



# FAB GROUP ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) POLICY

July 11, 2024

## 1. Policy Statement

At First Abu Dhabi Bank (FAB), we recognise that sustainability requires doing business with responsibility, and a responsible business is designed to cultivate economic growth, social prosperity and environmental integrity. As a leading bank in the UAE, we believe we have a responsibility to be a good corporate citizen, while pivoting towards a resilient sustainable economy. This policy outlines the approach of FAB to ESG and responsible banking, sets out the environmental, social and governance aspirations, as well as the governance processes adopted to deliver it.

FAB recognises that sustainability must facilitate value and sustainable growth for all its stakeholders and is committed to playing our part in unlocking the opportunities and managing the risks involved in the transition to a sustainable economy.

To facilitate the transition to a sustainable economy, FAB strives to continuously develop as an organisation and prioritise ambitions across its key ESG impact areas:

- **Environment:** In line with UAE's Strategic Initiative of Net Zero by 2050, we aspire to be a net zero bank by 2050. We aim to achieve this by first becoming carbon neutral in our own operations by 2030 while at the same time we continue to work to reduce our financed emissions by 2050. Through our relevant products, services, and advisory offerings we will work to support our clients in their sustainability transition and assist them to navigate the climate change challenges, risks and opportunities, with the aim to increase value on the journey to be environmentally responsible businesses.
- **Social:** To cultivate inclusive sustainable growth through social and financial inclusion products, services, and initiatives for our customers, clients and communities. To foster a culture of diversity, wellbeing, and continuous growth for our talent. And lastly, to adhere to the principles of commitments FAB Group has declared and continually work towards enhancing FAB's position on its social commitments.
- **Governance:** FAB aims to model responsible business through proactive and ongoing measures to align with global and national ESG commitments and regulatory compliance, in managing ESG related risks and opportunities.

This ESG policy underpins FAB's objective to integrate sustainability principles into FAB's operations and decision-making processes with a 360-degree approach involving all internal and external stakeholders of FAB including customers, employees, investors, regulators, business partners and the communities where it operates.

The following sections delineate FAB's prioritised responsible banking and sustainability/ESG impact areas guiding FAB's everyday decision-making and incorporating how we conduct business with all stakeholders.

## 2. Scope

- This policy applies to FAB Group in all locations.
- Where national or local laws, regulations or expectations exceed these general principles, compliance with the better practice or higher standard is required. A country specific policy addendum should be published as relevant for each of the countries where FAB operates.

## 3. Our Commitments

### 3.1 Partnering in the transition to a low-carbon future

We believe that financial institutions have an important role to play in financing the decarbonisation of the economy and FAB is therefore aiming to decarbonise its lending, investing and facilitation activities in reaching net zero by 2050. Our clients will have key role to play in our decarbonisation journey, and we will be engaging with them to support their transition journeys while also encouraging green technologies that fit our sustainable finance framework.

### **3.2 Scaling sustainable and transition finance**

Building on our financial expertise and driven by our ambition to support our clients towards a sustainable and low carbon future, we work to offer our clients innovative financing and advisory services to support environmental and socially responsible business activities. Working with our clients our objective is, where possible, to fund sustainable growth by scaling up sustainable businesses and support transition to a low-carbon economy.

### **3.3 Supporting the journey to nature-positivity**

We are exploring our impact and dependences on nature while assessing nature-related risks and opportunities associated with our lending and investment activities. Our approach is guided by collaboration with industry peers and external stakeholders on appropriate methodologies and metrics, as well as an active engagement with our clients on their own nature footprint.

### **3.4 Embracing diversity and inclusion**

To our employees, we are committed to being a diverse and inclusive place of work, promoting genuine equality of opportunity in employment, skill development and career enhancement, for all groups at all levels within the bank, irrespective of race, age, gender, disability, and socioeconomic status.

To our customers, we are committed to providing equitable and unhindered access to our products and services, including underbanked and vulnerable groups. We also extend this commitment to include dealing with all our stakeholders with respect, transparency, and accountability. Our commitments are reflected across our internal policies, external statements, relevant products and services, and activities.

### **3.5 Prioritising health, safety & wellbeing**

We are committed to promoting employee wellbeing and health, both mental and physical, through our policies, processes, and practices. We are also committed to maintaining workplace safety, both environmental and digital, for our employees, and all stakeholders interacting with FAB. We implement these commitments through policies, audits, certifications, trainings, and alignment with regulations.

### **3.6 Eradicating modern slavery**

We recognise human rights as fundamental principles that guide our business practices across our operations and in the communities we serve. This also includes our commitment to eradicate Modern Slavery from our operations and supply chain. We acknowledge that Modern Slavery can occur through our operations, including but not limited to our employees and customers. We employ the required checks and measures to prevent these scenarios.

It is important to us that our corporate values are upheld and that our ethics are not compromised at any point in our business operations, internally or externally. Our individual statement on Modern Slavery details our commitment and actions.

### **3.7 Demonstrating corporate social responsibility**

We are committed to empowering youth, people of determination and senior citizens in our communities, promoting the culture of volunteering and giving back to the UAE community. In line with the UAE and leadership vision and agenda, we aim to create lasting value for our planet, environment, and UAE community, through purpose-led initiatives and volunteering activities focused on areas that we can best impact. These include, but are not limited to youth empowerment, environmental activities in line with the year of sustainability 2024, community development, sports, and education.

### **3.8 Fostering transparency & accountability**

We are committed to transparency towards our shareholders, the broader investment community, and other relevant stakeholders about FAB's ESG initiatives, achievements, and targets. Our suite of sustainability reports provides updates regarding our ESG strategy and progress made on implementation. This is supplemented by regular ESG updates across our internal and external channels. We place significant value in maintaining a regular and frequent engagement with our stakeholders on ESG matters.

FAB recognises the importance of disclosure and transparent communication, and the bank is committed to publicly report on its sustainability performance in a timely manner and in compliance with applicable capital market regulations and specifically adopted sustainability reporting frameworks. We prioritize maintaining high standards of data quality, while leveraging it to drive continuous improvement. Our sustainability reports provide further details into our approach, scope, and controls for selected ESG measures, ensuring transparency with our sustainability initiatives.

### 3.9 Transitioning in line with the most relevant sustainability frameworks

We are committed to aligning our activities with local and global sustainability standards and best practices. This empowers us to leverage our ESG strategy to create impact to our internal and external stakeholders. By doing so, we also support the ambitions of the UAE to ensure social equity and an environmentally conscious community. The below table sets out the various global and local frameworks, the standards of which we aim to align our activities with.

International Frameworks	UN Sustainable Development Goals (SDGs)
	UN Global Compact (UNGC)
	Global Reporting Initiative (GRI)
	Equator Principles (EP)
	Carbon Disclosure Project (CDP)
	Net Zero Banking Alliance (NZBA)
	Principles for Responsible Banking (PRB)
	Green bond ICMA Principles (ICMA)
	Task Force on Climate-Related Financial Disclosures (TCFD)
	Partnership for Carbon Accounting Financials (PCAF)
	Partnership for Biodiversity Accounting Financials (PBAF)
	UN Women Empowerment Principles (WEP)
	COP28 Net-Zero Transition Charter: Accountability Mobilization for the Private Sector
	Sustainable Markets Initiative Circularity Task Force
National Frameworks	Abu Dhabi Securities Exchange (ADX) ESG Guide for Listed Companies
	Abu Dhabi Vision UAE Vision 2021
	UAE Green Agenda 2015-2030
	UAE Net Zero by 2050
	UAE Climate-Responsible Companies Pledge
	UAE Private Sector Pledge to Accelerate Gender Balance
	ADGM Sustainable Finance Consultative Working Group
	The Private Sector Advisory Council to the UAE National Committee on the SDGs
	The UAE Council for Climate Change and Environment

### 3.10 Striving for best-in-class governance and compliance

We recognize the increased need to stay abreast of the latest ESG developments across our countries of operations. In doing so, we follow a proactive approach in monitoring changes or updates in industry trends and aligning with global best practices.

We strive to implement best-in-class governance throughout its organisation by instituting multiple ESG committees (Board Risk and ESG Committee, Group ESG Committee and ESG-Sustainable Finance Committee). These committees consist of senior executive leaders that amongst others review our emerging ESG compliance requirements as well as endorsing implementation plans across the global organisation.

Our ESG governance structure is fundamental to promoting and overseeing the ESG strategy, transitioning towards low carbon economy, and sustainability culture across the Group. This structure also ensures effective assessment and management of environmental and social risks and opportunities. We integrate environmental and social risk management within our three lines of defence model along with responsibilities shared across the organisation including at the C-Suite and Board level.

### **3.11 Managing ESG and climate risk**

We prioritise the effective management of ESG risks with the aim to reduce the likelihood of adverse effects on our operations and to generate long-term value for our stakeholders. Our ESG risk approach addresses environmental, social, and governance risks and opportunities pertinent to the bank's operations.

We actively work to identify, manage, and mitigate climate-related risks. We acknowledge the potential implications of climate risk to our own operations, the assets we finance, and the wider society given its various transmission channels to traditional risks such as credit risk, market risk, operational risk, legal and liability risk. As such, we abide by a comprehensive end-to-end climate risk management framework, while being fully committed to managing climate-related risks.

## **4. Related Group Policies/Processes**

- Group ESG Risk Policy
- Group Enterprise Risk Management Policy
- Group Procurement & Commercial Management Policy
- Group Environmental Management System Policy
- Group Occupational Health & Safety Management System Policy
- Group Single-Use Plastic Policy
- Group Human Resources Policies (Group Employee Code of Conduct, Group Employee Grievance Policy, Group Anti Bullying and Harassment Policy)
- Corporate and Investment Banking Group Credit Policy (CIB GCP) and Annexure XII
- Corporate and Institutional Banking Group Project Finance Credit Programme
- Group Sustainable Finance Framework
- Group Modern Slavery Policy
- Group Talent Acquisition Policy
- Group Whistle Blowing Policy

## 5. Disclaimer

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