

**Grow  
Stronger**

بنك أبوظبي الأول  
**FAB**  
First Abu Dhabi Bank



**CORPORATE  
ESG REPORT** | 2020



## A MESSAGE FROM OUR GROUP CEO



### **Driving towards a better future. A strong sustainability ethos, matters.**

Welcome to FAB's 2020 Environmental, Social and Governance (ESG) Report.

Our ESG report outlines our notable achievements for 2020 and highlights how we are consistently rising to sustainability challenges and leading the way with our commitment to generating broader value for our shareholders, advocating sustainable business practices and growing sustainable finance in the UAE, the region and abroad.

The past year has truly been unique, and a period of unprecedented challenges across the globe. I am proud of the resilience and leadership we displayed and how we stood by our commitments to customers, employees and communities.

We launched several supportive measures during the year, including financial relief to customers' in-line with the UAE Central Bank's Targeted Economic Support Scheme (TESS), a variety of people wellness programmes for our employees and their families, and we continued to actively support our local communities through philanthropic partnerships.

As a Group, we recognise the importance and benefits of integrating sustainability into our corporate culture and business strategies. This is proven through our leading position on ESG in the region and I firmly believe that delivering on environmental, social and governance initiatives is an essential contributing factor in generating deeper connectivity and long-term value for our stakeholders.

### **I am proud of the resilience and leadership we displayed and how we stood by our commitments to customers, employees and communities**

Looking ahead, we will harness this momentum and remain strongly committed to furthering our sustainability agenda to support the wider UAE economy, with a clear plan to embed ESG principles into our culture, and risk management framework, in alignment with Global compact and national programmes, driving growth and a better future for all.

Best regards,

**Hana Al Rostamani**  
**Group Chief Executive Officer**



## VP STATEMENT – ESG ON THE RISE



The ESG movement is gaining prominence worldwide, across all sectors. From extreme heat to flooding, climate change is undoubtedly impacting the world and bringing to the fore increasing risks to the stability of financial systems. Banks and financial institutions need to be adaptable, responsive and plan to address ESG risks to safeguard themselves and ensure a responsible manner of conducting business.

When asked 18 months ago about ESG in the region, I would have talked about how quickly it was moving and developing. If anything, the pandemic has contributed to that growth in understanding how we can, and indeed must, prepare for a future that is going to be very different from the present.

In this year's report, we have endeavoured to cover, in more depth, the topics of concern to our stakeholders that emerged from our materiality workshops. One of the challenges was how to address the COVID-19 pandemic and its impact while balancing this with our progress in sustainability and ESG. Rather than having a separate section, we have decided to embed the issues of COVID-19 within the different sections of our report.

FAB has always championed gender diversity, and at the beginning of 2021, we proudly announced Hana Al Rostamani as our first female Group Chief Executive Officer. Women represent 40% of our total workforce and hold over 30% of our senior and middle management positions, which are increases from 2019. We also announced our partnership with Aurora50, a UAE-founded social enterprise working on increasing the representation of female board members in corporations.

## **FAB has always championed gender diversity, and at the beginning of 2021, we proudly announced Hana Al Rostamani as our first female Group Chief Executive Officer**

At FAB, we are guided by the increasing focus and mandates set out by the UAE Government to diversify and transition the nation's economy. We support the UAE's sustainability objectives, we are represented on numerous national sustainability committees and task forces, and we are a proud signatory of the Abu Dhabi Sustainable Finance Declaration to support sustainable financing for economic development.

As a bank, we are clearly seeing the opportunities open to us by embedding ESG into everything we do. It has become clear how crucial health and wellbeing are to economic prosperity, and how important considering the impact of our behaviour today is on having a viable, liveable and more equitable future.

**Belinda Scott**  
**VP & Head of Corporate Sustainability**



## REPORT OVERVIEW

FAB is committed to communicating our sustainability disclosures to our stakeholders, to provide insight into our business and performance. The following report has been prepared in accordance with the GRI 2016 standards: Core and Sustainability Accounting Standards Board (SASB) Index: Commercial Banks for the year ending 31 December 2020. We have also outlined our alignment to the UN Sustainable Development Goals.

### SUSTAINABILITY HIGHLIGHTS

# #4

**FAB is the 4th largest MENA constituent on FTSE4Good and 3rd largest MENA constituent on MSCI ESG Leaders index**



We were named

**“The best bank in the Middle East for Corporate Responsibility”**

from Euromoney.

**We expanded our Green Bond Framework to create a Sustainable Finance Framework**

This framework will be applied to any type of Sustainable Financing Transaction that will be used to fund projects that will deliver environmental and/or social benefits.

We issued a new Green Bond, a Hong Kong Dollars (HKD) 750 million five-year Green Bond and have been recognised as **the first MENA issuer denominated in HKD**

and the first Green Bond in HKD by an offshore financial institution.



**In 2020, our *payit* customer base increased 110% to 250,000 customers.** Our digital wallet was also awarded the “Best NEO Bank” and “Best User Experience” at the MEA Finance Awards 2020.



**We attained ISO 45001:2018 accreditation** the most widely recognised international benchmark for occupational health and safety management.



**Total sponsorships and donations for 2020 (Group): AED 69.3 million** (~0.64%) of our pre-tax profit.



# SUSTAINABILITY COMMITMENTS

	Reporting Frameworks	<b>Global Reporting Index (GRI)</b>	FAB's non-financial reporting is presented in the Bank's annual ESG reports, in accordance with the GRI Standards – Core option.
		<b>Sustainability Accounting Standards Board (SASB)</b>	We are committed to reporting against the SASB Index for Commercial Banks.
		<b>Equator Principles (EP)</b>	FAB's commitment to the EP provides the basis for the Bank to further define its ESG frameworks when engaging with clients, and to adopt international best practice in social and environmental risk evaluation.
		<b>CDP</b>	We aim to continuously reduce the Bank's carbon footprint and provide transparency across our environmental performance.
		<b>Green Bond</b>	Our Green Bond follows the International Capital Market Association (ICMA) Green Bond Principles. Our Green Bond Framework sets out the governance and approach, outlines eligible project categories and emphasises transparency.
		<b>Task Force on Climate-Related Financial Disclosures (TCFD)</b>	FAB is committed to implementing the recommendations of the TCFD. In 2019, we joined forces with 92 other Financial Institutions from around the globe and were the first Financial Institution within the MENA region to make this commitment. In 2020 we performed a screening assessment to understand the next steps required for implementation.
		<b>Abu Dhabi Securities Exchange (ADX) ESG Guide for Listed Companies</b>	FAB demonstrates its commitment to voluntarily disclose its ESG performance in alignment with ADX ESG guidelines and the recommendations of the Sustainable Stock Exchanges.
		<b>The Green Investment Principles (GIP) for the Belt and Road Initiative</b>	FAB is a signatory for the GIP for the Belt and Road initiative (BRI). The GIP aim to enhance the sustainability of the infrastructure and economic development of BRI countries, FAB reports annually on our progress towards integrating these principles.
	National Goals	<b>Abu Dhabi Economic Vision 2030</b>	We are committed to the growth and prosperity of Abu Dhabi and the UAE. Supporting the UAE's sustainability objectives included in the UAE Vision 2021, the UAE Green Agenda 2015-2030 and the Abu Dhabi Economic Vision 2030 is a priority for us and connects to our core purpose of creating shared value for our stakeholders.
		<b>UAE Vision 2021</b>	
		<b>UAE Green Agenda 2015-2030</b>	FAB is represented on national sustainability committees and task forces, and we are a signatory to the Abu Dhabi Sustainable Finance Declaration to support sustainable financing for economic development.
	International Goals	<b>UN Sustainable Development Goals (SDGs)</b>	We align our business practices and sustainability performance to relevant SDGs. We are a member of the UAE Private Sector Advisory Council, which is focused on the implementation of the SDGs.
		<b>UN Global Compact</b>	We have committed to submit an annual Communication on Progress (COP) report that describes our efforts to implement the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.



## HOW SUSTAINABILITY IS GOVERNED AT FAB

FAB's sustainability policy sits within our Corporate Sustainability Team who guide and implement the Bank's sustainability strategy. The team also monitors performance and reports on progress by collaborating with leadership and business units across the organisation. Our sustainability policy feeds directly up into the Deputy Group CEO Team with the Deputy Group CEO having oversight of the actions and activities relating to sustainability, climate change and ESG. Furthermore, our Executive Committee is involved in the sustainability reporting process and reviews our annual ESG Report.

We also have a Green Bond Committee, made up of senior FAB management including representatives from FAB's Corporate Sustainability team. Projects that pass the ESG due diligence test are put forward for a decision on eligibility by FAB's Green Bond Committee.





## WHAT MATTERS MOST

In 2020, we conducted a materiality refresh, in accordance with the principles developed by the Global Reporting Index (GRI). The objective of this exercise was to determine which environmental, social and governance (ESG) topics are most material to FAB. We revalidated our list of material topics from 2019 based on their relevance and context in 2020 and opted to maintain our four pillars with only slight adjustments in language and definition of the material topics.

**A total of 19 initial topics were identified which are classified under the four categories below: Responsible Banking, Responsible Employment, Positive Social Impact and Governance, Integrity and Risk Management.**



### Responsible Banking

- Financial performance
- Customer experience
- Financial inclusion and accessibility
- Responsible lending and investing
- Digitalisation
- Disruptive innovation



### Responsible Employment

- Talent attraction and retention
- Employee wellbeing
- Diversity and inclusion
- Learning and development



### Positive Social Impact

- Community investment and socio-economic development
- Socially responsible procurement
- Emiratisation
- Direct environmental impact of operations



### Governance, Integrity and Risk Management

- Governance, business ethics and compliance
- Systemic risk management
- Customer privacy and data security
- Anti-money laundering and anti-corruption
- Business continuity



**Responsible Banking** – reflects our aim for an overall sustainable banking system, it describes how we help to make a positive contribution to our customers by embedding sustainability in the strategy, operations, and transactional levels of the Bank, as well as across all our business areas.

**Responsible Employment** – is about what we are doing to be a company of choice, how we value our people and ensure everyone is included, regardless of their backgrounds.

**Positive Social Impact** – describes what we are doing to benefit the community, the environment and our local Emirati population.

### Governance, Integrity and Risk Management

– highlights our transparent governance structure that helps improve decision making, customer privacy, management of risks, due diligence and safe guarding of money laundering and corruption. We also describe how we continue the delivery of our services during disruption.

### The ranking of these 19 topics was conducted twofold.

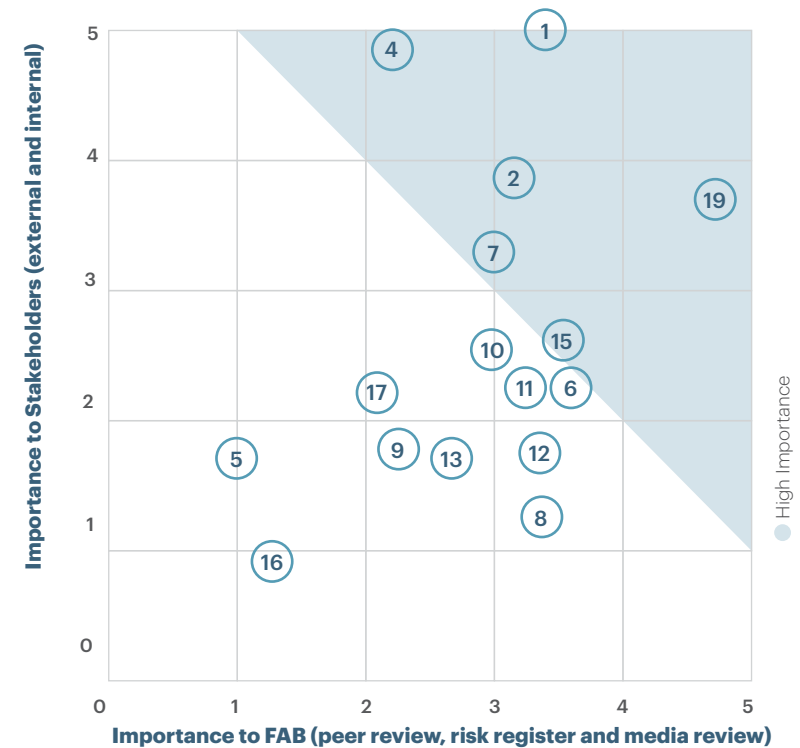
The first input was from stakeholders, both internally and externally. Our stakeholder engagement sessions were conducted remotely through an online platform which allowed participants to raise queries, voice opinions, vote on material topics, and interact anonymously. A total of 31 internal stakeholders and 15 external stakeholders were involved from various stakeholder groups. The interactive approach encouraged engagement and enabled representative results and feedback. The stakeholder selection process involved reviewing the level of ESG issues that were impacting the various business lines and ensuring representatives with a mix of seniority and skills attended workshops. Our Investor Relations team were supported in the selection of external stakeholders, which included regulators, rating agencies, government entities and NGO's

(non-governmental organisations).

The second ranking element involved assessing the material topics based on three areas; how often they were observed in media reports of FAB, a peer review, and their occurrence in our risk register. A media search of 2020 public articles regarding FAB was cross-checked against our material topics. Topics appearing more frequently in the media ranked higher due to their perceived importance. We also conducted a comparative analysis of the material topics against those from seven international and regional banks, topics were ranked higher if they appeared across more than one bank. Finally, our risk register review highlighted the material topic occurrence in the risks raised by FAB internally where an exercise was carried out to identify the prevalence of the topic in the register. The three exercises generated a ranking for each of the topics, which was used as the X-axis in the assessment.

From the 19 topics examined, six were deemed material (Financial Performance, Responsible Lending and Investing, Employee Wellbeing, Governance Business Ethics and Compliance, Customer Experience and Systemic Risk Management). The graph on the right depicts the importance of each topic both to internal and external stakeholders and to FAB, based on the assessments previously described. The following report is written in compliance with GRI Core and the most important materiality topics have been mapped against the following GRI indicators:

- Financial performance (GRI: 201-1)
- Responsible lending and investing (GRI: 203-2)
- Employee wellbeing (GRI: 403-6)
- Governance, business ethics and compliance (GRI: 102)
- Customer experience (No GRI disclosure is fully aligned with the definition of Customer Experience)
- Systemic risk management (GRI: 102-30)



1. Responsible lending and investing
2. Governance, business ethics and compliance
3. Business continuity
4. Employee wellbeing
5. Socially responsible procurement
6. Financial inclusion and accessibility
7. Systemic risk management
8. Talent attraction and retention
9. Learning and development
10. Digitalisation
11. Customer privacy and data security
12. Diversity and inclusion
13. Community investment and socio-economic development
14. Emiratisation
15. Customer experience
16. Disruptive innovation
17. Direct environmental impact of operations
18. Anti-money laundering and anti-corruption
19. Financial performance





COVID-19 had a profound impact on the way we work. The transition to work-from-home and increasing isolation has placed employee wellbeing at the forefront of agendas globally, this was clearly reflected in this year's materiality assessment where employee wellbeing increased its ranking from 10th in 2019 to 3rd in 2020.

Several comments were raised in the materiality workshops to include climate change as a standalone topic. Our approach to addressing climate change is through multiple material topics and we will be addressing this throughout the report. Additionally, we have streamlined our report this year to focus on key material topics, information on the following material topics that were ranked of lower importance this year can be found on our website:

- Learning and development
- Socially responsible procurement
- Anti-money laundering and anti-corruption

Furthermore, the topic of disruptive innovation is included within our digitalisation chapter.





## COVID-19 RESPONSE

2020 was an unprecedented year due to COVID-19. At FAB we ensured we followed both national guidelines and international best practices to meet our stakeholders' expectations, protect our employees and continue to help and provide the highest quality of services to our customers. We introduced a wide range of measures to keep customers and colleagues safe and to continue providing banking services through selected branches, digital platforms and alternative channels. Around 90% of staff were enabled to work from home during the pandemic and we rapidly adapted our branch timings and put in place strict controls to reduce risks including temporary closure of branches, enhanced sanitisation and, introduction of thermal scanners and document drop-boxes at branches.

We enhanced customers' ability to self-serve by increasing daily cash withdrawal limits, launching a Whatsapp service for credit cards and increasing awareness of digital channels. Our contact centre maintained an answer rate >90% and we maintained communication with customers via our digital channels.

In April 2020, we launched our #GrowStronger campaign to convey messages of support to our communities, customers and stakeholders. Our videos strengthened our message of support and resilience.

**No matter the challenge, no matter the circumstances, we remain united to emerge stronger together**

We helped customers to apply for the Targeted Economic Support Scheme (TESS), the UAE Central Bank's economic support programme that was launched in response to the pandemic. Our customers could use our online and mobile banking platforms to access TESS loan deferment and TESS Credit Card Payment deferment. More than 23,000 requests for TESS loan deferment and 16,000 for TESS Credit Card Payment deferment were received via FAB's digital platform.

Internally we conducted surveys to understand employee feedback to our COVID-19 response measures. In general feedback was positive, with employees stating they received consistent and clear communication and that they were able to ensure business continuity. Our employees said they received a good level of support for their health and wellbeing and that they agreed with our Work-From-Home (WFH) measures.

As shown in our materiality assessment results, it is evident that COVID-19 influenced our material topics for this year, particularly 'Employee Wellbeing' which increased seven places from its 2019 rank. We also witnessed an increased score in 'Digitalisation' and 'Diversity and inclusion', two topics that gained prominence in 2020. Other COVID-19 response initiatives appear throughout this report. For further information please refer to our webpage.





# FINANCIAL PERFORMANCE

FOR MORE INFORMATION, PLEASE REFER TO OUR 2020 ANNUAL REPORT



Ensuring positive financial performance is key to ensuring we sustain our operations, drive value to our shareholders and enables us to further support the communities in which we operate. Our corporate and retail banking

capabilities lead to secured financial returns, which drives growth and delivers strong shareholder value. Improving our financial performance leads to a multitude of benefits to our shareholders, these include:



**Employee benefits, compensation and job creation**



**Investments to support our local communities, local business and suppliers**



**Dividends for shareholders**



**Disruptive innovation through the creation of new products and services**



**Significant tax payments to governments, which they use to provide public services**

## KEY HIGHLIGHTS

In 2020, one of the biggest challenges faced was the slowdown in business activity created by the COVID-19 pandemic, which significantly affected our performance in the middle portion of the year. However, thanks to targeted new business volumes in the second half of the year led by recovery in activity and business momentum, we maintained healthy portfolios, meeting desired profitability and cost thresholds.



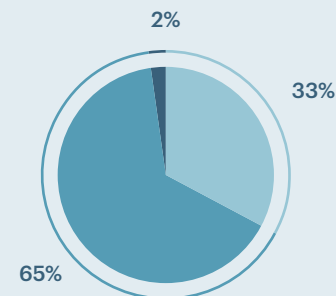
### Net Profit

AED billion

2020	10.6
2019	12.5
2018	12.0

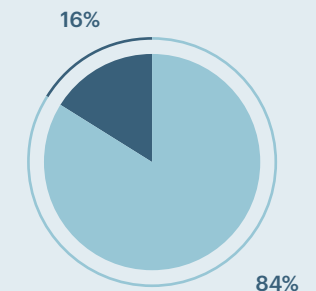
- Total assets up by 12% year-on-year to AED 919 billion at the end of December 2020.
- Revenue from our international operations grew 3% contributing 16% to Group revenue.
- We enhanced many business processes and accelerated our digital transformation, leading to an 8% reduction in operating expenses for the Group.

### Revenues by Business Segment



- Personal Banking
- Corporate and Investment
- Head Office and Subsidiaries

### Revenues by Geography



- UAE
- International



# RESPONSIBLE LENDING AND INVESTING



FAB is spearheading Sustainable Financing initiatives, in line with our commitment to support the UAE Vision 2021 and the UAE Green Agenda for 2015 – 2030. Our aspiration is to be recognised as a leader in Sustainable Finance in the region and make a lasting positive impact on the clients and communities we serve. We are committed to financing and supporting environmental and sustainable projects whilst at the same time providing insights, analysis and knowledge of Sustainable Financing, strengthening our

relationships with stakeholders in the Middle East and market participants.

ESG risk factors are examined across our debt and advisory services. We conduct ESG due diligence and screening for clients on the development of financing frameworks, project finance and other associated services to this segment of our banking franchise. Our governance structure responsible for lending and financing is summarised below.

## FAB Board and Executive Committee

Oversee our activities, performance and approach to responsible lending.

## Corporate and Investment Banking Division

Driving the ESG transition through sustainable finance and responsible learning. We are also integrating and addressing ESG risks and opportunities across our business products.

## Corporate Finance Team

At the forefront of regional innovation in ESG activities, creating awareness, advising clients on establishing Sustainable frameworks and enabling access to Sustainable bonds and loans.



## EQUATOR PRINCIPLES

We are the only UAE Bank to be a signatory of the Equator Principles (EP). The EP is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in project finance. The EP is a core part of our credit processes and FAB's overall sustainability framework. The EP is embedded in our internal policies, procedures and practices for financing projects. As signatories we have committed to evaluate and address social and environmental risks in a consistent way and have pledged to report annually our EP activities for applicable projects.

## KEY HIGHLIGHTS

**Our total lending and advances across the Group as of December end-2020 was AED 387 billion**, down from AED 408 billion as of December-end 2019.

At the end of December 2020, 13 applicable Equator Principles projects had undergone the **ESG due diligence process**.

**We expanded our Green Bond Framework** to create a Sustainable Finance Framework. This framework will be applied to any type of Sustainable Financing Transaction that will be used to fund projects that will deliver environmental and/or social benefits.

**We issued a new Green Bond** a Hong Kong Dollars (HKD) 750 million five-year Green Bond and have been recognised as the first MENA issuer denominated in HKD and the first Green Bond in HKD by an offshore financial institution. More details are available in our 2020 Sustainable Finance report.



## OUR GREEN LOAN CASE STUDIES



### Abu Dhabi Future Energy Co

**USD 75 million**

Revolving Credit Facility

**Mandated Lead Arranger  
& Bookrunner**

September 2018

### ABU DHABI FUTURE ENERGY COMPANY (MASDAR)

Masdar signed a green revolving credit facility (RCF) with four local and international banks, including FAB, for global clean technologies and sustainable real estate. Under the three-year USD 75 million RCF, Masdar is committed to report on its performance against key sustainability targets annually:

- ✓ Displacement of CO2 emissions
- ✓ Electricity generation from renewable energy sources
- ✓ Levels of embodied carbon; CO2 emissions during manufacture, transport and construction.
- ✓ First Green Revolving Credit Facility in the region
- ✓ 2019 Best Green Loan (Asset Asian Awards)



### Fraser's Property Limited

**AUD 750 million**

Term Loan Facility

**Mandated Lead Arranger,  
Underwriter and  
Bookrunner**

September 2019

### FRASER PROPERTY LIMITED

FAB was Mandated Lead Arranger, Underwriter and Bookrunner for International real estate company, Fraser's Property Limited's (FPL) AUD 750 million five-year Syndicated Term Loan. The loan became the First Green Loan with pricing structures linked to "BCA Green Mark" providing a margin reduction if Green Mark Gold is achieved. There are two properties which were secured by the loan, Alexandra Point and 51 Cuppage Road, both in Singapore. Both properties are using this loan to create a passive design with sustainable air conditioning, lighting systems and water utilisation.

- ✓ 2019 Best Green Loan (Asset Asian Awards)



### DP World Limited

**USD 2 billion**

Conventional and Murabaha  
Revolving Credit Facility

**Original Lender**

October 2018

### DP WORLD

DP World signed a repricing and extension of its USD 2 billion conventional and murabaha RFC by two years to July 2023. DP World is incentivised to reduce its greenhouse gas emissions as the transaction is linked to their current carbon emission production. This became the first green loan in the Middle East with an Islamic format that links pricing to environmental performance. FAB acted as the lender on this transaction.

- ✓ First Islamic Green Loan in the Middle East



### Steep Slope Property LLC

**USD 160 million**

Green Term Loan Facility

**Join Lead Arranger, Joint  
Bookrunner and Co-Green  
Loan Coordinator**

February 2021

### ABU DHABI INVESTMENT AUTHORITY (ADIA)

FAB was mandated as Joint Lead Arranger, Joint Bookrunner and Co-Green Loan Coordinator for USD 160 million financing of an Abu Dhabi Investment Authority (ADIA) sponsored new office complex in Palo Alto, California. The loan structure is based on the achievement of LEED Gold Certification of the building. In the event of non-achievement or declassification of LEED Gold Certification, the borrower will: (a) cease representing in all internal and external communications, marketing or publications that the Loan is a Green Loan and (b) ensure that all material, publications and information it publishes relating to the Loan no longer refers to it as a Green Loan.



## ISSUING, ARRANGING, STRUCTURING AND INVESTING IN GREEN BONDS

Green bonds and Sukuk present a unique opportunity to finance and support a positive environmental change and secure fixed income returns. Our involvement in the green bonds and Sukuk market spans across several roles including as an issuer, structure, bookrunner and investor.

### We are proud to have bookrun, structured and issued the first Green Bond in the region

We have developed a Sustainable Finance Framework to support in our transparency and identification of eligible projects. Our framework includes a stringent due diligence assessment, internal and external audits and building relationships with our green investors.

As of December 2020, we have four Green Bonds outstanding with over USD 1 billion of issuance making FAB the largest Middle East and North Africa (MENA) issuer by number of Green Bond transactions outstanding and the largest MENA Financial Institution by issuance of Green Bonds outstanding.

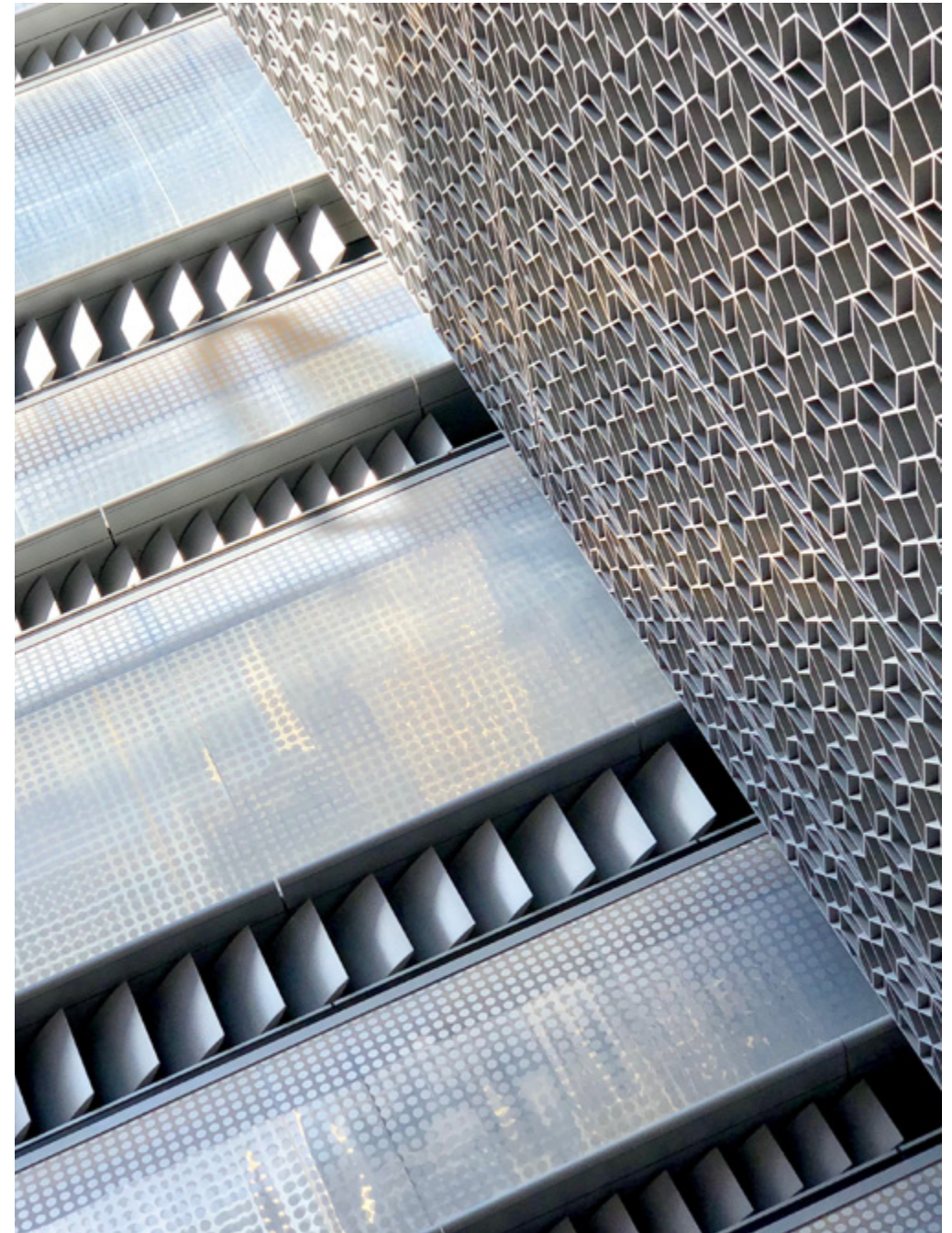
#### SAUDI ELECTRICITY COMPANY'S GREEN SUKUK

In 2020 we were the joint lead manager and bookrunner for SEC's Green Sukuk, the first green capital markets offering from the Kingdom of Saudi Arabia and largest offering from the MENA region in 2020. The USD 1.3 billion dual tranche offering was issued under SEC's Green Finance Framework for investment in its transmission and distribution infrastructure (including smart meters) and to connect renewable energy sources to the grid.

#### ETIHAD AIRWAYS TRANSITION SUKUK

In 2020 we were the joint lead manager and bookrunner for Etihad Airways Transition Sukuk, a world first and the first Sustainability-Linked Sukuk financing in global aviation, under a Transition Finance Framework. The USD 600 million transaction will support Etihad's drive for sustainable aviation linked to the United Nations Sustainable Development Goals including:

- A commitment to Net Zero Carbon emissions by 2050
- 50% reduction in net emissions by 2035
- 20% reduction in emissions intensity in the airline's passenger fleet by 2025





## BRINGING FINANCE TO DEBT CAPITAL MARKETS

Since 2014, FAB has participated in and led numerous innovative sustainable finance transactions in the debt capital markets. Some of our key achievements include:



**The IFFim**

**USD 500 million**  
Senior Sukuk  
Floating Rate Trust  
Certificates due 2017

**Joint Bookrunner**  
November 2014

- ✓ First-ever socially responsible Sukuk
- ✓ First ever "Vaccine Sukuk"



**First Abu Dhabi Bank**

**USD 587 million**  
Green Bond  
Senior Unsecured Notes  
3% due 2022

**Joint Structuring Agent  
and Joint Bookrunner**  
March 2017

- ✓ First internationally offered Green Bond from the MENA region



**State Bank of India**

**USD 650 million**  
Senior Unsecured  
Green Bond  
4.5% due 2023

**Joint Bookrunner**  
September 2018

- ✓ Largest ever Green Bond by a Financial Institution from the Emerging Markets ex. China



**ICBC - Singapore Branch**

**USD 1.5 billion**  
Senior Unsecured  
Dual-tranche Green FRN  
due 2022 and 2024

**Joint Bookrunner**  
April 2019

- ✓ Largest USD Green FRN from Emerging Markets in 2019



**Majid Al Futtaim**

**USD 600 million**  
Senior Unsecured  
Green Sukuk  
4.638% due 2029

**Joint Bookrunner**  
May 2019

- ✓ First-ever Green corporate capital markets offering from Middle East
- ✓ First-ever Green Sukuk from Middle East



**Islamic Development Bank**

**EUR 1 billion**  
Senior Unsecured  
Green Sukuk  
0.037% due 2024

**Joint Bookrunner**  
December 2019

- ✓ Debut green Sukuk from IsDB supra national



**Saudi Electricity Company**

**USD 1.3 billion**  
Senior Unsecured  
Green Sukuk  
1.740% due 2025  
2.413% due 2030

**Joint Bookrunner**  
September 2020

- ✓ SEC's debut Green Sukuk
- ✓ First ever USD Green capital markets offering from KSA




**Etihad Airways**

**USD 600 million**  
Senior Unsecured  
Transition Sukuk  
2.394% due 2025

**Joint Bookrunner**  
October 2020

- ✓ First ever Transition Sukuk



**First Abu Dhabi Bank**

**CHF 260 million**  
0.068% Green Notes  
due 2027

**Joint Bookrunner**  
February 2021

- ✓ First green CHF issuance from MENA FI



## CUSTOMER EXPERIENCE

Our customers sit at the core of our way of operating and drive our desire to Grow Stronger. Our commitment to customer experience is reflected in our customer-centric programmes. In 2020 we made several technological developments to provide our customers with tailor-made solutions, products and services. More information on these developments can be found in the

Positive customer experience is our core value. We place our customers at the heart of our operations and maximise our resources to deliver service excellence. Every customer is equally important, every employee is a brand ambassador, and every interaction is an opportunity to shape perceptions positively.

### EMBEDDING CUSTOMER SERVICE IN OUR CULTURE

The Bank developed a service culture programme to support our continuous improvement. The programme is an ongoing initiative designed to help us further grow our service capabilities and build a relentless commitment to serving our customers to the absolute best of our ability. Through various initiatives such as education, communication and recognition, FAB employees are equipped with FAB's service aspirations, build capabilities, and learn how to create "FAB Moments" every day.

Embedding a true customer-first mind set across the Group requires the participation and energy of everyone. That's why all employees are part of the excellence programme, because whether we are customer-facing or not, we all have an essential role in shaping the overall customer experience.



### Recognition programme

In 2020 we launched a simple, virtual recognition tool which is designed to recognise and reward efforts from FAB employees. This programme aims to build a strong culture within the organisation through appreciation, connectivity of the different functions and identifying employees demonstrating good customer service.

### PROVIDING CLEAR COMMUNICATION

The Personal Banking Group (PBG) introduced a customer communications toolkit to enhance the interactions our employees have with our customers through clear and transparent communication. Our latest toolkit not only outlines the fundamentals of good customer communication, but also provides a clear set of rules to set a consistent tone across all our functions in alignment with the Bank's Vision.







“Clear, transparent, confident and appropriate communication is key to building trust in our workplace and everyday lives. With the events of 2020 shaping so much of our new reality and that of our customers’, it is important that we take stock of these key principles to build long-term relationships and put them into practice.

PBG has been doing just that and undertook a major project during 2020 to improve the way we communicate with our customers, and to give all employees easy-to-use tools for creating clear, simple and relevant customer messages from a letter or email, to a note by SMS, and scripts for our customer-facing employees.”

**Hana Al Rostamani – Group Chief Executive Officer**



### RESPONDING TO CUSTOMER FEEDBACK

As part of our commitment to improving customer experience, we have a robust and comprehensive customer insights program implemented, as well as a strong root cause analysis (RCA) process for analysing complaints. Based on the findings and insights from both programmes, there are multiple improvement initiatives undertaken across the Bank to further improve the experience of our customers. This is an ongoing process.

### KEY HIGHLIGHTS

Our initiatives in 2020 have resulted in significant improvements in the quality of customer service provided by FAB. **By the end of 2020 our Net Promoter Score (NPS) was above 55.** We also noted a 33% reduction in complaints in December 2020 compared to January 2020.

#### For our shareholders

- Increased frequency of investor communications, providing comprehensive updates on the Bank’s operational and financial performance as well as the UAE economy through a range of digital channels.
- Held first ever hybrid General Annual Meeting (GAM).



# FINANCIAL INCLUSION AND ACCESSIBILITY



At FAB, we want to ensure that individuals and businesses from all backgrounds have access to affordable and helpful financial products that meet their needs. Our aim is to reduce barriers, improve the economic health and increase the financial literacy of our communities, particularly for unbanked or undeserved groups and those in remote regions. We achieve this through a range of products and services, a growing suite of digital offerings, financial literacy events and with banking agents who speak with our customers in their native languages.

## 2020 HIGHLIGHTS

### DWALLET

Our Prepaid business partnered with the Ministry of Human Resources and Emiratisation (MOHRE) to launch the DWallet Card, a payroll card exclusively designed for domestic workers across the UAE. DWallet cards will enable domestic workers to have instant access to their wages in a safe and secure manner. The solution is an alternative to cash, whereby domestic workers can bank and can make electronic payments through the integration of FAB's 'payit wallet' services.

### RATIBI

We issued 660,000 new Ratibi prepaid payroll cards in 2020, an increase of 57% from 2019. The total number of active cards reached 1.5 million in 2020 with a total load of AED 15 billion. Our Ratibi prepaid payroll

cards allow low-wage workers to receive their salaries without the need of a bank account. Our Ratibi customers can access cash from ATM networks and use the card as a pre-paid debit card worldwide.

### SUPPORTING START-UPS

We collaborated with Hub71, a global tech ecosystem in Abu Dhabi that supports start-ups. Our partnerships allowed us to identify issues that start-ups face when opening a bank account and revealed that the typical bank account opening period could be reduced from 63 days to just five days. The business plan and digital roadmap for 2021 focuses on delivering and launching real-time customer onboarding capabilities and services.

### eDirham

We partnered with the Ministry of Finance (MoF) to launch a new range of eDirham contactless cards. The eDirham was set up as a system of electronic channels capable of collecting service fees and revenue for the Federal Government via prepaid cards.

### SOCIAL AID DISTRIBUTION CARD

We launched the first digital platform by Abu Dhabi Social Authority to extend Social Aid payments via a prepaid card through FAB for limited income families in the UAE. So far FAB has issued over 5,900 cards which have been credited with AED 356 million during 2020.

### LAPTOP SUPPORT

During school shut-downs, as a result of the pandemic, we partnered with the UAE Ministry of Education to provide Dh 5 million funding for laptops which were distributed to pupils nationwide.

### INCREASING ACCESSIBILITY IN EGYPT

To increase accessibility of our financial services in the Arab region, we announced our acquisition of Bank Audi-Egypt in October 2020. This is in line with our long-term Egypt expansion plan and is a continuation of our targeted growth strategy in key international markets.

"FAB has a long history in Egypt, having opened its first branch in the country more than 45 years ago. **FAB's first international acquisition accelerates the Group's expansion in a high potential market**, with the addition of Bank Audi's (Egypt) operations offering the scale, expertise and financial strength to support our growth journey and sustainable returns."

**André Sayegh (Board Member)**



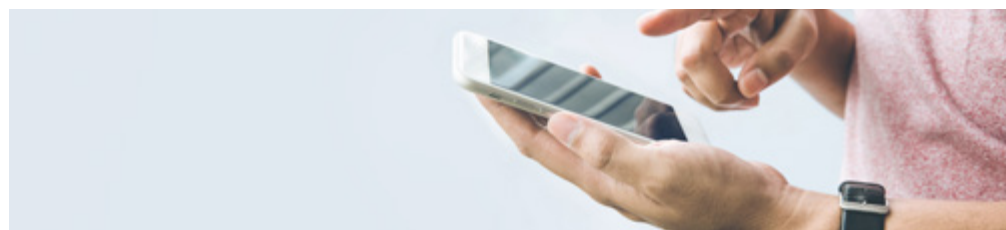
# DIGITAL TRANSFORMATION

The global pandemic in 2020 accelerated the digital transformation of our products and services. COVID-19 necessitated the use of a wider digital platform to enable a smooth contactless experience with branch transactions reduced by 31%. Our digitisation drive has assisted customers across geographical boundaries to effectively operate in times of restrictive functioning and movement, enabling Banking everywhere and anywhere.

## OUTLOOK FOR 2021

Technology will continue to play an important role as we continue the journey to improve customer experience where we will provide guidance and education to our customers on the use of our existing and future digital services.

In efforts of continued simplification of our transaction processes for our customers, FAB plans to digitise six additional branches in the upcoming year and improve our internal processes using robotics.



## KEY HIGHLIGHTS



### Mirgration Online

We helped our customers activate debit and credit cards without visiting a branch including instant international transfers, know your customer (KYC) updates and temporary card freeze/unfreeze. 50,000 new customers registered accounts online in 2020. Around 86% of all transactions and 71% of financial transactions are done digitally. Year-on-year our digital acquisition grew nearly 200%.



### FAB Mobile Banking

We significantly improved stability, features and user experience on our mobile app. 6,000 positive ratings were received on Google Playstore and 19,000 positive ratings on Apple App Store. With our FAB One App, new customers can download and open an account within ten minutes. 65,000 new customers registered accounts using the FAB One App in 2020.



### FAB rewards via Digital Channels

We have a robust loyalty redemption programme that provides incentives to our loyal customers. All the redemption options are conveniently accessible in one place within the banking app. In 2020 more than 1.9 million customers visited the loyalty page while 89% of the redemptions were claimed via the mobile and internet platforms. We also observed 72,000 customers redeeming their points in the first 81 days of launching.

### payit

Our 'payit' digital wallet is free for all customers, allowing instant transfers to select countries with zero fees and no minimum balance requirements. In 2020, our 'payit' customer base increased 110% to 250,000 customers. Our digital wallet was also awarded the "Best NEO Bank" and "Best User Experience" at the MEA Finance Awards 2020.

In addition, our Ratibi customers (prepaid payroll cards for lower-wage workers) are also able to access 'payit'. We saw a 500% increase in Ratibi customers using 'payit' to 45,000.



# EMPLOYEE WELLBEING

Our employees are one of our strongest assets and ensuring their wellbeing is of pivotal importance. We offer a range of tools and services to our employees to maintain their physical, mental and financial wellbeing. Our Human Resources philosophy and framework creates a human-centric environment, focused on four key pillars.



## Connectedness



## Resilience



## Agility



## Empathy

### KEY HIGHLIGHTS

#### We attained ISO 45001:2018 accreditation,

the most widely recognised international benchmark for occupational health and safety management

#### Our employee wellbeing programme was launched

to provide support during COVID-19, this will continue into 2021

#### We launched a new employee communication channel

to enhance our communication, collaboration and engagement

#### We launched culture surveys on a quarterly basis,

our NPS score in Q4 had increased by 105% (eNPS achieved is +41 in Q4'2020 from +20 Q1 of 2020) from Q1 of 2020. We attribute this improvement to our employee wellbeing programme, increased communication around COVID-19 and work-from-home (WFH) support

Our voluntary employee turnover **reduced from 9.9% in 2019 to 6% in 2020**

**Our employee absentee rate in 2020 was 11.16%, this is a 2% decrease** compared to the previous year

HR should support the organisational strategy and continuously adapt to the shifting work environment. COVID-19 has fundamentally changed our employment model, we no longer have the same face-time in the office and employees are accountable more than ever for their delivery and results. It is critical to find ways to connect and motivate employees, and provide them opportunities to be successful.



### FAB Cares – Employee Wellbeing Programme

As part of our FAB Cares Initiative, we launched an employee wellbeing programme (EWP) in 2020. The programme included the following:

- Wellness Coaching
- Life Management Services
- Telephone and Face to Face Counselling
- Managerial Coaching

The programme is offered to all employees and their family members.



### Dental Care for Kids

We offered our employee's children free dental health check-ups



### 24x7 Access to Medical Support

As a result of the restrictions caused by COVID-19, we provided all our employees with free access to a mobile and teleconsulting application that provides 24x7 access to medical support. Through the app/ phone, a doctor may prescribe medication directly to the employees from the comfort of their homes and the medicines are delivered to the employees' doorstep.



### COVID-19 Awareness

We invited a guest speaker from the COVID-19 Government Awareness Team to a virtual Townhall meeting. He provided guidance on taking steps to prevent the spread of COVID-19 and what to do if employees contract the disease. His talk provided some comfort and support to our employees during a challenging time.



### Fitness Exercise Videos

To encourage healthy and active lifestyles during the lockdown, we partnered with fitness instructor Miguel Frago and launched a series of online videos including anti-stress breathing exercises, improving strength, stretching exercises and postural correction.



### Voucher and Discount Application

We provided our employees with free access to a mobile application that allows users to redeem vouchers at hundreds of restaurants and retail outlets in the Middle East.





## COVID-19 MANAGEMENT

In 2020 several initiatives were undertaken to ensure the wellbeing of our employees while also maintaining excellence in our operations and customer centricity through the COVID-19 pandemic. We demonstrated our commitment to the health and safety of our employees and ensured business continuity amidst the various challenges faced and the hurdles we were required to overcome.

Key highlights on FAB's response to the pandemic for our employees included:

### KEY HIGHLIGHTS

**Enabling employees to work from home** and providing flexible working arrangements

**Implementation of stringent health and safety measures** at the workplace including distribution of PPE

**How-to videos** to support increasing use of digital software

**Regular communication** emails with official helpline numbers and additional information on crisis management

**We partnered with health authorities and organised multiple vaccination camps in Abu Dhabi** and Dubai for the provision of the COVID-19 vaccinations to employees and their family members

**Continuous sanitisation in offices**

**Provision of laptops to all employees**

**Free screening tests** at FAB One Tower

**A dedicated support email address** was created to report issues to the Health, Safety and Environment team

**Ongoing travel monitoring of employees** and providing necessary support



We do expect a number of the above responses to continue throughout 2021, however with the continuous roll-out of the vaccine and easing of national restrictions we hope to gradually return to pre-pandemic conditions over the next few months.



# DIVERSITY AND INCLUSION

As an organisation, we always champion diversity, the appointment of our first female group CEO is testament to that. We work hard to build a workforce that reflects the communities and countries we operate in and the diversity of our customers, while creating a safe and inclusive environment that is based on collaboration, respect and fairness.

A diverse and inclusive workforce can drive innovation, engage our people, increase job satisfaction, build productivity and deliver better business results and better experiences for our customers. In 2020 our diverse workforce comprised of more than 5,000 people representing 80 different nationalities, 40% of which are female.

As an equal opportunity employer, we consider all qualified candidates for employment

regardless of gender, age, ethnicity, disability, religion or marital status. Diversity and inclusion is embedded within our codes and policies, such as our Employee Code of Conduct, Directors Code of Conduct and other relevant policies such as our Anti-Bullying and Harassment Policy. We encourage all employees to report incidents of discrimination or harassment, whether they are a victim or witness to it, and we investigate all allegations.



## KEY HIGHLIGHTS

We announced **Hana Al Rostamani as our first female Group Chief Executive Officer**

**Women represent 40% of our total workforce** and held 30% of senior and middle management positions.

Our workforce comprised approximately **5,000 people from over 80 different nationalities**

**We announced our partnership with Aurora50**, a homegrown social enterprise that works on solutions to global problems. One of Aurora50's key initiatives is to increase the representation of female of female board members in corporations.

In partnership with PwC, **FAB hosted a virtual event with Hana Al Rostamani speaking about leadership** and the importance of building your brand and leading change effectively.

**Over 100 female employees took parental leave and returned to work** We offer 60 paid calendar days and an additional 30 half-paid days' maternity leave for eligible employees, this is greater than the 45 day minimum required by law. Five paid days of paternity leave is also available.

According to CBUAE Corporate Governance regulation article 8 "...at least twenty per cent (20%) of candidates for consideration for the Board's membership must be female". All UAE banks have been given until end 2022 to

implement this regulation. Hence in order to comply with the CBUAE regulation the Bank should aim to present 20% of the candidates for AGM in (Feb) 2023 to be females.



# TALENT AND ATTRACTION

At FAB, we believe in attracting, retaining and building our people's strengths and abilities to empower them to be strong ambassadors for FAB. We recognise and value the importance of our employees for the success and sustainability of our business. We regularly capture their feedback through surveys to understand what is important to our employees. Recognition also plays an important role in creating a positive culture, our annual Gold Awards and Stars in a Box programme provides opportunities for employees to be awarded for their outstanding efforts.



## KEY HIGHLIGHTS



### We introduced 'Launchpad'

a digital interview platform to streamline our hiring process. Over 2,000 virtual and automated interviews were conducted in 2020.



### We created the FAB competency framework and AGILE model of potential

which became a core focus for use in assessment and development initiatives across the Bank. In 2020, over 450 development assessments were completed bank-wide supporting line managers and employees with a clear and transparent understanding of strengths and development areas in line with the competencies required for future success.



### We started the development of our FAB Talent Marketplace initiative

which will be launched in 2021. We will use an artificial intelligence (AI) platform to analyse different career paths for employees based on their achievements, preferences and goals.





# LEARNING AND DEVELOPMENT

Our learning and development (L&D) strategy is based on business outcomes, strategic directives, benchmarks and identified needs in the organisation. Our objectives are centred on building functional, digital, behavioural and leadership capabilities that will help our colleagues perform to meet and exceed the expectations of business. We are driven by the following strategic pillars.

## 1. Skilling

to help colleagues excel in current roles

## 2. Re-skilling

to help colleagues excel in future roles

## 3. Upskilling

to help colleagues to deliver FAB's strategic objectives

## 4. Risk and Compliance management

## 5. L&D integration with HR

## 6. Embedding a learning culture

We develop appropriate skill gap and learning journeys that are delivered using internal subject matter experts as well as reputed external partners. Business leaders are actively involved in content preparation as well as the measurement of impact. Our approach ensures that the necessary behavioural changes are implemented to improve performance.

### KEY HIGHLIGHTS

In 2020, we have undertaken various L&D interventions, below are some highlights:

**The Customer First (CF) Educational stream** - multiple levels of training on our CF values

**The Relationship Manager Certification programme** - functional and behavioural training for our Branch Managers

**DigiFlex** - Multiple levels of training on Design Thinking, Cloud and Agile

**ACAMS** (Certified Anti - Money Laundering Specialist) and ICA (Certification in Compliance) Certification Programme

**Discovery Programme** - to enhance leadership skills (organised by the Leadership Centre of Excellence)

Total training hours are provided in the table below, note there was a drop in total training (in-person and virtual training) in 2020 due to the pandemic. However around 41,000 hours of eLearning training was delivered in 2020, which in total adds up to 118,500 hours. The shift to eLearning was partly due to the pandemic and partly arising from our strategy to provide capability at the point of work using eLearning tools. As a result, this helps to reduce the time employees are away from work and also provides a more engaging and personalised learning experience.

Training	2018	2019	2020
Total training delivered (days*)	17,372	16,652	<b>11,069</b>
Total training delivered (hours)	121,605	116,566	<b>77,483</b>
Average training per employee (days)**	2.591	1.984	<b>1.624</b>
Senior management employees	1,295	2,588	<b>2,735</b>
Middle management employees	2,212	2,362	<b>2,584</b>
Non-management employees	1,836	1,905	<b>1,111</b>

\* One training day is equivalent to seven training hours

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



## POSITIVE SOCIAL IMPACT



Supporting the wellbeing of individuals and the communities in which we operate is a strategic objective for FAB. In a rapidly changing world, stakeholders increasingly demand organisations to shift their business models and drive sustainable development. Our commitment to positive social impact extends across our operations and business strategy. We acknowledge and support the importance of providing career opportunities and development for Emirati nationals, partner with a large number of non-profit and social enterprises to maximise our impact on socio-economic development and work to reduce our carbon dioxide emissions.

### KEY HIGHLIGHTS

We are proud to have announced **Hana Al Rostamani as our new Group CEO.**

**37% of our workforce are Emirati, up from 33% in 2019.** 24% of our Senior Management are Emirati, up from 17% in 2019.

**Total sponsorships and donations for 2020 (Group): AED 69.3 million** (~0.64% of our pre-tax profit).

**Ramadan Food box initiative** – we helped to provide essentials to low-income households and quarantined communities in the UAE during Ramadan 2020 through the Emirates Foundation.

**Our donations to the Emirates Down Syndrome Association** helped with initiatives to support mental health to individuals and their families.

**We supported Dubai Courts community initiatives** which included financial support to blue collar workers who lost their jobs as a result of COVID-19

**We provided AED 3 million for 30 scholarships** to be awarded to Emirati students to study in their Bachelor of Laws LLB programme at the Paris II University of Law.

**We saw a 27% reduction in total carbon dioxide emissions** in 2020 compared to 2019.



# EMIRATISATION



We are focused on hiring, developing and retaining Emirati talent. This remains one of our key pillars. Our Emiratisation programmes and initiatives provide a foundation for developing local talent; they are essential to the success of both our business and the national economy. We offer Emirati nationals meaningful work, diverse and interesting careers, and progression opportunities for high potentials, from graduate level up to the most senior roles in FAB.

A key initiative implemented during 2020 was the HID (**High in Demand**) programme, which targets mid-senior Emirati candidates for top positions at the Bank. Through FAB's excellent community network and professional relationships, we shortlisted outstanding Emirati talent from outside of the banking community who, irrespective of a vacancy, would be a great fit for the Bank. The HR team put selected individuals through a rigorous assessment process and then proactively worked with the business to identify potential employment opportunities. In 2020, this led to 33% of all Emirati direct hiring.



## KEY HIGHLIGHTS

**Al Masar** – Fast track for existing staff, proactively preparing high-potential Emirati talent for “Critical Roles” in 12 months;

**Leadership Development Programmes** – Building UAEN leadership capability through bespoke leadership programmes in collaboration with London Business School and New York University;

**The Banker Programme** – Focuses on creating employment for UAE national fresh graduates in the banking and finance sector, in collaboration with HRA and ADGM.

**Nujoom Management Trainee Programme** – Graduate development programme to support **FAB Emirati talent pipeline**, offering ambitious fresh graduates career growth opportunities to take on “Middle Management” roles in 18 months on job development and 6 months specialist;

**20 for 2020 Programme** – An initiative that aims to increase and empower female Emirati representation at Board-level, with the selection process ongoing;

“The HR experience was so refreshing, the approach was wonderful as not only did they look at my experience but took the time to understand where a role fits in my career journey! They were attentive and engaging making the experience seamless. I’m super happy to be a part of FAB, but mostly where I feel I can contribute my best!”

**Hamama Ali Almansoori, VP, Change Practitioner - IT Program Management Office**



# COMMUNITY INVESTMENT AND SOCIO-ECONOMIC DEVELOPMENT

Community investment and socio-economic development underpins our sustainability strategy. We are proud to invest in the communities where we live, work and conduct business. Our contributions have a measurable positive impact on their prosperity and growth.

Our employees often go beyond their job roles by taking advantage of opportunities to participate in volunteering activities. Unfortunately, due to the COVID-19 pandemic volunteering activities were limited due to restrictions and safety requirements. In 2021 we plan to launch a virtual volunteering programme to continue to support our communities.

Our approach to community investment includes partnering with a number of 'not for profits' to help address the key social, economic and environmental needs of our communities. In 2020 our donations and sponsorships exceeded AED 69.3 million, representing 0.64% of our annual global pre-tax profit, up from our 0.62% pre-tax profit in 2019. More information on the various initiatives and programmes can be found on our website.



## CASE STUDY – AJEEVIKA PROJECT BY FAB INDIA



FAB India supports the livelihood programmes run by Srujna - a non-profit, working to create small-scale business enterprises that provide continuous income to marginalised women affected by poverty, abuse, and human trafficking. These business enterprises are 100% owned and managed by the beneficiary women, who are trained by the Srujna team to make and sell handcrafted jewellery, clothes, and other consumer products.

In the year 2020, FAB India supported six such business enterprises spread across Mumbai and nearby districts under the project titled Ajeevika – which translates to 'livelihood'. The Srujna team trained a group of 356 women in the age range of 20-45 years, with an annual family income of less than USD 275, where a large number of the participants were victims of human trafficking. The training included up-skilling and capacity building in tailoring, digital literacy, financial literacy, and business management. Apart from

training, Srujna also provided the necessary machinery and raw materials required to set up the enterprises.

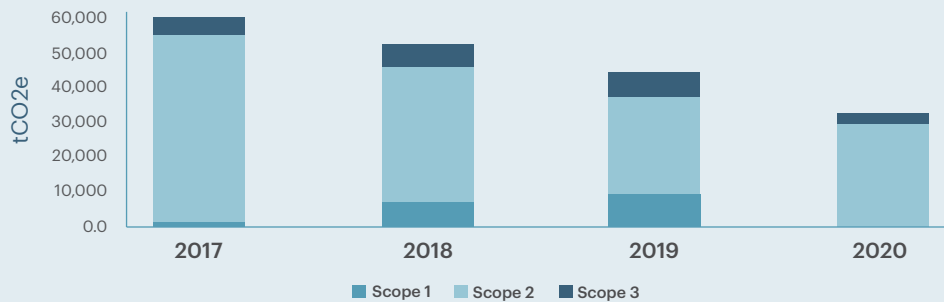
The Srujna team faced its biggest challenge during the initial phase of the COVID-19 pandemic, when training centres were shut for four months due to a countrywide state imposed lockdown. However, Srujna managed to turn this adversity into opportunity by pivoting the training model towards the production of handcrafted masks. Masks manufactured by the enterprises were exhibited at multiple marketplaces, generating orders worth USD 56,000. Srujna also complemented these efforts by supporting the COVID-19 hit families of the trainees, through the distribution of medical and food relief packages among the communities. Srujna plans to connect these business enterprises with global online exhibitions, helping the brands generate more visibility and become more sustainable.



# DIRECT IMPACT OF OPERATIONS



FAB Group Carbon Dioxide Emissions (tCO<sub>2</sub>e)



## KEY HIGHLIGHTS

**We saw a 27% reduction in total carbon dioxide emissions** in 2020 compared to 2019. The reduction is mainly due to reduced natural gas usage in our Egypt premises, since natural gas there is used to fuel air conditioning chillers in the office buildings and remote working during COVID-19 resulted in lower consumption. Similarly, Switzerland branches also had lower consumption during 2020 as a result of restrictions from COVID-19. Refrigerant and gasoline consumption in the UAE also reduced significantly in 2020.

**We had a 259 tCO<sub>2</sub>e (tons of carbon dioxide equivalent) increase in scope 2 emissions** The increase was due to an increase in the UAE and India's electricity usage. In India, there was a server malfunction during the lockdown period and the air conditioning systems had to function overtime to maintain the temperature in the server room. Furthermore, the majority of our UAE and India assets have centralised air conditioning systems, which could not be adjusted for the reduced capacity in buildings.

**There was a 4,086 tCO<sub>2</sub>e reduction in scope 3 emissions,** this is due to reduced consumption of travel and fuel consumption in all regions as a result of COVID-19.

**60% reduction in paper consumption** compared to 2019

**10% reduction in water consumption** compared to 2019

Since 2017, we have had an **average annual decrease in emissions of 18%**



## Carbon Dioxide Emissions 2020

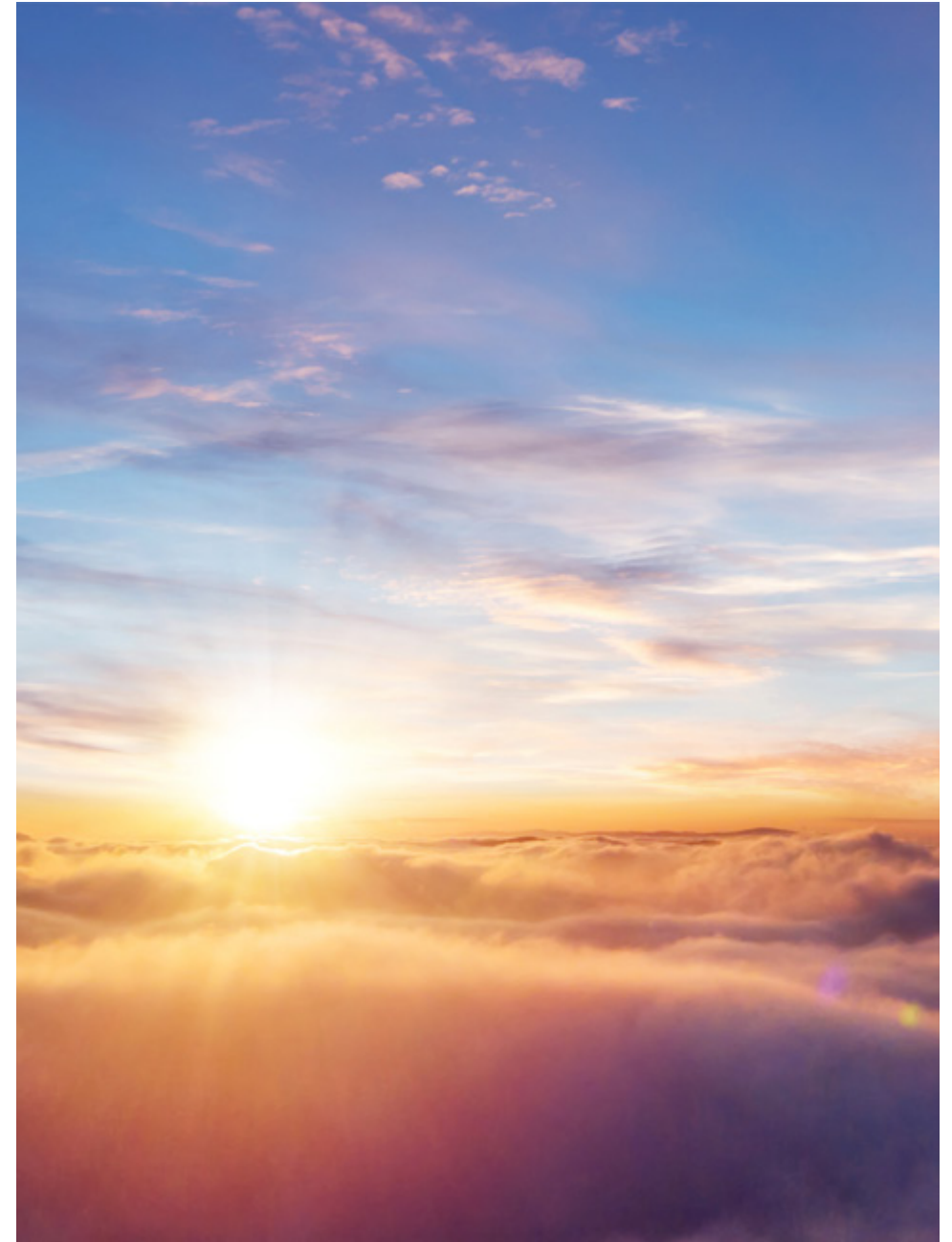


## Materials Consumption and Waste 2020



Carbon Dioxide Emissions	Unit	Scope	2017	2018	2019	2020
Scope 1	tCO2e	Group	963	7,398	9,092	666
Scope 2	tCO2e	Group	53,676	38,835	28,538	28,797
Scope 3	tCO2e	Group	6,369	6,891	7,601	3,515

Materials Consumption and Waste	Unit	Scope	2017	2018	2019	2020
Total paper consumption	Kg	Group	135,803	244,880	245,472	98,625
Total paper recycled	Kg	Group	90,191	114,616	75,056	33,627
Waste produced	Kg	Group	633,715	1,271,300	1,189,476	850,390
Total water consumption	kL	Group	543,404	335,970	205,133	187,454





# GOVERNANCE, INTEGRITY AND RISK MANAGEMENT



A transparent governance structure helps to improve decision-making, plays a key role in shaping our corporate culture, business practices and regulatory compliance, and fosters better relations with stakeholders through improved transparency and better quality disclosures. Within our governance structure, we have a robust risk management framework that helps us manage risks associated with the breakdown of an entire system. We also have stringent requirements for protecting client privacy and handling personal information entrusted to the Bank.

## KEY HIGHLIGHTS

### Our Group Board members increased from 9 to 10 members.

In 2020, and according to the criteria set by the CBUAE, 9 of our Board of Directors are considered Independent.

### Technology Risk related matters became a part of the Group Technology Risk and Information Security Committee's (GTRIS) responsibility.

A director declaration form was rolled-out to establish a record of other directorships and to avoid conflicts of interest.

### 99.7% of our employees completed our data privacy and security training.

We achieved the Payment Card Industry Data Security Standard (PCI DSS), an information security standard for organisations that handle branded Credit / Debit / Prepaid cards from the major card schemes.

### We formed a Real Estate Committee

which reports directly to the Group Executive Committee (EXCO).

### The Islamic governance framework was revamped

in accordance with the CBUAE Standards regarding Islamic Shari'ah Governance.

### There were 151 breaches of the Code of Conduct,

which is in a similar range to the 2019 data.

### We were recognised as one of the 'Safest Banks in the Middle East'

for the 4th year running at the Global Finance Magazine's Best Banks Awards.

### We achieved certification under Service Organisation Control 2 (SOC 2).

The SOC 2 certification is an assurance on the organisation's principal service commitment in accordance with International Standard on Assurance Engagements (ISAE) 3000 issued by International Auditing and Assurance Standards Board (IAASB).



# GOVERNANCE, BUSINESS ETHICS AND COMPLIANCE



## CORPORATE GOVERNANCE

We are committed to the highest standards of corporate governance, and believe it is essential for good decision making, transparency, responsible compliance and building strong relationships with stakeholders. Our governance structure approaches business in an ethical and transparent manner both internally and externally and is integral to long-term performance and sustainability.

Our Board of Directors are the principal decision-making forum for the Bank, they ensure standards of corporate governance are maintained and align with the best international practices in addition to various regulatory guidelines, including the Central Bank of the UAE (CBUAE) and our associated committees. We adopted virtual meeting guidelines and an electronic approvals process to ensure continuity throughout the pandemic.

Our process of Board self-assessment is designed to assess the composition and mix of skills on the Board. The tool also assesses how the Board has performed through the year with a view to identifying how the Board has met its obligations.

## BUSINESS ETHICS AND TRANSPARENCY

Our Director Code of Conduct and Employee Code of Conduct support our business ethics by defining the procedure for identifying, monitoring and reporting inappropriate behaviour. We have a dedicated compliance team which ensures adherence to FAB's Codes of Conduct and other compliance requirements. Employees are encouraged to raise issues and clarifications with our compliance teams, dedicated help desk or through their line managers. Any person who does not abide by the FAB Codes of Conduct

and all applicable laws is subject to disciplinary measures up to and including termination. In 2020 there were 151 breaches of the Code of Conduct, this is in line with the 2019 range.

The Code of Conduct addresses how we serve our customers, our principles on financial security and how we care for our people and communities. All our employees are subject to mandatory online training and assessments for our Code of Conduct on an annual basis. The training also incorporates fraud risk and IT security awareness. In 2020, 99.7% of our employees completed the Code of Conduct compliance training.

We also publish a range of reports containing financial and non-financial data from teams including Investor Relations, Corporate Communications, Corporate Sustainability and Regulatory Compliance. We communicate key

statistics internally to ensure that our employees are aware of FAB's strategies, risks and duties whilst protecting confidential commercial information.

## REGULATORY COMPLIANCE

We ensure compliance with the applicable laws and regulations of the Central Bank of the United Arab Emirates (CBUAE), FAB's lead regulator, and other regional and international government authorities. We have a zero-tolerance policy for instances of non-compliance. Education and continuous communication is key to ensuring that we embed compliance responsibility across our organisation. All matters regarding compliance are reported on a quarterly basis to the Compliance Committee.

### Our policies:



**Directors Code of Conduct**



**Group Corporate Governance Policy**



**Gifts, Giveaways and Hospitality Policy**



**Whistleblowing Policy**



**Employee Code of Conduct**



**Anti-Bribery and Anti-Corruption Policy**



**Disclosure of Financials and Investor Relations Policy**





## WHISTLEBLOWING POLICIES

We regularly communicate to and train our employees with respect to our Group Whistleblower Policy, which has been created to strengthen a culture of transparency and trust. Whistleblowing incidents can be reported using various secure and protected channels. The reporting mechanism enables employees to raise serious issues without fear of reprimand. A preliminary enquiry will be conducted to determine if a full investigation should be undertaken and by whom. The whistleblower has the right to be informed of the outcome of the disclosure and the findings of any investigation. Examples of misconduct include:

- Workplace misconduct – matters related to Human Resources and Environment Health and Safety.
- Fraud including financial related misconduct – theft, abuse of assets and other general/financial related fraud matters
- Bribery/Corruption misconduct – corrupt practices including giving or receiving bribes or other improper benefits
- Regulatory and business misconduct – compliance issues, conflict of interests and other regulatory violations
- Data and Security misconduct – information security, data privacy and other cyber security related matters.





# SYSTEMIC RISK MANAGEMENT



Risk management drives consistent value for all stakeholders through effective risk reward optimisation. Our enterprise risk management (ERM) framework has sound fundamentals to withstand financial and non-financial risks. The framework is designed to be in compliance with regulatory requirements and contains a comprehensive suite of risk policies. FAB's "three line of defence" model is central to the risk management framework and helps identify possible risks and the effectiveness of related policies and frameworks. Our Board and Group EXCO provide oversight of the three lines of defence.



## First Line of Defence (FLOD) – Business and Enabling Functions

This is an initial review of the data that could be a possible risk to the Bank:

- Day-to-day identification, assessment, management and owner of Enterprise wide risks.
- Ensures strict adherence to policies and procedures.



## Second Line of Defence (SLOD) – Control Functions Risk, Credit, Finance and Compliance

The second line of defence to mitigate possible risks:

- Design frameworks, policies, procedures and programmes for enterprise wide Risk Management
- Partner and guide first line of defence to understand and implement risk frameworks
- Ensure frameworks are compliant with laws, regulations, internal policies and procedures to mitigate unacceptable risks



## Third Line of Defence (TLOD) – Internal Audit

The final line of defence to ensure the risk does not affect the Bank:

- Provide independent, objective assurance to improve FAB's operations
- Independently test the effectiveness of the enterprise wide Risk Management framework

## ACCOUNTABILITY

Our Board Risk and Compliance Committee (BRCC) has overall accountability for risk governance. The BRCC is supported by several committees in FAB, including: Group Risk Committee, Compliance Committee, Operational Risk Committee and the Information Technology/ Information Security Risk Committee. Credit risk is managed by the Corporate and Investment Bank Credit Committee and the Personal Banking Credit Committee.

## STRESS TESTING

We have a well-defined risk appetite framework, stress testing framework and capital management policy framework. All these frameworks are approved by the Board Risk Committee. The target capital levels for the Bank are defined by our capital management policy framework. The stress testing framework defines the severity and impact of the stress scenarios, which are measured against the risk appetite thresholds. Internally stress testing is conducted on the overall Bank portfolio on a quarterly basis and covers the majority of material risks for the Bank. The management and the Board risk committees are apprised of stress testing scenario impacts on a regular basis. In case the capital adequacy levels breach thresholds, then the capital contingency plans are implemented as per the Board and management directions.

## TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2020, we were proud to announce our ambition to implement the Task Force on

Climate-related Financial Disclosure (TCFD) recommendations. TCFD was established by the Financial Stability Board to assist investors, lenders and insurance underwriters to assess the financially related climate-related risks and opportunities. The Task Force was made responsible for developing voluntary, consistent climate-related financial disclosures that help stakeholders to understand material risks.

The TCFD recommendations are structured around four thematic key elements:

1. Governance: The organisation's governance around climate-related risks and opportunities
2. Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
3. Risk Management: The processes used by the organisation to identify, assess, and manage climate-related risks
4. Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Last year we conducted a gap analysis of our current public disclosures against the TCFD recommendations. We identified that our disclosures are ahead of our regional competitors, although steps are required to meet the levels of global banks. As a result of this exercise we plan to develop a formal process for identifying climate risks and opportunities and integrate climate-related risk management in our overall risk management procedure.



## AN INTERVIEW WITH NIELS STORM STENBAEK

### SVP and Head of Risk - Economic Intelligence and ESG Risk



#### Why is it important for banks to consider ESG risks?

Banks need to manage all risks, and the ESG risk landscape is evolving fast with a lot of focus from stakeholders and reputational risk, with new products being developed, new standards, regulations and guidelines from authorities, and increasing expectations from market participants.

#### How is FAB planning to address ESG risks in the future?

From the start of the second half of 2021 ESG Risks will be part of our ERM framework, which includes among other things a separate policy instruction, changes in other risk policies, governance requirements, changes in risk appetite, development of models / methodologies / tools for ESG risk assessment, reporting and disclosures. We will implement this in stages, starting with credit to our CIB customers and assessing the investments in our own book. Soon after the rest of the balance sheet should follow.

#### How has COVID-19 impacted FAB's risk management systems?

It has impacted various parts of the framework, such as our credit, market and liquidity risk, risk appetite, fraud prevention and operational risks to name a few, but in particular our Business Continuity Management, making sure we could continue to put our customers first, while working from home.

#### In terms of climate change risk, what is the impact from international regulatory authorities and how is FAB addressing this?

So far, we have seen new guidelines and reporting requirements from PRA, MAS and HKMA, and we expect more to follow. We have slowly started to experiment with climate scenario analysis in our ESG risk framework in order to better understand how physical and transition risk can impact our balance sheet across the Group in the coming years.





# CUSTOMER PRIVACY AND DATA SECURITY

Our data privacy and security approaches are supported by a comprehensive governance process. We have a comprehensive data protection programme to secure data across its entire lifecycle. FAB's Group Security Office (GSO) provides an oversight of our data privacy and security programme including employee training and awareness. All related policies and procedures are periodically reviewed by the GSO and approved by our executive team. Our Executive Vice President, Chief Information Security Officer and Head of Business Continuity Management monitors and reviews FAB's data security controls of critical data. FAB's information cyber security risk, regulatory requirements and security initiatives are discussed and reviewed by our Committees monthly and by the Board level Risk Committee (BRCC), on a quarterly basis.

Our dedicated Cybersecurity Team monitors the data security controls according to the Bank's business application criticality framework. The Group Technology Risk and Information Security Committee (GTRIS), represented by Senior management of FAB fully support and fund installation of high quality data security controls. As a result, we provide a safe and secure banking experience to our customers and ensure protection of confidential data. Our information security policies and practices are aligned with leading cybersecurity standards including ISO27001, PCI DSS, SOC2 and regulations such as NESAs, HKMA, MAS etc. In addition, we have implemented a robust Technology Risk Management

(TRM) practice in alignment with our Enterprise Risk Management (ERM). Our TRM practice identifies the key security control objectives that help us to evaluate the adequacy of data security controls from both control design and control operation perspective for all technology implementations at FAB.

Our Technology Risk Assessment library provides a list of risk and control objectives to be designed for all layers of the data lifecycle. All technology installed at FAB undergo a detailed Risk Assessment to ensure implementation of data security controls at all layers.





# BUSINESS CONTINUITY



Business Continuity is critical for us to ensure we maintain and continue our operations and services when faced with an adverse event. During a crisis, such as a natural disaster, terrorism, technological failure or a pandemic our objective is to minimise financial loss, continue to serve our customers and quickly mitigate any negative impacts. Every committee is responsible for differentiating between critical and non-critical functions to support business continuity. The perception of a disruption is typically dependent on the associated cost of implementing business or technical recovery solutions. COVID-19, was notably a key disruption for 2020 and the Bank adopted various measures to ensure our business continued at an adequate level and adapted to the times:

- We ensured the wellbeing of staff as utmost imperative by rolling out employee welfare programmes.
- We achieved 100% continuity of business services during the crisis using a hybrid recovery model.
- We activated a Work-From-Home (WFH) model for 90% of staff. Our IT infrastructure scaled up to accommodate WFH using cloud based virtual desktop capabilities.
- We closed several of our personal banking group (PBG) branches and reduced the hours of others in response to the pandemic. 100% have now returned to

operation with normal business timing since 2 January 2021.

- We have invoked a phased return to office plan for 30% of staff in business units which have office dependency and are susceptible to risk when working from home.
- We published Work-From-Office guidelines; Health and Safety measures were enabled in line with local guidelines such as social distancing, contact tracing, quarantine policy, restricted business travel and halting of physical meetings and events.
- We enhanced our WFH cybersecurity, fraud prevention and operational risk controls.
- We partnered with the Department of Health to provide vaccines to employees and families at Burjeel Medical City, Mussafah to break the chain of COVID-19 and also rolled-out a self-declaration portal to encourage staff to opt in on the vaccination programme.
- We ensured extensive sanitisation measures across all FAB facilities and regular communication with internal and external stakeholders to keep them informed.





# **APPENDIX AND DATA TABLES**

## DATA TABLES (Human Resources)

Absenteeism	Unit	Scope	2017	2018	2019	2020
Employee absentee rate*	%	UAE	10.39	7.90	13.40	11.16
* The year 2018 was the year of integration and employees could not utilise their entire leave entitlements due to work requirements. The leave carry forward policy was relaxed as an exception and 2018's leaves were carried forward and utilised in 2019, thus causing an increase in absenteeism.						
<b>Code of Conduct</b>						
Breaches of code of conduct	Number	UAE	42	165	126	151
<b>Grievances</b>						
Number of grievances filed in the reporting period	Number	UAE	19	24	63	23
% of these grievance addressed or resolved	%	UAE	100	100	100	100
Number of grievances filed prior to the reporting period that were resolved during the reporting period	Number	UAE	0	0	0	0
<b>Parental Leave</b>						
Number of female employees that took parental leave	Number	UAE	158	98	146	117
% of female employees who returned to work after maternity leave	%	UAE	100	100	100	100
Number of female employees returned from parental leave who were still employed twelve months after return to work (retention)	Number	UAE	155	97	135	117
Return to work rate (%)	%	UAE	100	100	100	100
Retention rate (%)	%	UAE	98.1	63	92	100
<b>Emiratization</b>						
Nationalisation of senior management	%	UAE	25	8	17	37
Nationalisation among total workforce	%	UAE	31	33	33	24
Total number of national employees	Number	UAE	1,278	1,370	1,298	1,339
Number of female national employees	Number	UAE	944	1,038	999	1,031

Workforce Overview	Unit	Scope	2017	2018	2019	2020
Total workforce (excluding trainees, students and outsourced staff)	Number	Group	5,393	5,433	5,451	5,054
Full-time employees	Number	Group	5,331	4,520	5,438	5,032
Part-time employees	Number	Group	62	13	13	22
<b>Workforce by contract type:</b>						
Employees on an indefinite or permanent contract	Number	Group	5,125	5,429	5,444	5,036
Employees on a fixed term or temporary contract	Number	Group	268	4	7	18
<b>Workforce by job category:</b>						
Senior management employees	Number	Group	91	40	45	41
Middle management employees	Number	Group	3,298	3,853	4,135	3,934
Non-management employees	Number	Group	2,004	1,540	1,271	1,079
<b>Workforce by age:</b>						
Employees age 18-30	Number	Group	806	766	813	678
Employees age 31-50	Number	Group	4,156	4,187	4,170	3,839
Employees age 51+	Number	Group	431	480	468	537
<b>Workforce by gender:</b>						
Male	Number	Group	3,354	3,336	3,337	3,029
Female	Number	Group	2,039	2,097	2,114	2,025
<b>Trainees and sponsored students</b>						
Number of nationalities	Number	Group	19	0	0	0
<b>Female representation in managerial positions</b>						
<b>Senior management:</b>						
Total employees in senior management positions	Number	Group	91	40	45	41
Female employees in senior management positions	Number	Group	10	3	2	4
<b>Middle management:</b>						
Total employees in middle management positions	Number	Group	3,298	3,853	4,135	3,934
Female employees in middle management positions	Number	Group	1,095	1,364	1,476	1,482

## DATA TABLES (Human Resources)

Talent Management and Employee Wellness	Unit	Scope	2017	2018	2019	2020
<b>Employee salaries and benefits:</b>						
UAE	AED million	UAE	3,387	2,693*	2,697	2,273
Global	AED million	Group	NA**	3,156	3,205	2,780
* Restated due to human error ** Data not available						
<b>Training</b>						
<b>Total training delivered</b>	<b>Hours</b>	<b>Group</b>	<b>45,211</b>	<b>103,458</b>	<b>99,588</b>	<b>77,483</b>
<b>Total training delivered by category:</b>						
Senior management employees	Hours	Group	590	263	1,028	6471
Middle management employees	Hours	Group	3,192	76,040	83,586	36,540
Non-management employees	Hours	Group	12,698	27,155	14,975	34,472
<b>Total training delivered by gender:</b>						
Male employees	Hours	Group	18,672	51,911	50,071	41,893
Female employees	Hours	Group	26,538	51,547	49,517	30,656
<b>Average training per employee</b>	<b>Hours</b>	<b>Group</b>	<b>4.10</b>	<b>1.60</b>	<b>18.27</b>	<b>11.4</b>
Number of attendees who completed at least one e-learning course	Number	Group	4,819	3,714	4,858	7,266
Number of e-learning training hours delivered	Hours	Group	17,896.00	33,766.00	26,182.67	40,988
Amount invested in training	AED million	UAE	16.67	33.60**	35.80	25.25
Amount invested in training	AED million	Group	NA*	35.80	40.50	26.97
* Data not available ** Restated due enhanced calculation methodology						
<b>Turnover</b>						
Employee turnover (voluntary)	%	Group	14.00	10.03	9.90	6
<b>New Hires</b>						
Total new employee hires	Number	Group	167	833	798	322
<b>Employee Engagement</b>						
Employee Engagement (%)	%	UAE	70	70	Not measured*	41

\*Employee engagement survey was not conducted in 2019 due to a change in strategy from an engagement perspective to a culture oriented perspective. In 2020, FAB is planning to have a real time culture survey to understand the pulse of the organisation and implement changes on an ongoing basis.

## DATA TABLES (Procurement)

Procurement	Unit	Scope	2017	2018	2019	2020
Total number of suppliers engaged	Number	Group	2,440	1,521	2,300	2,293
Total number of local suppliers engaged	Number	UAE	1,811	1,178	1,470	1,507
Total procurement spending	AED billion	Group	2.27	3.00	3.05	2.94
Procurement spending on local suppliers	AED billion	UAE	1.94	2.49	2.09	2.51
Percentage of spending on local suppliers	%	Group	85	83	69	85



## DATA TABLES (Positive Social Impact)

Community Investment	Unit	Scope	2017	2018	2019	2020
Total Community Investment	AED million	UAE	37.50	63.70*	76.60	65.75
% of annual pre-tax profits in AED donated to community organisations	%	UAE	0.46	0.60*	0.73	0.68
Total Community Investment	AED million	Group	NA**	66.70	80.20	69.32
% of annual pre-tax profits in AED donated to community organisations	%	Group	NA**	0.54	0.62	0.64

\* Restated, as we have reclassified particular sponsorships

\*\* Global 2017 figures are not available due to merger

## Volunteering

Total number of employee volunteering hours	Hours	Group	NA*	1,235	5,416	NA**
Total number of FAB volunteers	Number	Group	NA*	99	464	NA**

\* We started tracking volunteer hours in 2018, with the launch of our People for Purpose volunteer programme.

\*\*Note that due to Covid-19, opportunities for volunteering were limited due to restrictions and safety requirements.

## DATA TABLES (Governance, Compliance and Risk)

Board of Directors	Unit	Scope	2017	2018	2019	2020
Number of members	Number	Group	9	9	9	10
Number of independent members*	Number	Group	At least 2 members met the independence criteria	At least 2 members met the independence criteria	7 members met the independence criteria	9 members met the independence criteria
Executive members of the Board of Directors	%	Group	0	0	0	0
Non-executive members of the Board of Directors	%	Group	100	100	100	100
% of female members	%	Group	0	0	0	0
Directors Code of Conduct	-	Group	Yes	Yes	Yes	Yes
Board oversight of sustainability	-	Group	Yes	Yes	Yes	Yes

## Compliance

Percentage of employees who completed FAB's compliance-related training	%	Group	98	94	96	99.9
Total incidents of non-compliance with laws and regulations	Number	Group	NA*	NIL*	4*	170**

## Data Security Breaches

Number of data security breaches	Number	Group	Null	Null	Null	Null
Number of data security breaches involving customers' personally identifiable information	Number	Group	Null	Null	Null	Null
Percentage of data security breaches involving customers' personally identifiable information	Number	Group	Null	Null	Null	Null
Percentage of employees who completed FAB's privacy and security training	%	Group	100	100	100	100

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

\* Please note that the prior reporting (2017-2019) do not discriminate between regulatory breaches and regulatory issues.

\*\*International 26

\*\* UAE (RBS review) 144

## DATA TABLES (Governance, Compliance and Risk )

Combating Financial Crime	Unit	Scope	2017	2018	2019	2020
Amount of fraudulent transaction activity (total value of account holder transactions refunded to account holders due to fraud)	Number	Group	984,730.00	484,146.00	68,442.95	35,579,179*
Percentage of employees who completed AML e-learning programme	%	Group	27	19	30	99.7
Percentage of activity from card-not-present fraud	%	Group	73	81	70	97.17

\*Increase due to rise in number of card transactions online during the COVID-19 pandemic.

## DATA TABLES (Environmental Performance)

Energy	Unit	Scope	2017	2018	2019	2020
Total petrol consumption	Litres	Group	265,473.00	335,792.75	287,476.10	55,106.77
Total diesel consumption	Litres	Group	132,333.50	9,939.80	9,836.28	11,368.75
Total electricity consumption	kWh	Group	117,681,273.67	85,436,923.60	65,117,298.23	65,200,868.56
Refrigerants	Kg	Group	2,492.94	3,245.45	4,575.66	3,384.93
Total energy consumption from electricity	GJ	Group	423,652.59	307,572.92	234,422.27	234,723.13
<b>GHG Emissions</b>						
Scope 1	tCO2e	Group	963.50	7,398.84	9,092.00	666
Scope 2	tCO2e	Group	53,676.44	38,835.11	28,538.00	28,797
Scope 3	tCO2e	Group	6,369.30	6,891.66	7,601.00	3,515
			<b>61,009.24</b>	<b>53,125.61</b>	<b>45,231.00</b>	<b>32,978.00</b>
<b>CO2 Emissions</b>						
Direct CO2 from diesel	Tonnes	Group	356.08	26.11	26.00	28.9
Direct CO2 from gasoline	Tonnes	Group	607.38	739.77	635.00	119.50
Indirect CO2 from electricity	Tonnes	Group	53,676.44	38,835.11	28,538.00	28,796.00
Indirect CO2 from water	Tonnes	Group	4,824.38	29,82.80	2,613.00	2,388.20
Indirect CO2 from waste	Tonnes	Group	63.43	126.80	118.70	389.60
Indirect CO2 from paper recycled	Tonnes	Group	9.03	2.50	1.60	0.70
Indirect CO2 from paper purchased	Tonnes	Group	126.11	234.00	233.90	90.70
Indirect CO2 from business flights	Tonnes	Group	1,340.17	3,537.90	4,627.00	644.00
<b>Materials Consumption and Waste</b>						
Total paper consumption	Kg	Group	135,803.19	244,880.37	245,472.90	98,625.00
Total paper recycled	Kg	Group	90,191.91	114,616.00	75,056.00	33,627.72
Waste produced	Kg	Group	633,715.00	1,271,300.00	1,189,476.50	850,390.49
<b>Water Consumption</b>						
Total water consumption	kL	Group	543,404.00	335,970.67	205,133.41	187,454.30

## DATA TABLES (Financial Performance)

Bank Transactions by Mode	Unit	Scope	2017	2018	2019	2020
Total transactions	million transactions	UAE	32	30	43.80 ***	50.11
Number of online/mobile transactions	million transactions	UAE	3.72	4.44	6.55	8.93
Number of branch transactions	Transactions	UAE	336,574	193,624	143,330.00	87,976.00
<b>Customers and Loan Portfolio</b>						
Total number of retail banking customers	million customers	Group	NA*	2.50	3.00	3.00
* Data not available for 2017						
<b>Monetary value of products and services designed to deliver a specific social benefit</b>						
Revenue (Khalifa Fund)	AED million	UAE	0.32	0.54	0.76	0.82
Total Portfolio (Khalifa Fund)	AED million	UAE	82.15	65.72	160.03	146.48
<b>Financial Literacy and Inclusion</b>						
Payit wallet for Ratibi cardholder	Number	UAE	NA*	NA*	7,500	45,000
Percentage of new accounts held by first-time account holders	%	UAE	NA*	NA*	3.50	3.60
Percentage of new accounts held by first-time credit card holders	%	UAE	NA*	NA*	8.30	9.10
Loan-to-deposit ratio for overall domestic lending	%	UAE	NA*	86.50	76.00	90.10
Loan default rates for overall domestic lending	%	UAE	NA*	6.30	6.20	6.70
Number of branches in low populated and economically disadvantaged areas**	Number	UAE	24	11	11	10
Number of ATMS in low populated and economically disadvantaged areas**	Number	UAE	24	20	21	26

\* Data not available.

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

\*\*\*2019 'Total Bank Transactions' has been updated to 43.80. This number was previously reported as 30 due to an error in the calculation.

Indicator	Unit	2018	2019	2020
Total Assets	(AED billion)		822	919
Loans and Advances	(AED billion)		408	387
Customer Deposits	(AED billion)		519	541
Market capitalisation	(AED billion)		166	141
Revenue	(AED billion)		20.20	18.6
Net Profit	(AED billion)		12.50	10.6

**Revenues by business segment:**

Corporate & investment banking	%		55	65
Personal banking	%		37	33
Head office	%		7	2
Subsidiaries	%		1	0

**Revenues by geography:**

UAE	%		86	84
Asia Pacific	%		3	16.2
Europe, Americas, Middle East & Africa (EAMEA)	%		11	

**Robust Financial Metrics**

	Unit	2018	2019	2020
Return on Tangible Equity	%	16.20	16.10	13.0
NPL ratio	%	3.10	3.20	4.0
Liquidity Coverage Ratio (LCR)	%	118	129	143.0
Cost-income ratio (excl. integration cost)	%	25.80	26.80	27.0
Provision Coverage	%	110	93	95.0
Basel III CET1	%	12.40	13.50	13.3

**Credit ratings**

	2018	2019	2020
Moody's	Aa3	Aa3	Aa3
S&P	AA-	AA-	AA-
FITCH	AA-	AA-	AA-

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
<b>GRI 102: General Disclosures (As applicable for In Accordance: Core Option)</b>		
<b>Organisational profile</b>		
	102-1 Name of the organisation	First Abu Dhabi Bank
	102-2 Activities, brands, products, and services	Our services are split across two key business segments: 1. Corporate and Investment Banking. 2. Retail Banking
	102-3 Location of headquarters	Abu Dhabi, UAE
	102-4 Location of operations	<b>Europe, Americas, Middle East and Africa (EAMEA)</b> France, UK, Switzerland, USA, Brazil, UAE, Bahrain, Egypt, Kuwait, Libya, Oman, Saudi Arabia, Sudan <b>Asia Pacific (APAC)</b> China/Hong Kong, India Indonesia Labuan (Malaysia) Singapore South Korea
	102-5 Ownership and legal form	<a href="https://www.bankfab.com/en-ae/about-fab/investor-relations/shareholder-information/share-profile">https://www.bankfab.com/en-ae/about-fab/investor-relations/shareholder-information/share-profile</a>
	102-6 Markets served	We have a global presence across five continents, markets served are the same as those listed in 102-4.
	102-7 Scale of the organisation	5,054 employees 73 Branches / Cash Offices in UAE 499 ATMs in UAE Over 3 million UAE customers AED 10.6 billion net profit
	102-8 Information on employees and other workers	Refer to section: Data Tables
<b>GRI 102: General Disclosures 2016</b>	102-9 Supply chain	Our procurement activities are centralised through our Group Procurement department, which sets policies and guidelines, handles major purchases, facilitates contracts with suppliers and develops sourcing strategies.
	102-10 Significant changes to the organisation and its supply chain	First Abu Dhabi Bank acquires 100% of Bank Audi Egypt's share capital
	102-11 Precautionary Principle or approach	Refer to sections: Corporate Governance, Ethics and Compliance, Systematic Risk Management
	102-12 External initiatives	Refer to sections: Corporate Governance, Ethics and Compliance, Systematic Risk Management
	102-13 Membership of associations	United Nations Global Compact (UNGC) Principles The UAE Council for Climate Change and Environment The Ministry of Climate Change and Environment's Technical Committee on Green Development and Climate Change Emirates Nature-WWF
<b>Strategy</b>		
	102-14 Statement from senior decision-maker	Refer to section: CEO statement (Page 2)
<b>Ethics and Integrity</b>		
	102-16 Values, principles, standards, and norms of behaviour	Refer to section: Governance, Business Ethics And Compliance (Page 32)
<b>Governance</b>		
	102-18 Governance structure	Refer to section: How Sustainability is Governed at FAB (Page 6)
	102-30 Effectiveness of risk management processes	Refer to section: Systemic Risk Management (Page 34)

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
<b>GRI 102: General Disclosures (As applicable for In Accordance: Core Option)</b>		
<b>Stakeholder engagement</b>		
	102-40 List of stakeholder groups	Customers Employees Shareholders and Investors Suppliers Government and Regulators Local Community
	102-41 Collective bargaining agreements	Our systems do not track these percentages on a Group level. No collective bargaining agreements as per prevalent laws in UAE.
	102-42 Identifying and selecting stakeholders	Refer to section: Materiality assessment (Page 8)
	102-43 Approach to stakeholder engagement	Our approach involves continuous engagement through multiple communication channels including interviews, surveys and workshops with stakeholder groups to identify what is important to them.
	102-44 Key topics and concerns raised	Refer to section: Materiality Assessment (Page 8)
<b>Reporting practice</b>		
<b>GRI 102: General Disclosures 2016</b>	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of FAB. No other entity is included.
	102-46 Defining report content and topic Boundaries	Refer to section: Materiality Assessment (Page 8)
	102-47 List of material topics	Refer to section: Materiality Assessment (Page 7)
	102-48 Restatements of information	Any restatements of information are stated throughout this report.
	102-49 Changes in reporting	The materiality assessment was refreshed for 2020, some of the material topics differed from 2019. The top six topics were reported against GRI standards for this year.
	102-50 Reporting period	2020
	102-51 Date of most recent report	2019 ESG Report
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	CorporateSustainability@bankfab.com
	102-54 Claims of reporting in accordance with the GRI Standards	Refer to section: Report Overview (Page 4)
	102-55 GRI content index	Refer to section: GRI Content Table (Appendix Page 44)
	102-56 External Assurance	FAB does not seek external assurance for its sustainability report. GHG emission calculations are externally assured for the entire Group separate from the sustainability reporting process.

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
<b>Material Topics</b>		
<b>Financial Performance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Refer to section: Financial Performance (Page 11)
	103-2 The management approach and its components	Refer to section: Financial Performance / Systemic Risk Management (Page 11 & 34)
	103-3 Evaluation of the management approach	Refer to section: Financial Performance / Systemic Risk Management (Page 11 & 34)
<b>GRI 201: Economic Performance</b>	201-1 Direct Economic Value generated and distributed	Refer to section: Financial Performance (Page 11)
	201-2 Financial implications and other risks and opportunities due to climate action	Refer to section: Systemic Risk Management (Page 34)
	201-4 Financial assistance received from government	No financial assistance is given by the government.
<b>Responsible lending and investing</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Refer to section: Financial inclusion and accessibility (Page 18)
	103-2 The management approach and its components	Refer to section: Financial inclusion and accessibility (Page 18)
	103-3 Evaluation of the management approach	Refer to section: Financial inclusion and accessibility (Page 18)
<b>GRI 203: Indirect Economic Impacts</b>	203-2 Significant indirect economic impacts	Refer to section: Financial inclusion and accessibility (Page 18) Refer to section: Responsible lending and investing (Page 12) Refer to section: Community Investment and Socio-economic development (Page 28)
<b>Employee Wellbeing</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Refer to section: Employee Wellbeing (Page 20)
	103-2 The management approach and its components	Refer to section: Employee Wellbeing (Page 20)
	103-3 Evaluation of the management approach	Refer to section: Employee Wellbeing (Page 20)
<b>GRI 403: Occupational Health and Safety</b>	403-6 Promotion of worker health	Refer to section: Employee Wellbeing (Page 21 & 22)

## SASB CONTENT INDEX

Sustainability Accounting Metrics				
Industry	Accounting Metric	Category	Code	Response
<b>Topic: Data Security</b>				
CB	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of account holders affected	Quantitative	FN-CB-230a.1	Nil, no data breaches
CB	Description of approach to identifying and addressing data security risks	Discussion and Analysis	FN-CB-230a.2	Refer to section: Customer privacy and data security (Page 36)
<b>Topic: Financial Inclusion and Capacity Building</b>				
CB	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	Quantitative	FN-CB-240a.1	<p>499 Customers for AED 225 million Tess Deferral Scheme</p> <ul style="list-style-type: none"> <li>• TESS Deferral - Will continue to full of H1'21 to support SME customers in distress where business has been impacted due to COVID-19 and subsequent economic downturn</li> </ul> <p>22 customers for AED 110 million from the Ghadan fund</p> <ul style="list-style-type: none"> <li>• Ghadan fund provides support to Abu Dhabi based companies for working capital and project financing</li> </ul> <p>116 Customers AED 49 million National Housing Loan (NHL)</p> <ul style="list-style-type: none"> <li>• Financing proposition to support contractors who would be awarded contracts for nationwide NHL programme</li> </ul> <p>66 Customers AED 23 million Khalifa Fund</p> <ul style="list-style-type: none"> <li>• Khalifa Fund provides support for self-employed UAE nationals as an interest free loan to manage and expand businesses mainly involved in agriculture, poultry and manufacturing</li> </ul>
CB	(1) Number of past due and nonaccrual loans qualified to programmes designed to promote small business and community development. (2) Amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development.	Quantitative	FN-CB-240a.2	<ul style="list-style-type: none"> <li>• National Housing Loan - 24# for AED 3.6 million</li> <li>• Khalifa Fund - 32# for AED 2 million</li> <li>• Tess - TBA</li> </ul>
CB	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	FN-CB-240a.3	660,000 new Ratibi prepaid payroll cards in 2020 Ratibi registrations on PayIt have grown 500% in 2020 as compared to 2019
CB	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	FN-CB-240a.4	No data – financial literacy education has not been a priority in 2020 due to the pandemic
<b>Topic: Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>				
CB	Commercial and industrial credit exposure, by industry	Quantitative	FN-CB-410a.1	Refer to page 107 in Our Financial Statements Summary for 2020. <a href="https://www.bankfab.com/-/media/fabgroup/home/about-fab/investor-relations/report-2020/pdfs/financial-statements.pdf?view=1">https://www.bankfab.com/-/media/fabgroup/home/about-fab/investor-relations/report-2020/pdfs/financial-statements.pdf?view=1</a> – Consolidated Financial Statements
CB	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis, in investment banking and brokerage activities and in wealth management processes and strategies	Discussion and Analysis	FN-CB-410a.2	Refer to our Sustainable Finance Report. <a href="https://www.bankfab.com/en-ae/about-fab/sustainability/sustainable-finance">https://www.bankfab.com/en-ae/about-fab/sustainability/sustainable-finance</a>
<b>Topic: Business Ethics</b>				
CB	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	FN-CB-510a.1	In 2020 we have not sustained monetary losses due to a judgment finding us guilty in relation to any of the breaches mentioned in FN-CB-510a.1
CB	Description of whistleblower policies and procedures	Discussion and Analysis	FN-CB-510a.2	Refer to section: Governance, Whistleblowing Policies (Page 33)
<b>Topic: Systemic Risk Management</b>				
CB	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	FN-CB-550a.1	FAB is designated as a D-SIB by CBUAE. We don't receive any G-SIB score though, and we don't report any data on G-SIB calculation.
CB	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	FN-CB-550a.2 FN-IB-550a.2	Refer to section: Systemic Risk Management (Page 34)
<b>Activity Metrics:</b>				
CB	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	FN-CB-000.A	The current NHL portfolio stands at -AED 33.6 billion (Q4 2020) with an average monthly disbursement of -475 million. The total number of customers currently being helped by the NHL programme is -43,500 customers.
CB	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	FN-CB-000.B	499 Customers for AED 225 million-Tess Deferral 22 customers for AED 110 million Ghadan 116 Customers-49 million NHL 66 Customers-23 million Khalifa fund

# Independent Limited Assurance Report

Selected performance area	Pages
Scope 1 emissions	30
Scope 2 emissions	30
Scope 3 emissions	30

## Criteria Used as the Basis of Reporting

The criteria used as the basis of reporting are the GRI Standards (Core level of disclosures) as published by the Global Reporting Initiative.

## Basis of Conclusion

We conducted our work in accordance with International Standard on Assurance Engagements ("ISAE") 3000 and 3410 Assurance Engagements other than Audits or Reviews of Historical Financial Information. In gathering evidence for our conclusions our limited assurance procedures comprised:

- enquiries with relevant FAB management and staff to understand FAB's process for determining material issues;
- the process for developing the Selected Performance Areas within the FAB ESG Report 2020;

- enquiries with relevant FAB management and staff to understand the internal controls, governance structures and reporting processes for the Selected Performance Areas;
- analytical procedures over the Selected Performance Areas;
- walkthroughs of the Selected Performance Areas to source documentation;
- evaluating the appropriateness of the criteria with respect to the Selected Performance Areas;
- considering that the Selected Performance Areas have been reported in accordance with the GRI Standards.

In accordance with the ISAE 3000 and ISAE 3410 standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Assured Sustainability Information is free from material misstatements, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness;
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.
- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the Selected Performance Areas in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Selected Performance Areas that are free from material misstatement, whether due to fraud or error.

## Our Responsibility

Our responsibility is to perform a limited assurance engagement of the Assured Sustainability Information, and to issue an assurance report that includes our conclusion.

## Our Independence and Quality Control

Our work was performed in compliance with the requirements of the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. We have complied with the applicable independence and other ethical requirements of the IESBA code.



**KPMG Lower Gulf Limited**  
**Abu Dhabi**  
**15 June 2021**

## How we Define Limited Assurance

Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had reasonable assurance procedures been performed.

## Use of this Assurance Report

This report has been prepared for the management of FAB. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the management of FAB, or for any other purpose than that for which it has been prepared.

## Management's Responsibility

Management are responsible for: