



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2018

I am pleased to reaffirm the support of Etihad Aviation Group to the Ten Principles of the United Nations Global Compact.

Etihad Aviation Group recognises the challenges that businesses face in areas of human rights, labour, environment and anti-corruption, and is continually working to ensure our policies and practices are effective in preventing negative action and breaches of compliance.

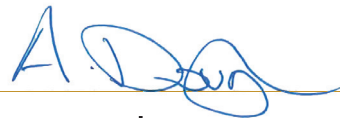
The Etihad Aviation Group Sustainability Advisory Board convenes a group of senior management from all areas of the business to review the annual sustainability strategy on an ongoing basis. Of particular note, we have taken the following steps in the last 12 months:

- Updated the Code of Business Conduct to incorporate Etihad Aviation Group's subsidiaries, a specific section on human rights and elaborate on a number of areas including anti-bribery and corruption;
- Engaged PwC to undertake a comprehensive audit to assess compliance to relevant local employment and labour laws and international guidelines;
- Improved our employee performance management system to facilitate more direct engagement between managers and their teams, as well as making adjustments to ensure a more useable and relevant system for employees;
- Continued to make significant savings in fuel burn and emissions across our fleet amounting to 62,000 tonnes of fuel savings in 2017, amounting to an elimination of 195,000 tonnes of potential carbon dioxide emissions;
- Collaborated closely with industry partners and the UAE government to ensure the success of the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), requiring the airline to offset post2020- emissions growth on international flights between signatory countries; and
- Instigated a comprehensive communications campaign relating to ethics and compliance with a focus on conflicts of interest and data privacy.

The Etihad Aviation Group Sustainability Advisory Board allows for a group of senior management from all areas of the business to convene and review the continued appropriateness of the annual sustainability strategy. With representatives from Human Resources, Operations, Legal, Government and International Affairs, Corporate Affairs, Procurement, Cargo, Ethics and Compliance and Marketing/Sponsorship, the committee meets up to four times per year to review the strategy and influence the actions and activities of the sustainability team.

In a refresh of corporate governance processes, a new Executive Leadership Committee was established recently, with a number of subcommittees to ensure that all activities within our business are conducted appropriately, in line with laws, regulations and expectations and which will ensure our continued commitment to the UNGC.

I look forward to further progress on these fundamental requirements of a sustainable and responsible business.



Tony Douglas

Group Chief Executive Officer
Etihad Aviation Group

Human Rights and Labour Principles

Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2:	make sure that they are not complicit in human rights abuses
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4:	the elimination of all forms of forced and compulsory labour;
Principle 5:	the effective abolition of child labour; and
Principle 6:	the elimination of discrimination in respect of employment and occupation

The overarching commitments by the Etihad Aviation Group to the protection of human rights and compliance with labour principles is contained within:

- The Code of Business Conduct, revised in 2017 and developed to ensure a responsibility to conduct business ethically, responsibly and within the law; and
- The Code of Ethical Purchasing and Supply, which applies to all suppliers.

All new and renewing suppliers are requested to sign the Code of Ethical Purchasing and Supply, which forms part of the supplier contract and lays out our commitment to doing business ethically, responsibly and within the law. Evidence of breaches of either Code will result in a review and possible employee or supplier termination.

While there is no union presence in the UAE, Etihad Aviation Group follows local labour laws in the jurisdictions in which it operates. In many countries outside of the UAE, the business follows and adheres to any agreed collective labour agreements.

Etihad also engaged PwC in 2017 to undertake a comprehensive audit to assess the business' compliance to relevant employment and labour laws in the UAE, as well as the Human Rights Watch guidelines for migrant workers and the United Nations Guiding Principles on Business and Human Rights. The audit revealed positive results, but also provided an opportunity to address areas for improvement.

Global employee-related policies are published on the intranet in relation to working hours, annual leave, maternity leave, employment conditions, diversity and more, with differences set locally in other jurisdictions taking precedence. Compliance is evaluated against these policies on an annual basis.

Ask HR, a communication mechanism for allows employees to raise questions or concerns in relation to employment issues, with response within 2 working days. Alternatively, employees can contact their department-assigned Human Resources business partner.

The performance management tool, iAchieve, records and tracks individual performance against agreed performance objectives, while encouraging regular one-to-one discussions between employees and managers.

In addition, we operate a centralised project management office and value management committee, together ensuring an ethical and objective process for the procurement of goods and services, managed by a tender board.

The business is compliant to the UK Modern Slavery Act, and has recently finalised a new anti-slavery policy to reinforce the business' zero-tolerance approach to human trafficking and modern slavery.

Environmental Principles

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| Principle 7: | Businesses should support a precautionary approach to environmental challenges; |
| Principle 8: | undertake initiatives to promote greater environmental responsibility; and |
| Principle 9: | encourage the development and diffusion of environmentally friendly technologies |

Etihad Aviation Group has an environmental policy which covers legal compliance, innovation regarding energy use, staff training, supplier communication and engagement as well as wider engagement with industry bodies and governments.

The corporate risk register recognises the risks associated with existing and future environmental legislation, in particular that related to the potential financial implications of carbon emissions.

A key environmental aim is zero instances of non-compliance. The airline is required to report our emissions monitoring methods through the EU Emissions Trading Scheme and have been compliant with its requirements since the scheme was applied to aviation. A comprehensive health and safety system ensures that instances such as spillages of fuel or hazardous materials are properly managed through documented clean-up and remediation procedures. The airline's occupational safety and health system is approved by the Abu Dhabi Department of Transport and endorsed by OHSAS 18001:2007.

The sustainability strategy identifies areas of priority and how they align with the UN Sustainable Development Goals (SDGs). From an environmental perspective, the priority environment-related SDGs are 12 (responsible consumption and production), 13 (climate action) and 17 (partnerships). These form key commitments within the strategy, recognising our material environmental issues of waste management, recycling and emissions reduction, as well as the importance of collaboration.

The carbon footprint of the airline is calculated each year using data from flight operations, facilities and transport. Metrics, such as emissions per tonne of payload, ensures that the efficiency of operations is tracked and measurement of waste generation and recycling allows the business to gauge the success of waste management programs. Our activities and achievements are regularly published through our internal and external communication channels.

A number of key fuel saving projects, alongside operational efforts across the airline has results in 62,000 tonnes of fuel savings in 2017 for Etihad Airways, amounting to a reduction of 195,000 in carbon dioxide emissions - a 3.3 percent improvement from 2016.

Of particular focus is the commitment by the Etihad Aviation Group to support the decarbonisation of the aviation industry, focused on alternative sustainable jet fuels. Etihad is engaged with the Masdar Institute, ADNOC Refining, Boeing, GE and others as a member of the Sustainable Bioenergy Research Consortium, whose flagship project is the Seawater Energy and Agriculture System (SEAS). SEAS is an integrated technology using coastal seawater to raise fish and shrimp – ultimately for public consumption – with the wastewaters from the aquaculture cleaned through Salicornia, saltwater tolerant plants which can be harvested for aviation biofuel production. Etihad has a seat on the Consortium's advisory and technical boards, ensuring effective tracking of the project against the goals and supporting promotion and communication efforts.

The reduction of waste to landfill is also a priority, both from the aircraft and at ground facilities. There is a system in place to measure all waste and recyclables from our airport and supporting facilities, and a waste management action plan to drive waste reduction and improve recycling efforts. Core offices, residential facilities, engineering and catering are required to provide a monthly report on waste to the internal sustainability team, as well as other environmental data such as water and energy consumption and office paper use.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Ethics and Compliance Committee is responsible for overseeing the implementation of a robust ethics and compliance programme across our group of companies. The main focus areas of the programme are:

- Data privacy
- Export control
- Anti-bribery and corruption
- Fraud prevention and detection
- Competition law

The Etihad Aviation Group Code of Business Conduct was revised in 2017 to include strengthened sections on data privacy, gifts, and anti-bribery and corruption, as well as new sections on the environment, social responsibility and financial reporting. To coincide with the launch, a video was created featuring employees who talk about the importance of the Code, speaking up and leading with integrity.

A comprehensive communications programme conducted across 2017 included regular updates on the topics of conflicts of interest, data privacy, and general ethics and compliance. Highlighted in the annual 'Speak Up' campaign, employees are also encouraged to raise any concerns through Etihad Aviation Group's confidential global reporting hotline.

Annual training on the Code of Business Conduct is mandatory for all employees to refresh their knowledge on key ethics and compliance topics. Employees must also complete an online conflicts of interest declaration and in 2017, training and guidelines were issued to make it easier for employees to understand the declaration process.

Incidents of bribery and corruption are investigated by the Ethics and Compliance Office according to Etihad Aviation Group's corporate investigation guidelines the results of which are reported to the Ethics and Compliance Committee.

The Ethics and Compliance Office also conducted the business' first anti-bribery and corruption risk assessment survey. The results will be analysed and reported in 2018, when there are also plans to develop and launch standalone guidelines on anti-bribery and gifts, online anti-bribery and corruption training, and supplier due diligence activities.