subscribes. | Chapter 2.0, Section 2.4. | F | No | | |
| G4-16 | Membership in associations (industry, national/international, governance bodies, projects, committees, substantive funding beyond membership, strategic membership). | Chapter 2.0, Section 2.4 . | F | No | | |
| Identified Material Aspects and Boundaries | | | | | Yes (NBAD, UAE) | |
| G4-17 | Entities included in consolidated financial statements or equivalent documents. | See page 52 of our 2013 Annual Report (Section 3 Significant Accounting Policies, a) Basis for Consolidation, i) Subsidiaries) for details.(www.nbad.com). The entities are included in our financial statements. Also referred to in Chapter 2.0, Section 2.1 'Our Company'. | F | No | | |
| G4-18 | Process for defining report content and Aspect Boundaries. | Chapter 2.0, Section 2.3 'Managing Sustainability'. Chapter 3.0, Section 3.2 'New Organisational Structure'. Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. | F | No | | |
| G4-19 | Materials Aspects identified in the process for defining report content. | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. | F | No | | |
| G4-20 | Aspect Boundary for each material Aspect within the organization. | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. The main focus of the report is on our UAE operations. | F | No | | |
| G4-21 | Aspect Boundary for each material Aspect outside the organization. | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. The main focus of the report is on our UAE operations. | F | No | | |
| G4-22 | Effect and reasons of information re-statements (mergers, acquisitions, base years, methods). | Any restatements and their explanations have been recorded in Appendix E. Also refer to Chapter 1.0 'Opening Remarks', 'About this Report'. | F | No | | |
| G4-23 | Significant changes (scope, Aspect Boundaries). | Chapter 1.0 'Opening remarks', 'About this Report'. | F | No | | |
| Stakeholder Engagement | | | | | Yes (NBAD, UAE) | |
| G4-24 | Stakeholder groups engaged by the organisation. | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. Chapter 5.0, Section 5.4 'Customer Satisfaction'. Chapter 6.0, Section 6.4 'Employee Engagement'. | F | No | | |
| G4-25 | Basis for identification and selection of stakeholders. | Chapter 3.0, Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. | F | No | | 6.2 |
| G4-26 | Stakeholder engagement process (frequency, type, group). | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. Chapter 5.0, Section 5.4 'Customer Satisfaction'. Chapter 6.0, Section 6.4 'Employee Engagement'. | F | No | | 6.2 |
| G4-27 | Concerns raised by stakeholders and responds. | Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. Chapter 5.0, Section 5.4 'Customers Satisfaction'. Chapter 6.0, Section 6.4 'Employee Engagement' and 'Results of the Survey'. We have captured some but not all our stakeholders' feedback and concerns, however, we will address this issue in our 2014 sustainability report. | F | No | | 6.2 |
| Report Profile | | | | | | |
| G4-28 | Reporting period (eg fiscal/calendar year). | Chapter 1.0 'Opening remarks', 'About this Report'. | F | No | | |

| General Standard Disclosures | Summary | Report Section | Coverage/Omissions | External Assurance ¹ | Material Aspects (Boundary) | ISO 26000 |
|------------------------------|--|---|--------------------|---------------------------------|-----------------------------|-----------|
| G4-29 | Date of previous report. | Chapter 1.0 'Opening remarks', 'About this Report'. Our 2012 report 'Materiality Matters' is available on our website - http://www.nbad.com/en/Sustainability/Documents/Sustainability2012.pdf | F | No | | |
| G4-30 | Reporting cycle. | Chapter 1.0 'Opening remarks', 'About this Report'. We report annually. | F | No | | |
| G4-31 | Contact point. | Chapter 1.0 'Opening remarks', 'About this Report'. | F | No | | |
| G4-32 | Table for location of General Standard Disclosures. | Refer to Appendix A for GRI tables. | F | No | | |
| G4-33 | Policy and practice for external assurance. | Chapter 1.0 'Opening remarks', 'About this Report'. This Sustainability report has not been externally assured. | F | No | | |
| Governance | | | | | Yes (NBAD, UAE) | |
| G4-34 | Governance structure (eg BoD committees strategy or oversight). | Chapter 3.0, Section 3.2 'New Organisational Structure', 'Management Structure'. For a fuller description of the Board structure, membership and Charter for the Board and each Committee, refer to http://www.nbad.com/en/AboutNBAD/Governance/Pages/default.aspx See also Chapter 4.0, Section 4.3 'Corporate Governance, Ethics & Compliance'. | F | No | | 6.2 |
| G4-35 | Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees. | Chapter 3.0, Section 3.2 'New Organisational Structure', 'Management Structure' – 'Board of Directors'. | F | No | | |
| G4-36 | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body. | Chapter 3.0, Section 3.2 'New Organisational Structure', 'Management Structure' – 'Board of Directors'. | F | No | | |
| G4-37 | Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body. | No formal process is in place for stakeholders to approach the Board of Directors but the Chairman holds a permanent Office and support team at Head Office and receives all communications addressed to the Board of Directors. | F | No | | 6.2 |
| G4-38 | Report the composition of the highest governance body and its committees by: a. Executive or non-executive b. Independence c. Tenure on the governance body d. Number of each individual's other significant positions and commitments, and the nature of the commitments e. Gender f. Membership of under-represented social groups g. Competences relating to economic, environmental and social impacts h. Stakeholder representation | a. All 11 Directors are Non-Executive b. 2 are independent c. Directors are elected for a three year term after which they may be re-elected. d. All available on our website and annual reports - http://www.nbad.com/en/AboutNBAD/Pages/BoardOfDirectors.aspx e. All 11 Directors are male f. None g. Details of the academic qualifications, skills and experience of our Board of Directors are available on our website and within our annual reports - http://www.nbad.com/en/AboutNBAD/Pages/BoardOfDirectors.aspx h. Shareholder nominations are determined by overall shareholding of the Group. Refer to our Articles of Association for full details. http://www.nbad.com/en/AboutNBAD/Governance/Documents/Articles-of-Association.pdf | P | No | | 6.2 |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement). | Chair and Chief Executive are not the same person. | F | No | | 6.2 |

| General Standard Disclosures | Summary | Report Section | Coverage/Omissions | External Assurance ¹ | Material Aspects (Boundary) | ISO 26000 |
|------------------------------|--|--|--------------------|---------------------------------|-----------------------------|-----------|
| G4-40 | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members | For full details, refer to our Articles of Association (G4-38 above) and the Corporate Governance Section of our Annual Report. http://www.nbad.com/en/InvestorsRelation/Pages/AnnualReports.aspx . In addition to our own procedures and approval of members by our Corporate Governance and Nominations Committee, all Board Members must be approved by the relevant regulatory authorities of the UAE. | F | No | | 6.2 |
| G4-41 | Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders. | The Board of Directors Code of Conduct (http://www.nbad.com/en/AboutNBAD/Governance/Documents/Directors-Code-of-Conduct.pdf) and Corporate Governance Policy and Principles (http://www.nbad.com/en/AboutNBAD/Governance/Documents/Policy-Principles.pdf) stipulate Directors' responsibility to report conflicts of interest. The Corporate Governance and Nominations Committee is responsible for any conflicts of interest of Directors and Senior Management. Any conflicts of interest would be captured within the Committee/Board minutes. We do not currently have a mechanism for disclosure of conflicts of interest to stakeholders. | F | No | | 6.2 |
| G4-43 | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics | Chapter 3.0, Section 3.2 'New Organisational Structure', 'Corporate (CS) Sustainability Team'. No training on sustainability issues was conducted during 2013. Training specifically focused on Corporate Governance and Board operations. | F | No | | |
| G4-44 | Processes of evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. | Chapter 3.0 Management, Section 3.2 'New Organisational Structure', Board of 'Directors'. The Board carries out self-assessments and, during 2013, employed the services of an external consultant to help them complete this assessment and develop recommendations. They currently do not have specific sustainability criteria. | F | No | | 6.2 |
| G4-45 | Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities. | Chapter 3.0, Section 3.2 'New Organisational Structure', 'Management Structure', 'Corporate Sustainability Team'. Chapter 4.0, Section 4.2 'Transparency and Accountability', 'Accountability'. The Board is ultimately responsible for the risk management of the Group and has a Risk Management Committee. The Committee is supported by more specific Executive Management Risk Committees to ensure the widest risks are identified, and proper due diligence is achieved. | F | No | | 6.2 |
| G4-49 | Report the process for communicating critical concerns to the highest governance body | Issues can be escalated to the board via line management, direct to the Company Secretary/Company Secretariat or to the Chairman's Office. NBAD also operates a confidential whistleblowing system, the outputs of which are handled by the Audit Committee. | F | No | | 6.2 |
| Ethics and Integrity | | | | | Yes (NBAD, UAE) | |
| G4-56 | Mission, values, codes of conduct, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. | Chapter 3.0 Management, Section 3.2. Chapter 4.0, Section 4.2 'Accountability', 'Codes of Conduct', Section 4.3. Chapter 6.0 Section 6.2 'Our People', 'Our Diversity'. Chapter 7.0 Section 7.2 'Our Procurement Policy'. | F | No | | 6.2 |
| DMAs | | | | | Yes (NBAD, UAE) | |
| G4-DMA | Why impact is material How material Aspect or its impacts are managed Evaluation of the management approach | | | No | All aspects | |
| Policies | | Chapter 2.0, Section 2.3, Appendix F. Chapter 3.0, Section 3.1, Section 3.6. Chapter 4.0 Section 4.1 'Introduction'. Chapter 5.0 Section 5.1 'Introduction'. Chapter 6.0 Section 6.1 'Introduction'. Chapter 7.0 Section 7.1 'Introduction'. Chapter 8.0 Section 8.1 'Introduction'. Chapter 9.0 Section 9.1 'Introduction'. | F | No | | |

| General Standard Disclosures | Summary | Report Section | Coverage/Omissions | External Assurance ¹ | Material Aspects (Boundary) | ISO 26000 |
|------------------------------|---------|--|--------------------|---------------------------------|-----------------------------|-----------|
| Commitments | | Chapter 3.0 Section 3.7. Chapter 4.0 Section 4.5. Chapter 5.0 Section 5.7. Chapter 6.0 Section 6.9. Chapter 7.0 Section 7.4. Chapter 8.0 Section 8.5. Chapter 9.0 Section 9.7. | F | No | | |
| Goals and targets | | As above. | F | No | | |
| Responsibilities | | Chapter 3.0 Sections 3.2. | F | No | | |
| Resources | | As above. | F | No | | |
| Specific actions | | See Commitments. | F | No | | |

Table 2- Specific Standard Disclosures

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|--------------------------------------|---|---|--------------------|--------------------|-----------------------------|--|
| ECONOMIC | | | | | | |
| DMA | Policy Our approach to economic performance is described by the 'Our economic performance' clauses in our Group wide Sustainability Policy (refer to Appendix F) - '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. Chapter 2.0 Section 2.1, 'Economic Conditions in 2013', Section 2.3 'Our Financial Performance', Appendix C1. Chapter 3.0, Section 3.6. Goals, Targets & Commitments, Specific Actions - Appendix B. Resources & Responsibilities: Chapter 3.0 Sections 3.2 . | | F | No | Economic Performance | 6.2, 6.8 |
| Economic Performance | | | | | Yes (NBAD, UAE) | |
| G4-EC1 (including sector supplement) | Direct economic value | Chapter 2.0 Section 2.1, 'Economic Conditions in 2013', Section 2.3 'Our Financial Performance', Appendix C1. | F | No | | 6.8, 6.8.3, 6.8.7, 6.8.9 |
| Market Presence | | | | | | |
| G4-EC6 | Proportion of senior management hired from the local community | Chapter 6.0, Section 6.6. 'Emiratisation at NBAD', Appendix C2 'Group Workforce Figures'. | F | No | | 6.8, 6.8.5, 6.8.7 |
| Indirect Economic Impacts | | | | | | |
| G4-EC7 | Development and impact of infrastructure investments and services supported. | Chapter 5.0, Section 5.2 'Responsible Financing', 'Project Financing'. | P | No | | 6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9 |
| Procurement Practices | | | | | | |
| G4-EC9 | Spending on locally based suppliers | Chapter 7.0, Section 7.3. | NR | No | | |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|----------------------|---|---|--------------------|--------------------|---|------------|
| ENVIRONMENTAL | | | | | | |
| DMA | <p>Policy 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' (refer to Appendix F). 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. Water - Our water consumption is monitored consistently but we continue to find new challenges and issues with the reliability of this information. Compliance – see main policy statement above. Chapter 9.0, Section 9.1. Chapter 9.0, Sections 9.2, 9.3, 9.5. It is not possible to currently measure our overall waste production. Supplier Environmental Assessment - see main policy statement above. Goals, Targets & Commitments, Specific Actions – Chapter 9.0, Section 9.7, Appendix B. Resources & Responsibilities: Chapter 3.0 Section 3.2.</p> | | F (all aspects) | No | Materials Energy Water Compliance Supplier Environmental Assessment | 6.2, 6.5 |
| Materials | | | | | Yes (NBAD, UAE) | |
| G4-EN1 | Materials used by weight or volume | Chapter 9.0, Section 9.1, Section 9.2 Water Consumption, Section 9.3 Energy Consumption, Section 9.5 'How we manage our paper consumption'. | F | No | | 6.5, 6.5.4 |
| G4-EN2 | Percentage of materials used that are recycled input materials | Chapter 9.0, Section 9.5 'How we manage our paper consumption'. | F | No | | 6.5, 6.5.4 |
| Energy | | | | | Yes (NBAD, UAE) | |
| G4-EN3 | Energy consumption within the organisation | Chapter 9.0 Section 9.3. | F | No | | 6.5, 6.5.4 |
| G4-EN4 | Energy consumption outside of the organization | We consumed an estimated 37,506,730kWh of electricity (135,024.2 GJ). | P | No | | 6.5, 6.5.4 |
| G4-EN6 | Reduction of energy consumption | Chapter 9.0 Section 9.3. | F | No | | 6.5, 6.5.4 |
| Water | | | | | Yes (NBAD, UAE) | |
| G4-EN8 | Total water withdrawal by source. | Chapter 9.0, Section 9.2, 'How we Manage our Water Consumption'. | F | No | | 6.5, 6.5.4 |
| G4-EN9 | Water sources significantly affected by withdrawal of water. | Our water is desalinated sea water. | P | No | | 6.5, 6.5.4 |
| G4-EN10 | Percentage and total volume of water recycled and reused. | No water is currently recycled or reused. | F | No | | 6.5, 6.5.4 |
| Biodiversity | | | | | | |
| G4-EN11 | Areas of high biodiversity value. | We currently have no premises located or planned in areas of high biodiversity value. | F | No | | 6.5, 6.5.6 |
| G4-EN12 | Impact on biodiversity. | We currently have no premises located or planned in areas of high biodiversity value. | F | No | | 6.5, 6.5.6 |
| Emissions | | | | | | |
| G4-EN15 | Direct GHG emissions (by weight) | Chapter 9.0, Section 9.4, 'GHG Emissions'. Direct CO ₂ emissions from fuel (petrol and diesel) in tonnes – 1,088.72. | F | No | | 6.5, 6.5.5 |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|---|---|---|--------------------|--------------------|---|-------------------|
| G4-EN16 | Indirect GHG emissions (by weight) | Chapter 9.0, Section 9.4, 'GHG Emissions'. Indirect CO ₂ emissions tonnes - Electricity consumption, 19,128.43; Water consumption, 1,670.30; Business flights, 784.22 | F | No | | 6.5, 6.5.5 |
| G4-EN17 | Other indirect GHG emissions | We do not have any other indirect greenhouse gas emissions. | NR | No | | 6.5, 6.5.5 |
| Effluents & Waste | | | | | | |
| G4-EN22 | Total water discharge by quality and destination. | We do not produce water discharge/effluent other than standard sewage which is processed 100% by the Municipality. | F | No | | |
| G4-EN23 | Total weight of waste by type and disposal method. | Chapter 9.0 Section 9.5, 'Materials Consumption – Paper', How we manage our Secure Document Destruction and Paper Waste'. It is not possible to currently measure our overall waste production. | NR | No | | 6.5, 6.5.3 |
| Products and Services | | | | | | |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category. | Zero products are sold with reclaimed packaging materials. | F | No | | |
| Compliance | | | | | Yes (NBAD, UAE) | |
| G4-EN29 | Fines and sanctions of non-compliance | Zero (0) fines and sanctions. | F | No | | 6.5 |
| Transport | | | | | | |
| G4-EN30 | Impact of people and product transportation. | See G4-EN3 for our fleet fuel consumption and G4-EN16 for our business flight emissions. It is not possible to measure the impact of our employees' transportation to and from work as the majority use personal cars. | P | No | | 6.5, 6.5.4, 6.6.6 |
| Overall | | | | | | |
| G4-EN31 | Investment for environmental protection (by value, type) | 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, however, in 2014 we will conduct an Environmental Audit of our Head office building and identify environmental improvement opportunities. | NR | No | | |
| Supplier Environmental Assessment | | | | | Yes (NBAD, UAE) and supplier | |
| G4-EN32 | New suppliers that were screened using environmental criteria (percentage) | Chapter 7.0 Section 7.2 'Moving Forward in 2014 – Our 'Procure to Pay' Cycle'. | F | No | | |
| Environmental Grievance Mechanisms | | | | | | |
| G4-EN34 | Grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms. | Zero (0) grievances reported. | F | No | | |
| SOCIAL | | | | | | |
| LABOUR PRACTICES AND DECENT WORK | | | | | | |
| DMA | Policy 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' (refer to Appendix F) Chapter 6.0 Section 6.1. Chapter 6.0 Section 6.3 to 6.8. Goals, Targets & Commitments, Specific Actions – Chapter 6.0, Section 6.9, Appendix B. Resources & Responsibilities: Chapter 3.0 Section 3.2. | | F (all aspects) | No | Employment Occupational Health & Safety Training and Education Diversity & Equal Opportunity Equal Remuneration for Women and Men | 6.2, 6.4, 6.3.10 |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|--|--|--|--------------------|--------------------|-----------------------------|-----------------------------|
| Employment | | | | | Yes (NBAD, UAE) | |
| G4-LA1 | Turnover of personnel (by age group, gender, region). | Chapter 6.0 Section 6.6 'Job Creation & Security' - 'Employee Turnover Rate'. | F | No | | 6.4, 6.4.3 |
| G4-LA3 | Return to work and retention rates after parental leave, by gender. | Chapter 6.0 Section 6.7 Our 'Employer of Choice' Approach, 'Employee Benefits' – 'Parental leave'. | F | No | | |
| Labour/Management Relations | | | | | | |
| G4-LA4 | Minimum notice period for operational changes. | Not reported. | NR | No | | |
| Occupational Health & Safety | | | | | Yes (NBAD, UAE) | |
| G4-LA5 | Employees represented by H&S committees (percentage) | We do not have a health and safety committee. | F | No | | 6.4, 6.4.6 |
| G4-LA6 | Injury, disease, lost days, absenteeism, fatalities (rates). | Chapter 6.0, Section 6.5. We report on incidents (19 incidents in 2013), however we are unable to properly report accidents or injury rates specifically, as there is no standard internal reporting mechanism to capture this information. 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. | P | No | | 6.4, 6.4.6 |
| G4-LA8 | Health and safety issues in collective agreements. | No trade unions in the UAE. | NA | No | | |
| Training and Education | | | | | Yes (NBAD, UAE) | |
| G4-LA9 | Training (by average hour, employee category) | Chapter 6.0 Section 6.8 'Learning & Development' – NBAD Academy, 'Learning & Development for UAE Nationals'. | F | No | | 6.4, 6.4.7 |
| Diversity & Equal Opportunity | | | | | Yes (NBAD, UAE) | |
| G4-LA12 | Breakdown of employees (by category, gender, etc) | Chapter 6.0, Section 6.2 'Equal Opportunities & Diversity', Section 6.6 'Job Creation & Security' – 'Emiratisation'. | F | No | | 6.3.7, 6.3.10, 6.4, 6.4.3 |
| Equal Remuneration for Women and Men | | | | | Yes (NBAD, UAE) | |
| G4-LA13 | Ratio of basic salary of women to men by employee category, by significant locations of operation. | Chapter 6.0 Section 6.7 'Our Employer of Choice Approach' - 'Fair wages'. | F | No | | 6.3.7, 6.3.10, 6.4.3, 6.4.4 |
| Supplier Assessment for Labour Practices | | | | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labour practices criteria. | Chapter 7.0 Section 7.2 'Moving Forward in 2014 – Our 'Procure to Pay' Cycle'. | P | No | | 6.3.5, 6.4, 6.4.3 |
| Labour Practices Grievance Mechanisms | | | | | | |
| G4-LA16 | Grievances about labour practices filed, addressed and resolved through formal grievance mechanisms. | We do not have a formal recording system for grievances, however, we have an 'open door' policy, and resolve any employee grievances informally. | F | No | | |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|--|---|--|--------------------|--------------------|---|--|
| HUMAN RIGHTS | | | | | | |
| DMA | 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 workplace; We will support development of national talent whilst incorporating diversity, and ensuring opportunities for all employees' (refer to Appendix F). 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. 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. Chapter 3.0 Section 3.6. Chapter 4.0 Section 4.3. Chapter 6.0 Section 6.1, 6.3 6.6. Chapter 7.0 Section 7.2, Appendix F. Goals, Targets & Commitments, Specific Actions - Appendix B Future Commitments Resources & Responsibilities: Chapter 3.0 Sections 3.2. | | F (all aspects) | No | Investment Non-discrimination Indigenous Rights Supplier Human Rights Assessment | 6.2, 6.3 |
| Investment | | | | | Yes (NBAD, UAE) | |
| G4-HR1 (including sector supplement) | Investments with human rights screening (by percentage, number). | Zero (0) investments. 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. We will develop a formal Group-wide policy in 2014 for project financing, to help us follow the Equator Principles' requirements as we prepare to become signatories. | F | No | | 6.3, 6.3.3, 6.3.5, 6.6.6 |
| Non-discrimination | | | | | Yes (NBAD, UAE) | |
| G4-HR3 | Discrimination incidents (number). | Zero (0) incidents. | F | No | | 6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3 |
| Freedom of Association and Collective Bargaining | | | | | | |
| G4-HR4 | Operations identified with freedom in risk and actions. | Collective bargaining is not allowed by legislation in the UAE. | F | No | | 6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.5 |
| Child labour | | | | | | |
| G4-HR5 | Operations identified with child labour risk and actions. | Zero (0) suppliers or operations have been identified as having significant risk for incidents of child labour. | F | No | | 6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7 |
| Forced or Compulsory Labour | | | | | | |
| G4-HR6 | Operations identified with forced labour risk and actions. | Our employees are aware of their rights and 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 third party suppliers, but have not carried out a specific analysis. Our new Procurement Policies specify minimum expectations for suppliers on this subject and these will be implemented in 2014. | P | No | | 6.3.10 |
| Security Practices | | | | | | |
| G4-HR7 | Security personnel training on human rights. | Zero (0) training delivered. | F | No | | |
| Indigenous Rights | | | | | Yes (NBAD, UAE) | |
| G4-HR8 | Violations of indigenous rights and actions (number) | Zero (0) violations. | F | No | | 6.3, 6.3.4, 6.3.6, 6.3.7 |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|-----------------------------------|---|--|--------------------|--------------------|--|---------------------------------|
| Assessment | | | | | | |
| G4-HR9 | Operations that have been subject to human rights reviews or impact assessments (percentage, number). | Zero (0) operations. | F | No | | 6.3.4, 6.3.5 |
| Supplier Human Rights Assessment | | | | | Yes (NBAD, UAE) and supplier | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria. | Zero (0) suppliers. | F | No | | 6.3.4, 6.3.5, 6.6.6 |
| Human Rights Grievance Mechanisms | | | | | | |
| G4-HR12 | Grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms (number). | We do not have a formal recording system for grievances, however, we have an 'open door' policy, and resolve any employee grievances informally. | F | No | | |
| SOCIETY | | | | | | |
| DMA | <p>Policy</p> <p>Our approach to society is described by our overall policy statement in our Group wide Sustainability Policy - 'Investing in our future (refer to Appendix F). 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.'</p> <p>Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. Chapter 4.0 Section 4.3. Chapter 5.0, Section 5.2. Chapter 8.0 Section 8.1 to 8.4. Goals, Targets & Commitments, Specific Actions – Chapter 8.0, Section 8.5, Appendix B. Resources & Responsibilities: Chapter 3.0 Section 3.2.</p> | | F (all aspects) | No | Local Communities Anti-corruption Compliance | 6.2, 6.6, 6.8 |
| Local Communities | | | | | Yes (NBAD, UAE) | |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessment and development programmes. | We have identified, through external engagement with our sustainability peers and partner organisations, that the women's market, SME development, access to finance and debt due to lack of financial literacy are key issues for the financial industry in the UAE and MENA region. Programmes are in development, which will include impact assessments. | P | No | | 6.3.9, 6.6.7, 6.8, 6.8.5, 6.8.7 |
| FS13 | Access points in low-populated or economically disadvantaged areas by type. | Chapter 5.0 Section 5.5 'Access to Financial Services' – 'Accessibility' and 'Financial inclusion'. | F | No | | |
| FS14 | Initiatives to improve access to financial services for disadvantaged people. | Chapter 5.0 Section 5.5 'Access to Financial Services' – 'Accessibility' and 'Financial inclusion'. | F | No | | |
| Anti-corruption | | | | | Yes (NBAD, UAE) | |
| G4-SO4 | Communication and training on anti-corruption policies and procedures. | Chapter 4.0, Section 4.3 'Corporate Governance, Ethics & Compliance', 'From 'Compliance Culture' (2012) to 'The Year of Delivery' (2013)'. A total of 3,606 employees completed the anti-money laundering (AML) training in 2013. Approximately 75% (3,070 employees) of all our staff completed and passed the AML e-learning material. All employees have received communications related to the Whistleblowing system. | F | No | | |
| G4-SO5 | Confirmed incidents of corruption and actions taken. | Chapter 4.0 Section 4.3 'Corporate Governance, Ethics & Compliance' – 'Whistleblowing'. Chapter 5.0 Section 5.6. | F | No | | 6.6, 6.6.3 |
| Public Policy | | | | | | |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary. | Zero (0). There are no political parties in the UAE. | NA | No | | |

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|---|---|---|--------------------|--------------------|---|--|
| Anti-competitive Behaviour | | | | | | |
| G4-S07 | Legal actions for anti-trust and monopoly practices (number and outcome). | Zero (0) in the UAE. | NA | No | | 6.6, 6.6.5, 6.6.7 |
| Compliance | | | | | | |
| G4-S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | Zero (0) significant ² fines in the UAE. | F | No | | |
| Supplier Assessment for Impacts on Society | | | | | | |
| G4-S09 | Percentage of new suppliers that were screened using criteria for impacts on society. | Zero (0) suppliers. | F | No | | |
| Grievance Mechanisms for Impacts on Society | | | | | | |
| G4-S011 | Grievances regarding impacts on society filed, addressed and resolved through formal grievance mechanisms (number). | We do not have a formal recording system for grievances, however, we have an 'open door' policy, and resolve any employee grievances informally. | F | No | | |
| Product Responsibility | | | | | | |
| DMA | Policy 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' (refer to Appendix F). Chapter 3.0 Section 3.6 'Materiality Analysis & Stakeholders Dialogue'. Chapter 4.0 Section 4.3. Chapter 5.0 Section 5.1, 5.2, 5.3, 5.5, 5.6. Goals, Targets & Commitments, Specific Actions – Chapter 5.0, Section 5.7, Appendix B. Resources & Responsibilities: Chapter 3.0 Sections 3.2. | | F (all aspects) | No | Marketing Communications Customer Privacy Compliance | 6.2, 6.6, 6.7 |
| Customer Health & Safety | | | | | | |
| G4-PR2 | Number of incidents of non-compliance with regulations and codes regarding the health and safety impacts of products and services. | Zero (0) incidents. | F | No | | 6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5 |
| Product & Service labelling | | | | | | |
| G4-PR4 | Number of incidents of non-compliance with regulations and codes regarding product and service information and labelling, by type of outcomes. | Zero (0) incidents. | F | No | | 6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9 |
| G4-PR5 | Practices of customer satisfaction (results). | Chapter 5.0, Section 5.4 'Customer Satisfaction', 'Customer Satisfaction Surveys'. | F | No | | 6.6.7, 6.7.4, 6.7.5, 6.6.6, 6.7.8, 6.7.9 |
| Marketing Communications | | | | | | |
| G4-PR6 | Sale of banned or disputed products. | 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. | F | No | | 6.7, 6.7.3, 6.7.6, 6.7.9 |

²An event which will lead to a substantial financial loss, serious reputational damage and/or significant adverse regulatory impacts. A substantial financial loss is present when the potential direct costs resulting from an event are USD 1 million or more, which results in negative publicity in national or international media and which could result in the loss of the Bank's license, strict regulatory supervision and significant regulatory fines.

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|--------------------|--|--|--------------------|--------------------|-----------------------------|--------------------------|
| G4-PR7 | Non-compliance incidents (by number, outcome). | Zero (0) incidents. | F | No | | 6.7, 6.7.3, 6.7.6, 6.7.9 |
| Customer Privacy | | | | | | Yes (NBAD, UAE) |
| G4-PR8 | Substantial complaints for privacy, lost data (by number). | 16 complaints were recorded. These were investigated and closed out. | F | No | | 6.7, 6.7.7 |
| Compliance | | | | | | Yes (NBAD, UAE) |
| G4-PR9 | Fines concerning use and provision (by value). | Zero (0) significant fines. | F | No | | |

Table 3 Financial Sector Additional Disclosures

| DMA and Indicators | Summary | Report Section | Coverage/Omissions | External Assurance | Material Aspects (Boundary) | ISO 26000 |
|--------------------------------------|---|---|--------------------|--------------------|-----------------------------|-----------------|
| SPECIFIC STANDARD DISCLOSURES | | | | | | |
| G4-DMA | <p>PRODUCT RESPONSIBILITY Policy</p> <p>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' (refer to Appendix F).</p> <p>Chapter 2.0 Section 2.2. Chapter 3.0 Section 3.6. Chapter 5.0 Section 5.1, 5.2, 5.3, 5.5. Goals, Targets & Commitments, Specific Actions – Chapter 5.0, Section 5.7, Appendix B. Resources & Responsibilities: Chapter 3.0 Sections 3.2.</p> | | F (all aspects) | No | Product Portfolio | 6.2, 6.6, 6.7 |
| Product Portfolio | | | | | | Yes (NBAD, UAE) |
| FS6 | Percentage of the portfolio for business lines by specific region size (eg micro/sme/large) and by sector | Chapter 2.0 Section 2.2. | F | No | | |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. | Not reported. | NR | No | | |
| FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose. | Not reported. | NR | No | | |
| Audit | | | | | | |
| Former FS9 | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. | Zero (0) audits covering sustainability issues in 2013. | F | No | | |

| Active Ownership | | | | | |
|------------------|--|---------------|----|----|--|
| FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues. | Not reported. | NR | No | |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening. | Zero assets. | F | No | |

Appendix B
Our Future Sustainability Commitments

Appendix B - Our Future Sustainability Commitments

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|--|---|
| <p>Managing our Company & Benefitting our Shareholders by embracing accountability and transparency</p> <p><i>To be the World's Best Arab Bank and the most trusted financial partner and advisor for our chosen clients.</i></p> | <p>Chapter 3.0 Management</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> Undertake direct engagement with our stakeholders for the perception and materiality analysis aspect of our sustainability reporting. <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> Continue to integrate sustainability objectives within our 5 year strategy and report on our progress annually. Investigate how our sustainability objectives can be incorporated into employees' annual performance targets to measure and reward our employees' performance against these targets. Achieve 50% relative improvement in our overall sustainability maturity in comparison with our 2012 baseline. Focus on two strategic programmes to create significant social impact (medium to long term) to demonstrate that we are a valuable corporate citizen. Review traditional corporate responsibility activities in 2015, to align with our new growth strategy. <p>Long-term (2018-beyond)</p> <ul style="list-style-type: none"> Continue to support Abu Dhabi and the UAE's economic growth by aligning our goals and objectives with the Abu Dhabi Vision 2030. Report on our progress annually. Investigate incorporation of sustainability-specific objectives in managers' formal appraisal to integrate the principles of sustainability within our organisation. |

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|---|--|
| | <p>Chapter 4.0 Shareholders</p> <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> Retain our ranking in the top 10 position on the S&P Hawkamah ESG Pan Arab Index, which is important to us as a regional validation of our transparency and responsibility and as a commercial measure of our potential value to investors. |
| <p>Helping our customers & Respecting our customers by delivering quality and innovation</p> <p><i>To be 'Core' to our chosen customers.</i></p> <p><i>Put our customers at the forefront and do the right things the right way.</i></p> | <p>Chapter 5.0 Customers</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> Engage with our customers through our customer satisfaction survey to identify and meet our customers' needs and expectations. Focus on securing sustainable competitive advantage through staff engagement and collaboration to enhance our customer focus and achieve significant progress on customer focus initiatives such as our 'Bring your heart to work' programme. Integrate sustainability evaluation into the annual bank wide policy review process and develop a formal Group-wide policy for project financing. This will help us follow the Equator Principles' requirements, as we prepare to become signatories to the Equator Principles. Increase financial accessibility for customers by offering a wider range of investment choices. Implement our customer complaint management system to record complaints, ensure that we fix things for our customers and avoid repeating the same mistakes. <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> Increase the number of service ambassadors from 14 to 22 branches to ensure our customers receive a high quality and efficient level of service. Continue further development of our customer onboarding project for implementation in 2015, to improve our customers' overall experience with opening new accounts. |

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|---|---|
| <p>Caring for our employees</p> <p><i>To be an employer of choice and develop world class talent.</i></p> <p><i>To listen to our employees and encourage innovation.</i></p> | <p>Chapter 6.0 Employees</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> • Seek feedback from employees on NBAD as an employer through our employee satisfaction survey, to highlight potential areas of improvement in terms of our people management practices. • Launch the sustainability awareness e-learning module for NBAD staff to instill the principles of sustainable behaviour within the culture of our organization. • Provide training and career development opportunities to support the learning, education and growth of our people. • Contribute to the Abu Dhabi 2030 Vision for Emiratisation by providing 100 net new jobs for Emiratis annually (ongoing commitment). <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> • Provide 100 net new jobs for Emiratis annually to support the Abu Dhabi 2030 Vision for Emiratisation. (ongoing commitment). <p>Long-term (2018-beyond)</p> <ul style="list-style-type: none"> • Provide 100 net new jobs for Emiratis annually to support the Abu Dhabi 2030 Vision for Emiratisation. (ongoing commitment). • Provide certified training for 300 professional bankers under the Professional Bankers Project, to build a pipeline of professional individuals with the ability to meet our new strategy. New recruits will also be part of this group, providing employment opportunities for talented individuals. • Undertake responsible marketing and communications training for relevant staff to provide an understanding of the relevance of sustainability within their area of business. |

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|--|---|
| <p>Supporting our suppliers by developing outstanding relationships</p> <p><i>Develop two-way, mutually beneficial relationships with strategic supply partners</i></p> <p><i>To be recognized as the customer of choice</i></p> <p><i>Strategically position critical suppliers to share NBAD values and commitments (Win-Win)</i></p> | <p>Chapter 7.0 Suppliers</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> • Extend our management system’s transparency and implement controls to enable a fully controlled and automated “Procure-to-Pay” process. • Undertake annual reviews and due diligence of vendors using sustainability criteria in order to engage responsible suppliers. • Establish our Supplier Relationship Management (SRM) strategy and process with sufficient key performance indicators (KPI’s) to measure efficiency and effectiveness. • Ensure that our supplier onboarding system is implemented and our vendor data base is updated in order to report on our expenditure on local suppliers by end 2014. <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> • Identify and address any further gaps in our ‘Procure to Pay’ system and manage our due diligence process more stringently in relation to sustainability criteria. • Commence implementation of our Procurement Selection Criteria of suppliers by reviewing the suitability and sustainability of our vendors (in accordance with our Procurement Policy) and undertaking automated background checks. |

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|--|--|
| <p>Helping our communities by strengthening economic impact.</p> <p><i>To support development in areas we operate within, in line with our financial success.</i></p> | <p>Chapter 8.0 Community</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> • Enter into a joint venture (Mubadarat) with the Khalifa Fund to provide equity financing to early stage businesses and partner with the Khalifa Fund to be the banking partner for the SME Toolkit. • Continue to participate in the Dubai Chamber Sustainability Network (DSCN) working groups to encourage and promote sustainability amongst the wider business community. • Complete the Carbon Disclosure Project (CDP) report as part of the pilot programme facilitated by Masdar and AD SG, to measure and disclose our greenhouse gas (GHG) emissions and identify current and future internal strategies to minimize these emissions. • Support the Abu Dhabi's 2030 vision by investing in the local economy (ongoing commitment). |

| Sustainability Focus Area & Objectives | Sustainability Commitments |
|--|--|
| <p>Preserving our environment</p> <p><i>To minimize and mitigate our environmental impacts.</i></p> | <p>Chapter 9.0 Environment</p> <p>Short-term (2014)</p> <ul style="list-style-type: none"> • Continue to work on improving our operational performance and energy efficiency to reduce GHG emissions. Record and document our environmental consumption data. • Commission an Environmental Audit of Head Office building to identify environmental improvement opportunities. • Finalise a policy with regard to electronic waste (e-waste) disposal, and formally engage a contractor to collect our e-waste. <p>Medium-term (2015-2018)</p> <ul style="list-style-type: none"> • Develop and implement environmental resource management plans. • Monitor, record and assess trends in relation to paper, water, waste and energy consumption and set targets for reduction. <p>Long-term (2018-beyond)</p> <ul style="list-style-type: none"> • Improve the environmental performance of our NBAD buildings and branches to minimize our resource consumption and mitigate associated impacts. |

Appendix C
Performance Indicators & Definitions

Appendix C1 – Summary of Performance Indicators

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------|------------|------------|------------|------------|------------|
| Economic performance¹ | | | | | | |
| Direct economic value generated | 9,397,988 | 8,668,389 | 7,880,862 | 7,178,534 | 6,399,053 | 5,301,282 |
| Revenues (operating income) (AED '000s) | 9,397,988 | 8,668,389 | 7,880,862 | 7,178,534 | 6,399,053 | 5,301,282 |
| Economic value distributed | 5,205,540 | 4,417,806 | 3,618,496 | 3,124,961 | - | - |
| Operating costs (AED '000s) | 801,451 | 711,798 | 639,799 | 534,248 | 461,274 | 463,025 |
| Employee compensation (AED '000s) | 2,187,719 | 1,937,666 | 1,716,380 | 1,495,821 | 1,310,357 | 900,907 |
| Payments to providers of capital (AED '000s) ² | 1,952,848 | 1,599,504 | 1,101,013 | 957,511 | 337,428 | 592,984 |
| Payments to Government (AED '000s) | 220,324 | 131,961 | 111,036 | 102,602 | 72,939 | 72,051 |
| Donations & sponsorships (AED '000s) | 43,198 | 36,877 | 50,269 | 34,789 | 25,612 | 47,313 |
| Donations & sponsorships as % of profit (AED '000s) | 0.87% | 0.83% | 1.32% | 0.92% | 0.83% | 1.53% |
| Economic value retained | 4,192,808 | 4,253,991 | 4,262,366 | 4,053,573 | - | - |
| Global net profits (AED '000s) | 4,733,125 | 4,332,228 | 3,707,548 | 3,683,159 | 3,019,938 | 3,018,735 |
| Total operating income (revenue AED '000s) | 9,397,988 | 8,668,389 | 7,880,862 | 7,178,534 | 6,399,053 | 5,301,282 |
| Shareholders' Equity (AED '000s) | 30,678,541 | 27,133,090 | 22,389,485 | 20,113,416 | 16,440,567 | 14,356,599 |
| Return on (average) equity (%) ⁽³⁾ | 14.4% | 15.1% | 14.7% | 16.5% | 17.4% | 23.6% |
| Government of Abu Dhabi Tier-1 Capital notes (AED '000s) | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | - |
| Subordinated Debt (AED '000s) | 1,512,323 | 5,662,361 | 7,990,054 | 8,312,286 | 2,852,334 | 3,050,938 |
| Capital resources (AED '000s) | 37,309,062 | 37,266,141 | 36,088,029 | 34,241,013 | 24,893,535 | 18,252,177 |

¹ Financial data is taken from our annual report available in the Investor Relations section of our website www.nbad.com

² Declared basis – includes payment on Government of Abu Dhabi Tier-1 capital notes

³ This is a medium term 5 year KPI, not a year on year - target 15%

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---------|---------|---------|---------|--------|--------|
| People Performance (Summary) | | | | | | |
| Group Workforce (excluding sponsored students) | 5616 | 5,636 | 5,460 | - | - | - |
| UAE Workforce (excluding sponsored students) | 4284 | 4,340 | 4,258 | 3,950 | 3,753 | 2,981 |
| Women in the workforce (UAE) | 36% | 35% | 35% | 34% | 34% | 32% |
| Women in Senior Management (grade 12+) (UAE) | 6.5% | 7.8% | 7% | 5% | 5% | 3% |
| Women in Middle Management (grade 9-11) (UAE) | 26% | 24% | 24% | 17% | 19% | 19% |
| Sponsored Students & Trainees | 193 | 284 | 336 | - | - | - |
| Workforce turnover (UAE) | 12.69% | 9% | 9% | - | - | - |
| Women turnover (UAE) | 4.5% | 9% | 18% | - | - | - |
| Average Training per employee (hours) | 50.93 | 71.75 | 62.02 | 84.84 | 28.56 | 19.04 |
| Reach and Accessibility | | | | | | |
| Countries where we have a presence (excluding UAE) | 16 | 14 | 12 | 12 | 12 | 10 |
| Number of international units | 58 | 57 | 51 | 49 | 46 | 40 |
| Branches in our UAE network | 126 | 121 | 119 | 112 | 100 | 84 |
| Branches in low population and economically disadvantaged areas | 17 | 18 | 19 | 19 | 40 | - |
| ATMs in our UAE network | 588 | 571 | 502 | 392 | 300 | 251 |
| ATMs in low population and economically disadvantaged areas | 46 | 49 | 46 | 26 | 30 | - |
| Total registered online banking customers | 158,146 | 136,428 | 120,837 | 107,575 | 94,081 | 60,589 |

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------|---------|---------|--------|--------|--------|
| Product and customer performance | | | | | | |
| Average branch mystery shopping score | 93.6% | 90% | - | 81% | - | 87% |
| Customer satisfaction | | | | | | |
| Internet Banking Users | - | 73% | 75% | 90% | 90% | - |
| Card Merchants | 87% | 75% | 82% | - | - | - |
| Credit cardholders | - | - | 81% | 88% | - | - |
| Contact Centre Users | 82.6% | 86% | 87% | 90% | - | - |
| Elite Banking clients | 73% | 93% | 92% | 90% | - | - |
| Corporate Banking clients | 76% | - | 88% | 84% | - | - |
| ADNP Tenants leasing | 39% | - | 64% | - | - | - |
| NBAD Funds clients | 85% | 85% | - | - | - | - |
| Total number of customer privacy breaches | 6 | 0 | 0 | 0 | 1 | 3 |
| Total number of SME Clients (cumulative) | 25,399 | 25,206 | 19,981 | 14,883 | - | - |
| Percentage growth in number of Ratibi cards issued | 24.6% | 23.5% | 31% | 104% | - | - |
| Net credit cards in use | 218,583 | 136,311 | 111,387 | 84,204 | 75,194 | 72,146 |

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------|------------|------------|------------|------------|------------|
| Environment | | | | | | |
| GHG (UAE) | | | | | | |
| Indirect CO ² from Electricity (tonnes) | 19,128.43 | 28,412.44 | 18,239.86 | - | - | - |
| Indirect CO ² from Water (tonnes) | 1,670.30 | 1,210.65 | 793.01 | - | - | - |
| Indirect CO ² from Business flights (tonnes) | 784.22 | 423.67 | 331.54 | - | - | - |
| Direct CO ² from Gasoline (tonnes) | 1,086.67 | 896.02 | 867.46 | - | - | - |
| Direct CO ² from Diesel (tonnes) | 2.05 | 2.93 | 5.52 | - | - | - |
| Total CO ² Emissions (tonnes) | 22,671.68 | 30,945.71 | 20,237.39 | 25,027 | 21,689 | 19,381 |
| Tonnes of CO ² per UAE employee | 5.06 | 6.98 | 4.75 | 6.3 | 6.1 | 6.5 |
| Electricity (UAE) | | | | | | |
| Total electricity consumption (KwH) | 37,506,730 | 55,710,665 | 35,764,423 | 32,848,098 | 28,471,910 | 25,438,202 |
| Total electricity consumption (G) | 135,024 | 200,559 | 128,752 | 118,253 | 102,499 | 91,577 |
| Electricity consumption per capita (KwH) | 8,377.6 | 12,570 | 8,399 | 8,316 | 7,586 | 8,533 |
| Water (UAE) | | | | | | |
| Total water consumption (M ³) | 121,388 | 135,632 | 57,631 | 149,330 | 129,436 | 115,644 |
| Total water consumption (IG) | 26,701,673 | 29,834,766 | 12,677,130 | 20,362,128 | 26,388,889 | 18,333,333 |
| Water consumption per capita (IG) | 5,964.19 | 6,732 | 2,977 | 8,316 | 7,586 | 8,533 |
| Paper (UAE) | | | | | | |
| Total paper consumption (KG) | 219,150 | 230,850 | 212,175 | 248,988 | 213,163 | 198,213 |
| Total paper consumption per capita (KG) | 49 | 52.09 | 49.83 | 63.03 | 56.8 | 66.49 |
| Total paper recycled (KG) | 110,958 | 93,365 | 49,507 | 38,842 | 36,917 | 62,692 |
| Paper recycling rate | 51% | 40.40% | 23.30% | 15.60% | 17.30% | 31.60% |
| Annual spending on standard photocopy paper (AED) | 1,273,712 | 1,024,950 | 1,122,375 | 920,325 | 868,200 | 711,750 |
| Printer cartridges (UAE) | | | | | | |
| Total number of cartridges purchased | 15,731 | 10,867 | 9,269 | 9,175 | - | - |
| Number of cartridges recycled (remanufactured) | 1,102 | 1,001 | 1,472 | 554 | - | - |
| Cartridge recycling rate | 7% | 9% | 16% | 6% | - | - |

Appendix C2 – Our People Performance Indicators.

Group Workforce Figures

| | Group 2012 | Group 2013 | UAE2013 | | | | | | | International 2013 | | | | | | | |
|---|------------|------------|-----------|-------|---------|-------|-------|---------|-------|--------------------|-------|---------|-------|-------|---------|-------|--|
| | | | Men | | | Women | | | | Intl. total | Men | | | Women | | | |
| | | | UAE total | Total | Emirati | Expat | Total | Emirati | Expat | | Total | Emirati | Expat | Total | Emirati | Expat | |
| Total Workforce (Excluding Trainees & Students) | 5636 | 5616 | 4284 | 2735 | 327 | 2408 | 1549 | 685 | 864 | 1332 | 975 | 0 | 975 | 357 | 1 | 356 | |
| Senior Level Postions (Gr 12 +) | 156 | 174 | 139 | 130 | 29 | 101 | 9 | 3 | 6 | 35 | 31 | 0 | 31 | 4 | 0 | 4 | |
| Middle Management positions (9-11) | 1007 | 1079 | 846 | 624 | 77 | 547 | 222 | 84 | 138 | 233 | 190 | 0 | 190 | 43 | 0 | 43 | |
| Employees Grade 5-8 | 3249 | 3214 | 2413 | 1249 | 221 | 1028 | 1164 | 598 | 566 | 801 | 529 | 0 | 529 | 272 | 1 | 271 | |
| Employees Grade 1-4 | 626 | 585 | 334 | 330 | 0 | 330 | 4 | 0 | 4 | 251 | 220 | 0 | 220 | 31 | 0 | 31 | |
| Contract Staff (including Retirees) | 598 | 564 | 552 | 402 | 0 | 402 | 150 | 0 | 150 | 12 | 5 | 0 | 5 | 7 | 0 | 7 | |
| Trainees & Sponsored Students | 284 | 193 | 193 | 46 | 46 | 0 | 147 | 147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Age 18-30 (Excluding trainees and students) | 1783 | 1188 | 891 | 445 | 145 | 300 | 446 | 252 | 194 | 297 | 200 | 0 | 200 | 97 | 0 | 97 | |
| Age 31-40 (Excluding trainees and students) | 2312 | 2620 | 2039 | 1246 | 135 | 1111 | 793 | 356 | 437 | 581 | 425 | 0 | 425 | 156 | 1 | 155 | |
| Age 41-50 (Excluding trainees and students) | 949 | 1161 | 878 | 636 | 27 | 609 | 242 | 65 | 177 | 283 | 225 | 0 | 225 | 58 | 0 | 58 | |
| Age 51-60 (Excluding trainees and students) | 504 | 545 | 403 | 339 | 19 | 320 | 64 | 12 | 52 | 142 | 102 | 0 | 102 | 40 | 0 | 40 | |
| Age 60 + (Excluding trainees and students) | 75 | 102 | 73 | 69 | 1 | 68 | 4 | 0 | 4 | 29 | 23 | 0 | 23 | 6 | 0 | 6 | |
| Branch Managers | 113 | 127 | 85 | 42 | 23 | 19 | 43 | 37 | 6 | 42 | 38 | 0 | 38 | 4 | 0 | 4 | |
| Number of Nationalities | 74 | 81 | 77 | | | | | | | 35 | | | | | | | |

Employee Turnover Figures

| | Group 2013 | UAE 2013 | | | | | | | International 2013 | | | | | | |
|---|------------|-----------|-------|---------|-------|-------|---------|-------|--------------------|-------|---------|-------|-------|---------|-------|
| | | UAE Total | Men | | | Women | | | Intl. Total | Men | | | Women | | |
| | | | Total | Emirati | Expat | Total | Emirati | Expat | | Total | Emirati | Expat | Total | Emirati | Expat |
| Total number of employees hired | 648 | 512 | 279 | 53 | 226 | 233 | 123 | 110 | 136 | 81 | 0 | 81 | 55 | 0 | 55 |
| Total number of employees terminated/left | 688 | 568 | 367 | 85 | 282 | 201 | 115 | 86 | 120 | 103 | 0 | 103 | 17 | 0 | 17 |
| Total workforce turnover (%) (leavers/Total No. of Staff) | 21.69% | 12.69% | 8.2% | 1.9% | 6.3% | 4.5% | 2.6% | 1.9% | 9.0% | 7.7% | 0.0% | 7.7% | 1.3% | 0.0% | 1.3% |
| Senior Management (Grade 12+) | 0.69% | 0.29% | 0.27% | 0.04% | 0.22% | 0.02% | 0.0% | 0.02% | 0.4% | 0.3% | 0.0% | 0.3% | 0.1% | 0.0% | 0.1% |
| Middle management (grades 9-11) | 3% | 1.8% | 1.5% | 0.2% | 1.3% | 0.34% | 0.07% | 0.27% | 1.20% | 0.98% | 0.00% | 0.98% | 0.2% | 0.0% | 0.2% |
| Employees (grade 5-8) | 12.23% | 6.3% | 3.4% | 1.4% | 2.0% | 2.9% | 2.03% | 0.85% | 5.93% | 4.95% | 0.0% | 4.95% | 1.0% | 0.0% | 1.0% |
| Employees (grade 1-4) | 1.9% | 0.47% | 0.45% | 0.00% | 0.45% | 0.02% | 0.00% | 0.02% | 1.43% | 1.43% | 0.0% | 1.43% | 0.0% | 0.0% | 0.0% |
| Contract Staff | 3.5% | 2.90% | 2.17% | 0.00% | 2.17% | 0.74% | 0.00% | 0.74% | 0.60% | 0.53% | 0.00% | 0.53% | 0.08% | 0.00% | 0.08% |

UAE employee training figures

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------|---------|---------|---------|--------|--------|
| Total training delivered (Days) | 26,190 | 36,310 | 29,418 | 29,786 | 8,290 | 3,832 |
| Total training delivered (Hours) | 183,328 | 254,170 | 205,926 | 208,502 | 58,030 | 26,824 |
| Average training ¹ per employee (Days) | 7.27 | 10.25 | 8.86 | 12.12 | 4.08 | 2.72 |
| Number of employees trained (including grades 1-4) | 3603 | 3,544 | 3,322 | 2,458 | 2,030 | 1,409 |
| Business Unit Heads | 55 | 58 | 51 | 26 | 40 | 25 |
| Manager of Managers | 235 | 216 | 199 | 151 | 150 | 109 |
| Team Leader/Manager/Specialist | 1084 | 1,015 | 884 | 732 | 654 | 489 |
| Individual Contributor/Supervisor | 1642 | 1,785 | 1,794 | 1,589 | 1,124 | 722 |
| Trainees | 134 | 95 | 56 | | | |
| Contract Staff (excluding retirees) | 449 | 356 | 319 | 121 | 59 | 55 |
| Average training per employee (Hours) | 50.93 | 71.72 | 61.99 | 84.83 | 28.59 | 19.04 |
| Business Unit Head | 20.55 | 29.81 | 35.69 | 22.35 | 28.70 | 34.16 |
| Manager of Managers | 37.73 | 46.73 | 52.90 | 37.27 | 34.21 | 21.83 |
| Team Leader/Manager/Specialist | 38.81 | 47.16 | 50.77 | 52.40 | 22.02 | 20.56 |
| Individual Contributor/Supervisor | 38.79 | 54.91 | 57.95 | 68.09 | 32.37 | 17.63 |
| Employees trained on anti-money laundering | 3,606 | 307 | 625 | 630 | 2 | 16 |

¹ Average training hours/days are calculated based on number of people trained, not total employee numbers.

C3 - DEFINITIONS 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 | 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 Business Unit Leader – (Executive) 14-15; Manager of Managers – (Senior Manager) 11-13; Team Leader/Specialist – (Manager) 8-10; Individual Contributor/Supervisor – (Team member) 4-7. |
| 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. |
| Direct economic value generated and distributed | Based on GRI definition in Financial Services Sector Supplement Version G4, indicator G4-EC1 |
| Economic value retained | Based on GRI definition in Financial Services Sector Supplement Version G4, indicator G4-EC1 |
| Emiratization rate | UAE only - Total UAE National employees or potential employees in development (1,012 employees + 193 Trainees and Sponsored Students) ÷ total 'qualified staff' (3,398 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. |
| Employee grades | Grade 12+ = Senior Management Grades 9-11 = Middle Management Grades 5-8 = Clerical & Supervisory Grades 1-4 = Non-clerical |
| Impaired loans | Impaired loans and advances and non-trading investments are financial assets for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the agreements. |
| Low-population and economically disadvantaged areas | Ghayathi, Liwa, Ruwais, Silaa, Yahar, Sweihan, Hayer, Wagan, Mirfaa, Madam, Dibba Hisn, Qidfaa. |
| Non-performing loans (NPLs) | Same as impaired loans |
| Number of contract staff | All long & short term contract staff (including retirees) on contracts directly with NBAD. Does not include third party supplied contractors. |

| | |
|---|--|
| Online banking satisfaction results | Based on customer service index developed through ongoing online customer survey/feedback. |
| Overdue loans (past due but not impaired) | Past due but not impaired are accounts where either contractual principal or interest are past due and when the accounts show weakness in the borrower's financial position and creditworthiness, and requires more than normal attention. Such weakness is specifically monitored to ensure that the quality of the asset does not further deteriorate. On this class of asset the Group believes that specific impairment is not appropriate at the current condition. |
| Paper Recycling Rate | Recycled paper as a percentage of total paper consumption. |
| Payment to providers of capital | Payment to providers of capital includes dividends paid to shareholders and payment made on Tier-I capital notes. |
| Payment to government | Payment to government refers to taxes paid on earnings. |
| 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. |
| Provision coverage | Total provisions/Total NPLs |
| 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, 18 positions with specific job roles held by a total of 1,734 employees were assessed. |
| Return on average equity | Net profit/Average Total equity (2012 & 2013) X 100 |
| Sick leave | Total number of days reported as sick leave ÷ UAE workforce (year end figure including trainees). |
| Capital resources | As per the Basel-II framework adopted by the UAE Central Bank. |
| 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 14 NBAD owned buildings in Abu Dhabi. The total consumption and per capita consumption rate were extrapolated to the remaining employees working in premises where we were not able to accurately account our consumption. See Appendix E for a full discussion. |
| Total GHG emissions | A fuller explanation of our GHG emissions calculations can be found in Appendix E. |
| Total number of customer privacy breaches | Based on GRI definition in Financial Services Sector Supplement Version. |
| Total paper consumption | Kilograms (KG). Based on ream volume ordered from Administration 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. For the purposes of calculating per capita figures, we have included trainees and students in the UAE workforce. The calculations do not include staff contracted on our behalf by third party suppliers. |
| 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 D
Glossary of Terms

Appendix D – 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. |
| ADIA | Abu Dhabi Investment Authority |
| 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. |
| GCC | GCC is the acronym for Gulf Cooperation Council (or Gulf Co-operation Council). The full name is Cooperation Council for the Arab States of the Gulf (CCASG). Also referred to as the Arab Gulf Cooperation Council (AGCC). The six GCC (or AGCC) countries, citizen nationalities, nations, or member states include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE. |

| | |
|--|---|
| GDP | Gross Domestic Product. |
| 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 standardized 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. www.khalifafund.ae . |
| LED | Light emitting diodes. |
| LEED | Leadership in Energy and Environmental Design (LEED) is a third-party certification programme. It is a nationally accepted organization for design, operation and construction of high performance green buildings. This ensures the buildings are environmentally compatible, provide a healthy work environment and are profitable. |
| NBAD Group | Refers to NBAD operations within the UAE and worldwide. |
| NBAD UAE | Refers to NBAD operations within the UAE. |
| Private Banking | Bespoke investment banking e.g. equities, fixed income products. |
| Project Finance | Long term financing of major development or infrastructure projects. |
| SCA Licence | Securities & Commodities Licence. |
| Total Cost of Ownership (TCO) | Total Cost of Ownership, usually abbreviated as TCO, is a calculation designed to help a make more informed financial decision. Rather than just looking at the purchase price of an object, TCO looks at the complete cost from purchase to disposal. It adds to the initial purchase price other costs expected to be incurred during the life of the product, such as service, repair, and insurance. |
| Wholesale Banking | Financial services conducted between financial services companies and institutions such as banks, insurers, fund managers, and stockbrokers. |

Appendix E
Information & Restatements on Disclosures

Appendix E – Information & Restatements on Disclosures*

Training hours

Average training hours have 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.

Power and water consumption

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

The total kWh figure of 24,085,738 for electricity consumption outlined in the Executive Summary is based on consumption rate of 2,875 employees in 14 NBAD owned buildings in Abu Dhabi. We used this figure to extrapolate the consumption rate for all 4,477 employees across the UAE. This resulted in a total electricity consumption rate of 37,506,730.096 kWh for UAE employees.

The methodology used in 2012 to calculate our water and energy consumption across the UAE, was also utilised for our 2013 data.

During 2013, we continued to find the calculation of actual consumption of utilities challenging. The bills show some skewing caused by estimations of consumption at the beginning and end of the year, rather than actual meter readings. In addition, the data was being reported inaccurately internally and we continued to have difficulties accessing water meters. We have, therefore allowed room for marginal error in the reporting and calculation of data.

To ensure future accuracy and ease of data monitoring, we will request a meeting with ADWEA/ADDC in 2014 to address these issues.

We will also seek internal approval in 2014 to send out RFPs for a full environmental audit of the HO and Khalidiya office in order to determine ways in which we can improve the environmental performance of these premises.

Green House Gas emissions

In 2013, we calculated our GHG emissions (Table 1) using the sources of emission factors listed in Table 2 below.

Table 1 Total CO₂ Emissions

| | 2011 | 2011 | 2012 | 2013 |
|---|-------------------|-----------------------------|-----------|-----------------------------|
| | External provider | Using 2012 Emission Factors | | Using 2013 Emission Factors |
| Indirect CO ₂ Electricity Consumption (tonnes) | 27,205.80 | 18,239.86 | 28,412.44 | 19,128.43 |
| Indirect CO ₂ Water Consumption (tonnes) | n/a | 793.01 | 1,210.65 | 1,670.30 |
| Indirect CO ₂ Business flights (tonnes) | 321.60 | 331.54 | 423.67 | 784.22 |
| Direct CO ₂ Gasoline (tonnes) | 901.33 | 867.46 | 896.02 | 1,086.67 |
| Direct CO ₂ Diesel (tonnes) | 5.59 | 5.52 | 2.93 | 2.05 |
| Total CO ₂ Emissions | 28,434.32 | 20,237.39 | 30,945.71 | 22,671.68 |
| CO ₂ tonnes per UAE employee | 6.68 | 4.75 | 6.98 | 5.06 |

Table 2 Source of Emission Factors

| 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 GHG emissions from transport or mobile sources Calculation Tool V 2.3 Oct 2010 | Petrol |
| GHG Protocol GHG emissions from transport or mobile sources Calculation Tool V 2.3 Oct 2011 | Diesel |
| GHG Calculation Tools V 4.01 Oct 2010, IPCC 2006 Guidelines | Flights |

Appendix F
Our Sustainability Policy

Appendix F – 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.