



# CORPORATE ESG REPORT

2 0 1 9



Grow  
Stronger

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

# DISCLAIMER

This report contains certain “forward-looking statements” that express the way in which FAB intends to conduct its activities. FAB has made every effort to ensure the report is as accurate and truthful as possible, however, forward-looking statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond FAB’s ability to control and therefore do not represent a guarantee of future conduct or policy. FAB assumes no obligation to publicly update any statements made in this ESG report and does not guarantee the appropriateness, accuracy, usefulness or any other matter whatsoever regarding this information.



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We are pleased to present our third annual ESG report. We invite you to read through the report to learn more about our efforts, and performance during 2019 to create value for our customers, employees, shareholders, business partners and communities.





# CEO STATEMENT



## A year of leadership and progress for the UAE's largest bank

*2019 was a year of solid growth, underlying strength and ongoing transformation for FAB.*

I am pleased to present FAB's financial results and operational highlights for 2019.

At the beginning of the year, we set out to achieve disciplined growth, deliver on our efficiency and transformation agenda, and maintain our industry leadership and core financial strength. I am delighted to report that we accomplished all these strategic priorities in 2019.

Our first full year benefiting from an integrated IT platform enabled us to leverage FAB's competitive strengths, generate growth from scale and outperform the market across key segments. Our industry-leading Corporate & Investment Banking (CIB) franchise set the regional standard while the Personal Banking Group (PBG) enjoyed positive momentum during 2019.

This was reflected in our Group Net Profit reaching AED 12.5 Billion, up 4 per cent, and our Group Revenue crossing the AED 20 Billion mark, achieved while maintaining a strong balance sheet and risk discipline. Significantly, we also ended 2019 ahead of plan in delivering our annual cost synergy run-rate target, giving us a highly efficient platform for sustained growth.

The bank's achievements are particularly impressive when viewed in the context of global market volatility and challenging market conditions, including a reversal of the interest rate cycle in the second half of the year, and significant change in the global banking landscape.

It was a year of both financial and operational success as FAB progressed digitally to deliver

an enhanced customer experience and position the Group for future growth and ongoing agility, for instance by digitising the SME lending process and onboarding a steady stream of new payit mobile wallet customers.

We operated with an international outlook throughout the year as we continued to implement our growth strategy in target markets, including opening three branches in Saudi Arabia and increasing our foreign ownership limit to 40%. At the same time, we matched the ambition of entrepreneurs at home by launching products like the SME Growth Loan and a dedicated debit card for smaller companies.

Finally, we enhanced our unique position as an enabler of economic growth and a strategic partner to Abu Dhabi's diversification plans through our support of initiatives like Ghadan 21, while also making a meaningful contribution to the communities in the markets where we operate through our proud involvement in events like the Special Olympics World Games Abu Dhabi 2019.

As a signatory to the United Nations Global Compact (UNGC), we have continued to align our strategies and operations with the UNGC's 10 Principles and the United Nations Sustainable Development Goals (UN SDG's), recognising the role we can play in developing a more sustainable banking industry.

It was a year when we grew stronger in partnership with our stakeholders, and we look forward to doing the same again in 2020.

His Excellency

**ABDULHAMID SAEED**

Group Chief Executive Officer

# 2019 SUSTAINABILITY HIGHLIGHTS



**AED 20.2 Bn**

In total revenues



**99,588**

Total hours of employee training



## Sustainability leadership

Included in the MSCI EM ESG Leaders Index and FTSE4Good Emerging Index – reinforcing FAB's position as a regional leader in sustainability



**85**

Different nationalities are represented among our 5,451 employees



## 'B' score

Given by CDP for our climate change response, recognising the bank's commitment to addressing climate change and reducing its impact



**35%**

Of all management positions were held by women



**USD 80.2 million**

Contributed to support local communities



**69%**

Of total procurement was from Emirati businesses, supporting local economic development



**3,000**

Lives positively impacted through our blood donation campaign, in which 1,000 FAB employees participated



**33%**

UAE Emiratization among our workforce



## Exceeded our 10 x 10 target

to finance USD 10 Billion worth of sustainable projects over ten years. This commitment was achieved in just four years



## Led first-ever SDG-linked loan in the Middle East

by creating the EUR100 million Etihad Sustainable Development Goal Linked Loan – a first in the global aviation industry and the first in the MENA region



# KEY FINANCIAL HIGHLIGHTS AS OF 31 DECEMBER 2019

The largest bank in the UAE by total assets and market capitalisation



**TOTAL ASSETS**  
+10% YOY



**LOANS AND ADVANCES**  
+16% YOY



**CUSTOMER DEPOSITS**  
+12% YOY



**MARKET CAPITALISATION**  
+8% YOY

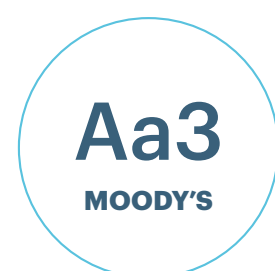


**REVENUE**  
+4% YOY



**NET PROFIT**  
+4% YOY

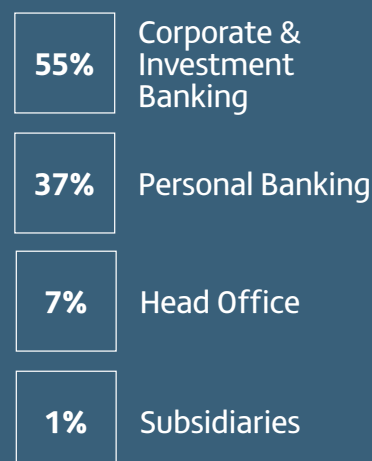
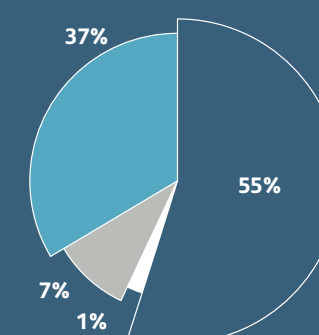
With the strongest combined credit ratings of any other bank in MENA



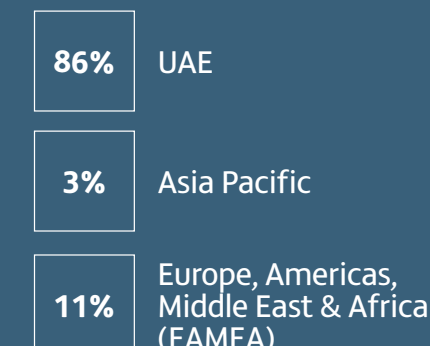
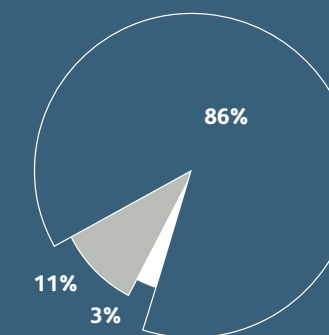
A dominant and diversified banking franchise with market-leading corporate and personal banking businesses, and a presence across five continents

**FY'19 Revenue: AED 20.2 Bn (USD 5.5 Bn)**

**BY BUSINESS SEGMENT**



**BY GEOGRAPHY**



**Robust Financial Metrics – FY'19**

**16.1%** (FY'18: 16.2%)

Return on Tangible Equity

**3.2%** (Dec'18: 3.1%)

NPL ratio

**129%** (Dec'18: 118%)

Liquidity Coverage Ratio (LCR)

**26.8%** (FY'18: 25.8%)

Cost-income ratio (excl. integration cost)

**93%** (Dec'18: 110%)

Provision coverage

**13.5%** (Dec'18: 12.4%)

Basel III CET1



# Award-winning franchise



Global Finance magazine's **World's Safest Banks Ranking**  
September 2019

- #1** in UAE and the Middle East
- #4** in Emerging Markets
- #22** World's Safest Commercial Banks

The Bankers' **Top 1000 World Banks Ranking**  
July 2019

- #1** in UAE (By Tier 1 Capital)
- #2** in the Middle East (By Tier 1 Capital)
- #108** in the World (By Assets)





# WHERE WE OPERATE

## Europe and Americas (E&A)

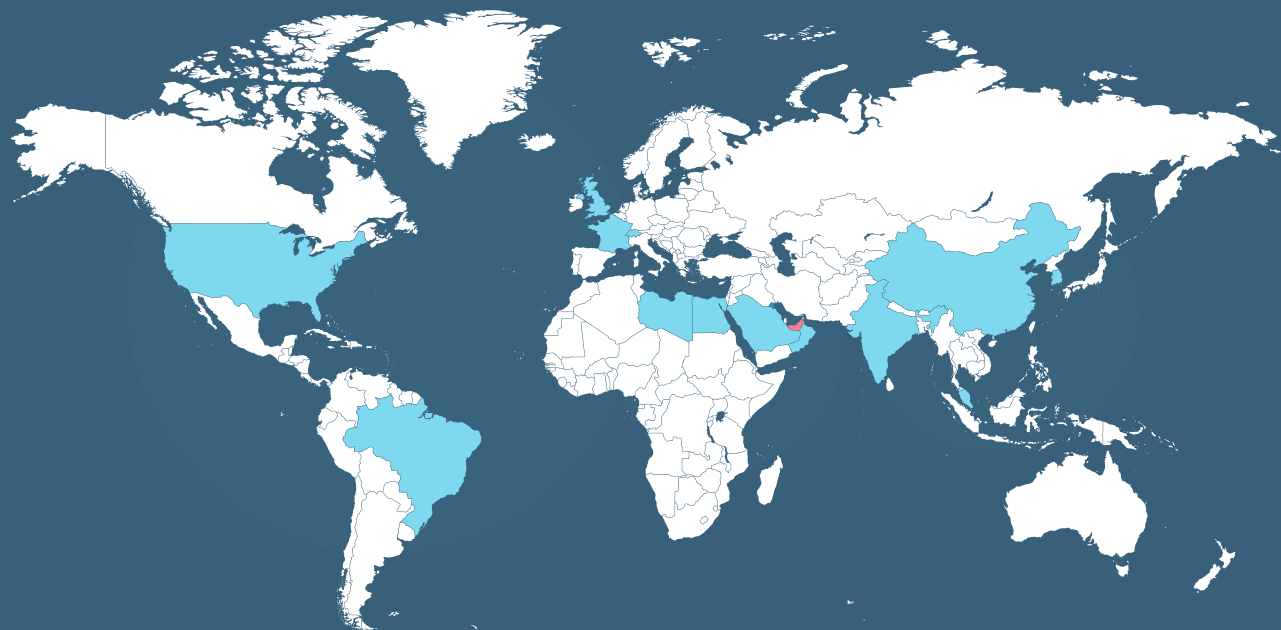
France | UK | Switzerland | USA | Brazil

## Middle East and Africa (MEA)

UAE | Bahrain | Egypt | Kuwait | Libya | Oman | Saudi Arabia

## Asia Pacific (APAC)

China | Hong Kong | India | Labuan (Malaysia) | Singapore | South Korea



Domestic  
network  
across **7** Emirates

**76** Branches/  
Cash offices  
in UAE

**541** ATMs/  
CDMs



With a global network across **five continents** in addition to the **UAE, FAB** will continue to **strengthen** and **facilitate** inward and outward trade and investment flows.



# VALUE CHAIN AND IMPACTS

## How We Create Value

FAB's value chain is extensive. Here is a snapshot of our inputs, outputs and outcomes, providing a look at all those who are touched by our business.



### INPUTS



PEOPLE



IT SYSTEMS



FACILITIES  
(BRANCHES,  
ATMs)



PROFESSIONAL  
AND LOGISTICAL  
SERVICES



SUPPLIES (PAPER,  
FURNITURE, ETC.)



FINANCIAL  
RESOURCES

### BUSINESS MODEL



#### OUR VISION

Creating value for our customers, employees, shareholders and communities to grow stronger through differentiation, agility and innovation

#### CUSTOMERS

We empower our customers to grow stronger through choice, convenience and customised products and services

#### EMPLOYEES

We create an environment where our people can leverage their strengths and excel in their performance

#### SHAREHOLDERS

We deliver superior and sustainable returns to our shareholders

#### COMMUNITIES

We build a legacy of positive change in our communities

### OUTPUTS AND OUTCOMES



#### VALUE FOR CUSTOMERS

- Best Investment Bank in UAE (Global Finance)
- Banking, advice and 24/7 phone/online support
- 76 branches/cash offices, 541 ATMs/CDMs
- Our internal NPS score increased significantly throughout the year resulting in an end of year score of greater than +50
- 6.5 million online/mobile transactions
- AED 408 billion in total loans and advances
- AED 310 billion commercial lending



#### VALUE FOR EMPLOYEES

- AED 3.2 billion in salaries/benefits
- AED 40.5 million in training and development
- 33% representation of national UAE employees in senior management
- 35% representation of women in management positions



#### VALUE FOR COMMUNITIES

- More than 5,400 jobs created
- AED 80.2 million in donations/sponsorships
- 0.62% of pre-tax profits donated to community groups
- 5,416 employee volunteer hours
- AED 3.05 billion in procurement with 69% spent in UAE



#### VALUE FOR SHAREHOLDERS

- AED 12.5 billion net profit
- AED 8.08 billion cash dividends
- Safest bank in the UAE & Middle East by Global Finance
- Strongest combined credit rating amongst any other bank in MENA



02

# OUR BUSINESS AND SUSTAINABILITY





# OUR BUSINESS AND SUSTAINABILITY



**BELINDA SCOTT**

VICE PRESIDENT &  
HEAD OF CORPORATE SUSTAINABILITY

## Message from the Vice President & Head of Corporate Sustainability

We find ourselves navigating a world of disruptions, from social impacts that shift public expectations and perceptions, innovative technologies creating new business opportunities and risks, the increased impact of climate change on our environment and new global banking regulations changing the way we do business.

At the same time, we are experiencing novel and largely unforeseen global challenges. In late December 2019, the Covid-19 outbreak created significant disruptions to our customers, employees, business partners and communities around the world. The health, safety and wellbeing of our stakeholders remains our priority. We are monitoring the situation closely and taking urgent action to ensure our stakeholders feel supported and connected in this time of isolation and confusion. We will do whatever we can to keep them safe and ensure they can maintain uninterrupted access to our banking services, adapt to the new working conditions and help them manage the impacts of the crisis. We believe in the power of people coming together to grow stronger and overcome the difficult challenges of this pandemic.

This year we feel it is more important than ever to strengthen our position on ESG across the board, with the aim of maintaining sustainability and stability wherever possible during this turbulent time. We will do this through stronger governance structures and the development of a sustainability working group. We will step up to play a larger role in helping with the transition to a low carbon economy, and we will continue disclosing more relevant information to assist our stakeholders and investors with their decision making. We will do this whilst ensuring we look after our communities and the financial well-being of all our clients, customers, and investors to help them grow stronger. Our vision is to challenge ourselves. With our purpose, values and sustainability framework, we believe we can do just that and deliver even better outcomes for our customers.

**BELINDA SCOTT**

Vice President & Head of Corporate Sustainability

2019 was an exciting year with multiple firsts for us! We launched our 'BE THE CHANGE #RethinkPlastic' campaign, removing single-use plastic from our offices and branches and created our Group Policy on Single-Use Plastic. Our PeopleWithPurpose volunteering programme supported our commitment to inclusion and unity through the 2019 Special Olympic World Games in Abu Dhabi. We also piloted our financial literacy programme to support financial inclusion and grow financial confidence. At the national level, in supporting the UAE's sustainability objectives, FAB is also represented on many 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.

In December 2019 we pledged to implement the recommendations of the Task Force on Climate-related Financial Disclosures, making us the first financial institution in the MENA region to take this step, acknowledging the importance of transitioning to a low carbon economy. This year, we will commence modelling our financial climate risk exposure through different scenario analysis.

Whilst we expect some of our initiatives will take time to deliver tangible results, the performance highlighted in this report demonstrates that we are creating positive change and moving in the right direction. We were proud to once again achieve a 'B' score for our responses to CDP (Carbon Disclosure Project), making us the highest scoring bank in the region and strengthening our commitment to continue to improve our position in the years ahead.

Despite the social, economic and environmental disruption unfolding around us, we are confident that we are taking important and productive steps to help us grow stronger, on the journey to a sustainable future.

# VISION, VALUES AND STRATEGY

## Our Vision

"Creating value for our customers, employees, shareholders and communities to **grow stronger** through differentiation, agility and innovation"



### Mobile-centric digitisation

- Digitise customer journeys
- Launch digital ventures and new business models
- Become a **data-driven company** through advanced analytics, AI
- Build a modern and flexible technology foundation



### Growth and leadership in PBG

- Enhance value proposition across key segments and products
- Digital investments: acquisition and servicing capabilities
- Accelerate international growth (KSA, Egypt, private banking)



### Regional dominance and international relevance in CIB

- Strengthen leadership position in UAE
- International: grow in KSA and Egypt, dominate MENA trade flows
- Expand product offering, focus on flow business and cross-sell
- Elevate customer convenience through digital



### Talent mobilisation

- Strengthen and evolve unified culture
- Acquire new talent to support transformation and cultural shift
- Enable employees to acquire new skills and capabilities



### Drive value from scale

- Drive organic growth across segments and geographies
- Opportunistically pursue transactions that create significant value

## Making significant progress in line with our strategic priorities



### Disciplined Growth

- Market share gains across key segments in UAE outperformed market growth in Govt/GRE lending, as well as retail
- International strategy on track: opened two additional branches in KSA, rolling out global product capabilities across our network, exploring growth opportunities in key markets



### Efficiency & Transformation

- Invested in key areas to accelerate transformation and enable agility
- Significantly improved customer experience, digital capabilities, and culture in our first year as 'One Bank'
- Synergy realisation ahead of plan with ~98% of 2020 run-rate target already achieved to-date



### Leadership & Strength

- Key enabler to Abu Dhabi's economic growth and diversification plans
- Diversified business profile across products and geographies
- Market-leading franchise and award-winning capabilities, FAB remained top-ranked regional LCM and DCM House in 2019
- Strongest combined credit ratings of any other bank in MENA (AA- or equivalent), recently reaffirmed by all 3 major rating agencies



## Supporting our stakeholders during COVID-19

In late December 2019, the COVID-19 outbreak created significant disruptions to our customers, employees, business partners and communities around the world. The health, safety and wellbeing of our stakeholders remain our priority. We are monitoring the situation closely and taking urgent action to ensure our stakeholders feel supported and connected in this time of isolation and confusion.

FAB has taken, and is continuing to take, decisive measures to support employees, customers, and the UAE community at large.

You can find updated information on our latest response towards the COVID-19 outbreak [CLICK HERE](#)



## Sustainability Framework

Sustainability is integral to FAB's corporate strategy and our vision of creating value for our stakeholders. Our sustainability agenda supports our ambition to be a leading bank and a strong business partner on issues that have a global significance and regional and local relevance.

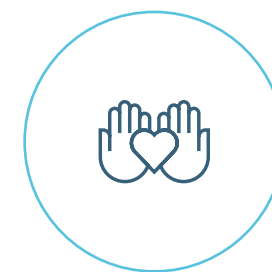
As the UAE's largest bank, and one of the largest in the MENA region, we recognise the broader role and ability we have to play in the transition to a low carbon economy and in shaping a sustainable future. We, therefore, take a comprehensive approach to sustainability. Our Sustainability Framework, created in 2017, is anchored on four pillars



**Responsible  
Banking**



**Responsible  
Employer**



**Positive  
Societal Impact**



**Governance,  
Integrity and  
Risk Management**

In each of these pillars, we focus on issues that matter to our stakeholders. We have created policies, programmes and initiatives to ensure that sustainability is embedded in our corporate culture and decision-making and is practised across all our businesses.

We seek to respond to emerging key issues through our sustainability framework which goes hand in hand with FAB's corporate strategy. Together, they guide the bank in making sound decisions, managing risks, and driving sustainable action.

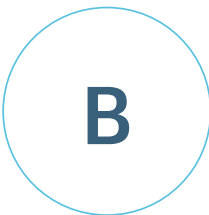
## Sustainability Governance

- FAB's Board and senior management team is committed to sustainability and oversight of the bank's progress on a broad range of sustainability matters that we consider important to our business. The Executive Committee is involved in the sustainability reporting process and reviews the bank's Annual ESG Report.
- The Corporate Sustainability team guides and implements the bank's sustainability strategy. The team also tracks performance and reports on progress by collaborating with leadership and business units across the organisation.
- A group-wide Sustainability Policy sets out broad principles for taking a precautionary and responsible approach to business.

# External benchmarks and surveys



MSCI ESG Ratings



CDP



RobecoSAM



# STAKEHOLDER ENGAGEMENT & MATERIALITY

## Listening to Stakeholders

Our approach to sustainability involves continuous engagement with our stakeholders, both internal and external. Through multiple communication channels, we listen to and seek feedback from a diverse number of stakeholders that affect or are affected by our business. Their input guides our sustainability strategy and the issues we prioritise for action and improvement. Our key stakeholder groups and the ways we engaged with them in 2019 are listed below.







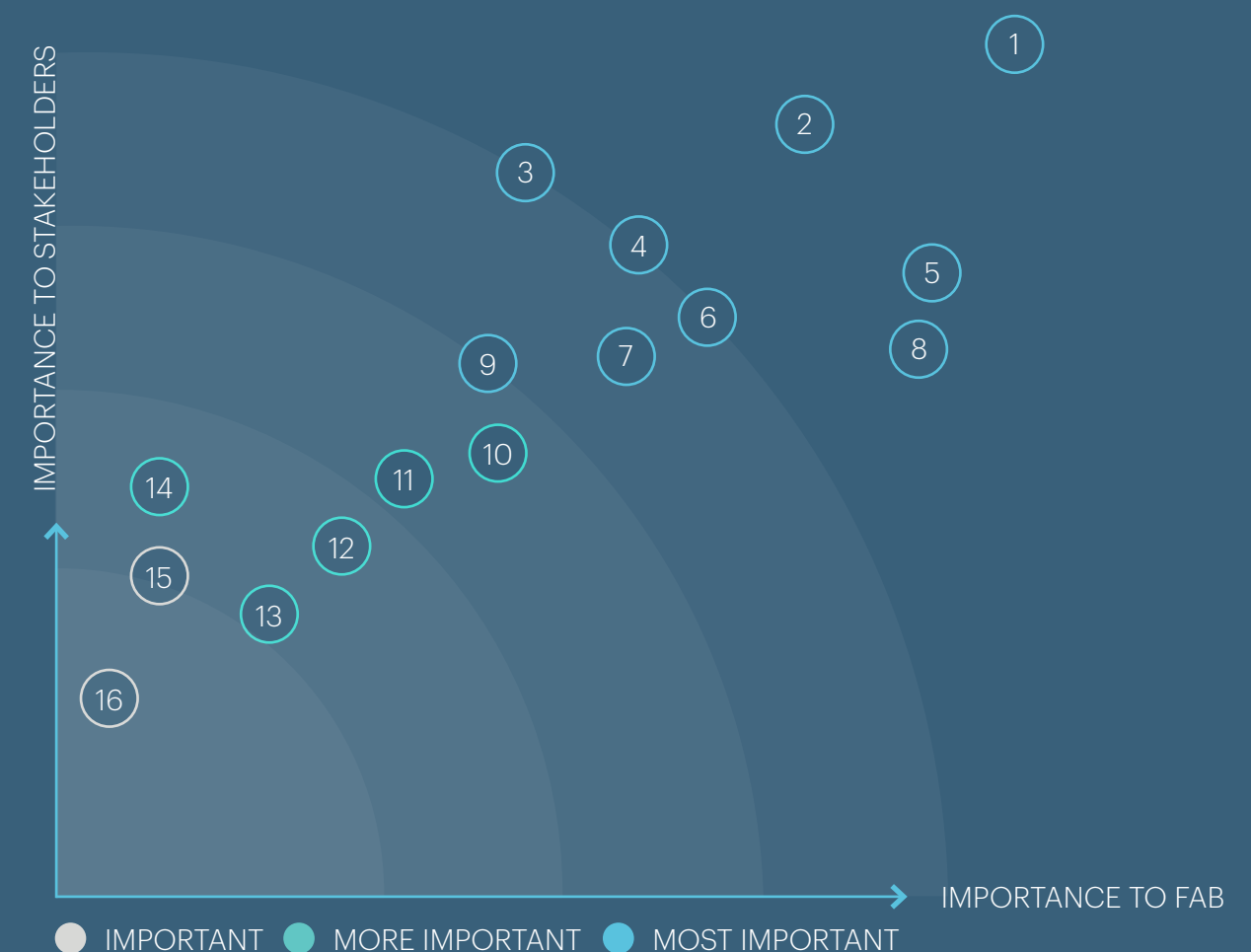
## The Issues That Matter Most

Our sustainability strategy and this report are based on the materiality assessment conducted in 2017. These 16 material sustainability issues that our business faces were identified by our external and internal stakeholders and are the issues that matter most to our business. For 2019, we determined that these stakeholder issues remain timely and relevant.

Our next materiality assessment is to be conducted in preparation for our 2020 ESG Report. The activities conducted through the materiality assessment include:

- Research and benchmarking identifying material issues
- Interviews and workshops with stakeholder groups to identify what is important to them, identifying and prioritising material issues
- A final review and validation by FAB's senior leadership of the material topics to make sure these represented our sustainability performance

The following matrix presents the findings of our materiality analysis, based on our understanding of the significance of each topic in terms of stakeholder interest and potential business impact.



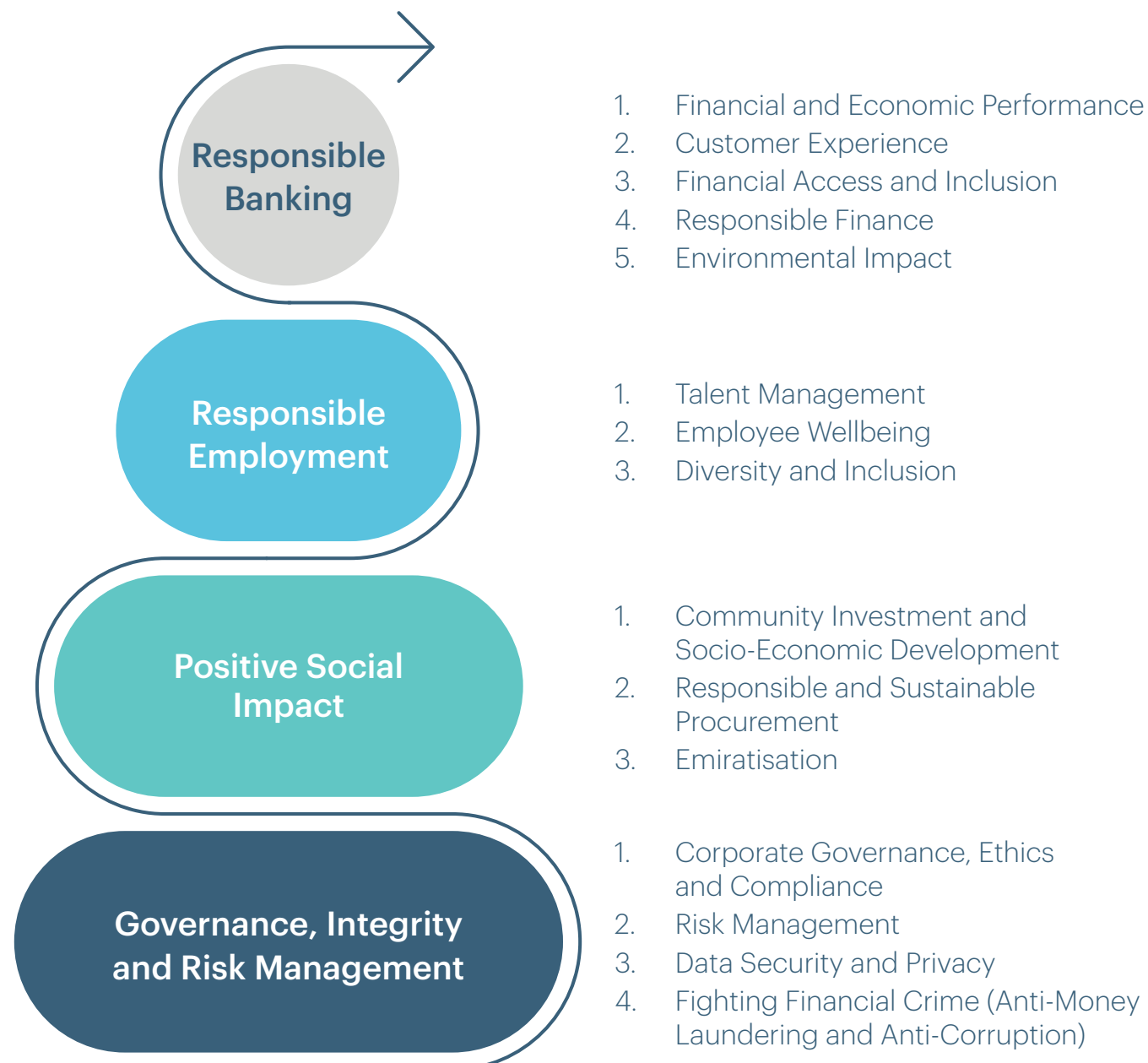
NOTE: In this report, we have addressed topic #5 ("Responsible Customer Relations") and topic #11 ("Digital Product and Service Transformation") as one broader topic entitled "Customer Experience".

1 Financial and economic performance	2 Systemic risk management
3 Governance, business ethics and compliance	4 Customer privacy and data security
5 Responsible customer relations	6 Responsible lending and investing
7 Anti-money laundering and anti-corruption	8 Financial inclusion and accessibility
9 Talent attraction, development and retention	10 Workforce wellbeing
11 Digital product and service transformation	12 Diversity and inclusion
13 Direct environmental impact of operations	14 Emiratization
15 Community investment and socio-economic development	16 Responsible and sustainable procurement

In this report, we have grouped these material issues into the four themes of FAB's sustainability framework: Governance, Integrity and Risk Management; Responsible Banking; Responsible Employment; and Positive Social Impact.



## Material Topics by FAB's Sustainability Pillars



## SUPPORTING NATIONAL AND GLOBAL GOALS

In 2015, the [United Nations](#) launched 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change, by 2030. We believe business has a significant role to play in solving these sustainable development challenges. We invite you to read through the report and explore how we contribute to some of these goals.

We are committed to supporting the growth and prosperity of Abu Dhabi and the UAE, ensuring that our sustainability strategy and objectives are aligned with the UAE Vision 2021 and Abu Dhabi Economic Vision 2030.

FAB is represented on several national sustainability committees and task forces, including the UAE Council for Climate Change and Environment, Emirates Foundation Programmes Advisory Committee on Civic Engagement, The Ministry of Climate Change and Environments Technical Committee on Green Development & Climate Change and the Sustainable Finance Steering Committee as part of the Dubai Declaration.

Our support of national and global sustainability aspirations distinguishes FAB from our regional peers, as we lead action to improve the wellbeing of present and future generations. We voluntarily measure, monitor, benchmark and report our performance against several leading sustainability initiatives to drive better performance in ESG issues.



”



HIS EXCELLENCY

ABDULLA N LOOTAH

DIRECTOR GENERAL OF FEDERAL COMPETITIVENESS  
AND STATISTICS AUTHORITY  
VICE CHAIR OF THE UAE NATIONAL COMMITTEE ON SDGS

*The decision to adopt the 2030 Agenda is a fundamental one as never have the 193 UN member states have been more resolute in their call for data-driven policy making. The SDGs set the parameters for decision-making across environmental, social and economic pillars such as climate change, gender equality and economic development for the next ten years.*





*FAB has been a critical piece of the UAE's SDG puzzle and a key contributor to the Private Sector Advisory Council (PSAC) given its expertise as the first bank in the Middle East to launch a green loan, and with sustainability being an integral part of the bank's long-term objective. Beyond financial institutions role as 'funders' of the 2030 Agenda, FAB has been a partner in the implementation of the 2030 Agenda by identifying specific SDGs that fit within its activities and operations.*

*This alignment adds richness to PSAC's focus group discussions as was the case during the workshop held in 2019 on SDG 5 (Gender Equality). We look forward to continue working together with FAB on how we can create an enabling environment for the financial sector as a whole to ensure financing is flowing to the sectors that are vital for achievement of sustainable development in the UAE.*

## Voluntary Initiatives and Public Commitments

Reporting Frameworks	Global Reporting Initiative (GRI)	FAB's non-financial reporting is presented in the bank's annual ESG reports, in accordance with the GRI Standards – Core option.
	Equator Principles (EP)	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.
	CDP	We aim to continuously reduce the bank's carbon footprint and provide transparency across our environmental performance.
	Green Bond	Our Green Bonds 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.
	Task Force on Climate-related Financial Disclosures (TCFD)	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.
	Abu Dhabi Securities Exchange (ADX) ESG Guide for Listed Companies	FAB demonstrates its commitment to voluntarily disclose its ESG performance in alignment with ADX ESG guidelines and the recommendations of the Sustainable Stock Exchanges.
National Goals	Abu Dhabi Economic Vision 2030 UAE Vision 2021 UAE Green Agenda 2015-2030	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. FAB is also 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	UN Sustainable Development Goals (SDGs)	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.

# Mapping Our Focus Areas to the UN SDGs and UNGC Principles

FAB Sustainability Pillars	SDGs	UNGC Principles
Responsible banking	       	<p><b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>
Responsible employment	     	<p><b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5</b> Businesses should uphold the effective abolition of child labour.</p> <p><b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>
Positive social impact	     	<p><b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5</b> Businesses should uphold the effective abolition of child labour.</p> <p><b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p>

FAB Sustainability Pillars	SDGs	UNGC Principles
Governance, integrity and risk management	 	<p><b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2</b> Businesses should make sure that they are not complicit in human rights abuses.</p> <p><b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5</b> Businesses should uphold the effective abolition of child labour.</p> <p><b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p> <p><b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>



03

# 2019 IN REVIEW

## PERFORMANCE BY PILLAR

## RESPONSIBLE BANKING

### 2019 ACHIEVEMENTS



#### 3 MILLION CUSTOMERS

Up from 2.5 million the previous year



#### OVER 30,000 EMIRATI CUSTOMERS

Benefited from the National Housing Loan programme



#### EXCEEDED OUR 10 X 10 TARGET

Provided USD 10 billion towards financing sustainable products, six years ahead of our ten year commitment

### MATERIAL TOPICS IN THIS CHAPTER

- ✓ Financial and economic performance
- ✓ Customer experience
- ✓ Financial inclusion and accessibility
- ✓ Responsible lending and sustainable finance
- ✓ Environmental impacts



# Financial and Economic Performance

## Related SDGs



## Our Approach

To sustain our operations and positively contribute to society we must be both financially healthy and profitable over the long term. Our corporate strategy is focused on maintaining a sustainable business model through a diversified franchise with market-leading corporate and retail capabilities, achieving solid financial returns to fuel future growth, and delivering exceptional shareholder value.

Solid financial performance allows us to generate and maintain a host of economic benefits for our stakeholders in the UAE and beyond. These benefits include:

- New products, services and innovations for customers
- Job creation along with good wages and benefits for employees
- Dividends for shareholders
- Significant tax payments to governments, which they use to provide public services
- Support for local businesses and suppliers we purchase from
- Community investments

## 2019 Highlights



- We produced strong financial results in 2019, including Group Net Profit of AED 12.5 billion, a 4% increase on 2018 performance in the first year of our new growth and transformation strategy.

This was due to a 4% increase in revenues from solid underlying performance of our core businesses in a challenging market. We enjoyed double-digit growth in non-interest income, largely offsetting softer net interest income.

- We maintained our robust capital position, with a Common Equity Tier 1 (CET1) ratio of 13.5%, up from 12.4% in 2018.  
  
This enabled FAB's Board of Directors to recommend the distribution of a cash dividend per share of 74 fils, implying total cash dividends of AED 8.08 billion for the full year ended 31 December 2019.
- We achieved solid underlying performance across our core businesses despite challenging operating conditions. The group outperformed market growth across key segments, while maintaining risk discipline, which resulted in higher risk-adjusted returns year-on-year.
- The Corporate & Investment Banking (CIB) Group generated 55% of 2019 Group Revenue, while the Personal Banking Group (PBG) contributed 37%. Revenue from our

- international operations grew 6% year-on-year, contributing 14% to group revenue.
- Investments in key strategic and digital initiatives enabled us to enhance customer experience, support business productivity, and position the group for future growth and ongoing agility.
- FAB is committed to sharing its knowledge and experience. In 2019, FAB economists and industry experts published customer-focused research on regional macroeconomic and geopolitical topics such as foreign exchange, interest rates, credit and commodity markets, as well as the high profile annual Global Investment Outlook.

The document can be found here: [CLICK HERE](#)

2019 Priorities	Status	2019 Results	2020 Priorities
Deliver disciplined and balanced growth	●	Achieved 4% YoY increase in revenues	<ul style="list-style-type: none"><li>• Drive sustainable growth</li><li>• Support higher market share</li><li>• Continue to focus on maximising shareholder return</li></ul>
Focus on efficiency, while enabling transformation	●	Achieved Annual run-rate cost synergy target almost fully met	
Support sustainable profitability, to continue to maximise shareholder returns	●	Achieved Solid returns with RoTE of 16.1% and RoRWA of 2.56%	

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met



”



**YURI MISNIK**

GROUP CHIEF TECHNOLOGY OFFICER

*Digitisation is essential for FAB to maintain a leading place in the market. Every industry and society is being digitised and banking is no exception. At FAB we are embracing digital technology to ultimately improve the daily lives of our customers. We are doing this primarily through:*

- *Launching new mobile banking applications with convenient customer-centric features to make it easier for our customers to transact, pay their bills, save or even send money abroad to support their families.*
- *Rolling out security features such as face and print biometrics which help protect both our customers' transactions and online identity.*
- *Leveraging data to better connect and be relevant for our customers, so we can provide them with valuable insights, as well as products and services that are fully relevant to their needs.*
- *Utilising cloud computing as the most effective way to build and maintain stable and reliable technology foundation and take benefit of rapid pace of innovation happening in the public cloud ecosystem.*
- *Evolving the way we work internally into a modular, customer-centric, agile operating model composed of multiple self-sufficient teams focused on delivering world-class value propositions to our clients.*

## Customer Experience

### Related SDGs



### Our Approach

We consider customer experience in each stage of our service delivery journey. This includes developing responsive products that prioritise our customers' needs and best interests whilst ensuring our sales and communications practices are clear, fair and transparent. We

regularly measure customer satisfaction to help improve our performance. We continuously challenge ourselves to bring innovation to market, including digital technologies, training our people and building external partnerships to strengthen our capabilities.

### Instilling a culture of service excellence

We have a vision to "Create value for our customers, employees, shareholders and communities to grow stronger through differentiation, agility and innovation." We are focused on educating and empowering our people to provide the highest level of service

by creating accountability for delivering excellent customer experiences. We instruct our employees to always be customer-focused, act with integrity and work proactively and collaboratively to meet customers' needs.

### Listening to customer feedback

We have a comprehensive programme in place to gather customer feedback on an ongoing basis. While our Net Promoter Score (NPS) system is the cornerstone of how we listen to customers and incorporate their input, our dedicated research team conducts customer testing, focus groups and trends research to support the ongoing development of key digital products and services. We closely

monitor concerns raised through our branches, customer care teams and social media, with a complaints resolution process that ensures consistency in the way concerns are handled. A dedicated social media team tracks comments and communicates with customers in Arabic and English and we maintain a 100% response rate to customer queries.

### Building value propositions

Based on the deep customer insights we collect, we are dedicated to improving current products, and designing new ones, to be easy to use, alongside clear customer

communications and correct advice. We are committed to treating customers fairly and being transparent about our financial products and services. This is demonstrated through:

- Only qualified, fully-trained advisors are permitted to give financial counsel according to responsible sales practices to ensure advice is appropriate for each customer. We perform selling activities via personal interactions with customers as well as through digital channels to ensure that bank representatives are well aware of their customers' situation and needs. All communications are always delivered in both Arabic and English to ensure the widest possible comprehension.
- Our distribution, sales and marketing practices must meet quality parameters set and monitored through Independent Quality Assurance. Employees are committed to complying with a well-defined internal Code of Conduct and ongoing training and coaching is conducted to prevent mis-selling, error or failure to meet our quality standards.
- We adhere to clearly defined Risk Acceptance Criteria for awarding loans and credit cards and apply scorecards based on internal data, bureau reports and demographics to establish an applicant's credit risk.
- For customers facing financial challenges, we offer debt protection options. As part of our Islamic Personal Finance offering, we offer twice yearly deferment on customer request, and once during Ramadan. We also provide optional credit shield insurance on credit cards and have a debt consolidation programme for UAE Nationals. Under this programme, FAB assisted 1,098 customers in FY 2019 offering support to the tune of AED 1,745 million.



Lines of Business		
FAB seeks to meet the banking needs of our customers via market-leading corporate and investment and personal banking franchises.		
Personal Banking	Corporate and Investment Banking	Subsidiaries
Across a multichannel network, we offer a wide range of conventional and Shariah-compliant financial products and services in the UAE, including retail banking accounts, credit cards, loans, payment solutions, small business solutions, wealth advisory services for Private Banking and Elite clients and growing digital capabilities.	Our Corporate and Investment Banking includes products and services provided by Global Corporate Finance including Structured Finance, Debt Capital Markets & Syndicated Loans, Equity Capital Markets and Securities Services.  Other products and services are provided by Transaction Banking and Global Markets.	FAB's subsidiaries include FAB Properties, Mismak Properties, Aseel Finance, ADNIF (Abu Dhabi National Islamic Finance), Dubai First, First Gulf Libyan Bank and FAB Securities. We offer services ranging from Islamic Finance to Property Management.  These operations play an important role in the bank's strategy to provide comprehensive services for different client groups.
Implementing Digital Transformation		
To enhance our customer experience, we are undergoing digital transformation to bring new digital services to customers to increase self-service options and offer instant, automated processing via a range of channels. Our in-house digital lab, the Digital Factory, is helping accelerate our transformation into a bank of the future by creating new products, services and features that enhance the customer experience.		

## 2019 Highlights

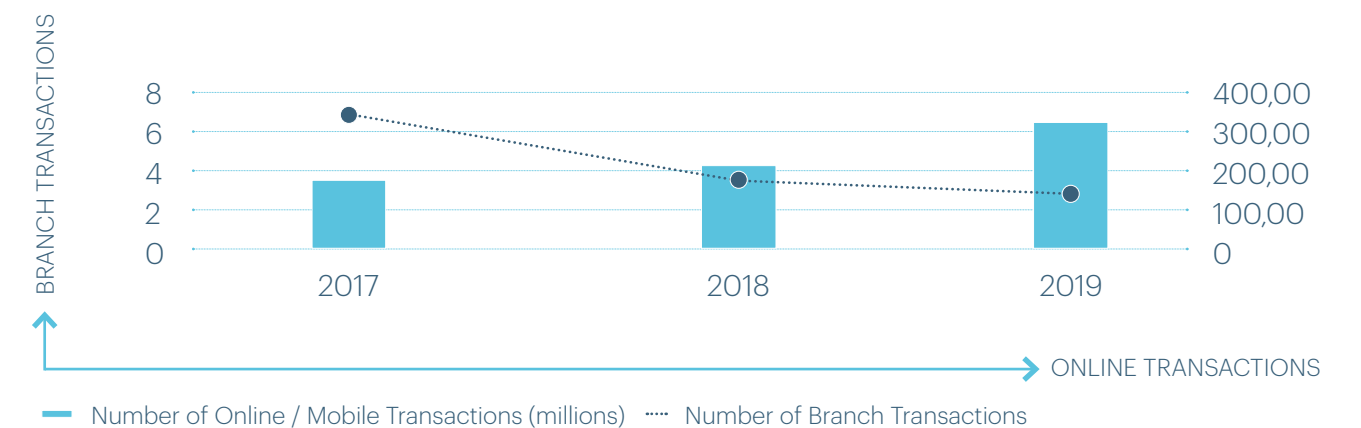
- We made large strides in enhancing our customer experience. Our customer feedback indicated that two out of three customers would now recommend FAB to friends or family. A survey conducted by RfI Research which focused on the Priority and Retail Banking sector showed we increased the number of customers who were very satisfied by +13% versus a market average of +4%.
- We resolved more than 1 million customer service requests in 2019 and considerably reduced the time taken to resolve these concerns.
- We rolled out our Customer First programme, to embed a strong service culture across our organisation, and trained 3,600 of our employees through 95 workshops throughout the year. We also delivered broad training throughout the year on products, processes and compliance issues for 2,000 client-facing staff.





- We launched the FAB “Be Your Best” awards programme which recognised 1,000 employees that exceeded their sales and distribution performance targets in 2019.
- In 2019 we assisted 1,098 of our customers through our customer debt protection programme with a portfolio value of AED 1.745 million.
- In 2019, we developed a partnership with ADGM. This included co-founding the Abu Dhabi Fintech Council and playing a major role in the development of the ADGM Regulatory Sandbox (the Digital Lab).
- In 2019, digital registrations and transactions increased significantly. The increase was driven by card activation initiatives and the launch of 25 new mobile banking features. We continued to witness strong growth in payments with number of active users reaching > 100K the payit app.

## Electronic vs. Branch transactions<sup>1</sup>



<sup>1</sup> Covers UAE scope



## FAB shines on social media



We continue to satisfy the growing number of our customers who choose to interact with us over social media.

With a fan base of 2.3 million followers on all social media platforms, our Facebook page (1.7 million) was ranked 23rd among top global banks. With 462,000 followers on LinkedIn, we are ranked 4th globally and are the largest bank in the region on this platform.

As a result of this engagement, in 2019 we received more than 785,000 inquiries through social media.

We achieved:

- an average resolution time of 15 minutes for concerns raised through social media
- Our average response rate to our customers on social media was six minutes
- We achieved the highest positive sentiment the lowest negative sentiment in the banking industry among social media commenters in the MENA region
- 81.9% of all social media comments were of positive sentiment

## Awards in 2019

Our customer and digital technology focus helped us win numerous industry awards including:



## FAB is first to offer “Ghadan 21” loans for SMEs

In September 2019, His Highness Sheikh Mohamed Bin Zayed al Nahyan announced the “Ghadan 21” initiative, a AED 50 billion three-year programme, to stimulate investment, jobs, innovation and increase quality of life for the people of Abu Dhabi.

As part of this bold economic stimulus programme, we are committed to empowering and supporting small and medium-sized enterprises (SME) to grow stronger.

We currently control ~15% of the total SME financing market in the UAE, and seek to increase our SME financing market to beyond 20% in 2020.

FAB was selected as the first and sole operator of the Ghadan 21 SME Credit Guarantee

programme. A programme where SMEs can receive a guarantee of up to 75% of their bank loans. This initiative provides an important solution to SMEs who have had difficulty accessing commercially viable financing in the past.

Through this new arrangement, SMEs can more easily access business loans, while reducing the credit risk both for the borrower and lender.

With an estimated value of AED 9 billion, the Ghadan 21 programme aims to help SMEs grow stronger in profitability, strengthen the Abu Dhabi economy, and enable us to demonstrate our leadership in customer service.

2019 Priorities	Status	2019 Results	2020 Priorities
Grow customers and balance sheet through improvement in products and policies	●	Achieved <ul style="list-style-type: none"> <li>Increased credit and deposit market share in 2019</li> <li>Increased customer base by strong double digits in 2019</li> <li>Rationalised products and harmonised features for end-state product</li> <li>Enhanced products - PIL and auto scorecard launched in 2019</li> </ul>	<ul style="list-style-type: none"> <li>Increase understanding of customer needs to deliver innovative and personalised products and services</li> <li>Empower employees to be proactive and collaborative</li> <li>Introduce new products to improve SME financing</li> <li>Transform more of our current customer journeys so they are fully-digitised from end-to-end, by initiating at least three projects and launch at least one to market in 2020</li> </ul>
Digitise customer interactions	◐	In progress: <ul style="list-style-type: none"> <li>Increased mobile registered customer base by 125% Increased from 136K in 2018 to 307K in 2019</li> <li>50% increase in mobile registrations and engagement yoy</li> <li>Focused on digital migration through multiple campaigns on channelling card activations to mobile via Contact Centre and SMS, tutorial videos and other marketing efforts led to a significant increase in digital and mobile registrations in 2019, as well as increase in payit users</li> <li>Released multiple new functionalities on FAB mobile app; Launched mobile app for Dubai First</li> <li>Launched FAB e-commerce portal "Shop Smart"</li> <li>Launched digital journeys for accounts, credit cards and mortgages in 2019</li> </ul>	
Improve customer experience by reducing TaTs (turnover times) and complaint resolution	●	Achieved <ul style="list-style-type: none"> <li>Increased customer satisfaction score quicker than anyone in the market in 2019</li> <li>Our average turnaround time for issuing credit cards and granting personal loans reduced by more than 40% over the course of 2019</li> </ul>	
Digitally empower distribution through automation and digital tools	◐	In progress: <ul style="list-style-type: none"> <li>Rolled out new CRM portal in Elite (Beacon) to digitally enable RMs in customer portfolio view</li> <li>Launched Prism, 360degree view of customer &amp; RM portfolio and automated workflow (Horizon) for Business banking</li> <li>Launched Digisales for front sales staff</li> </ul>	
Enhance employee processes and engagement	◐	In progress: <ul style="list-style-type: none"> <li>Launched FAB Way, new communication model for staff</li> <li>Restructured DSA team; Employee banking team set up</li> <li>Centralised sales support</li> <li>Held training and campaigns for staff</li> <li>Recognised sales staff for over-performance through monthly "Beat your best" awards - led to strong engagement with ~500 staff being rewarded on a quarterly basis</li> <li>Rolled out Customer First programme to embed a strong service culture and enhance staff capabilities - 3,600 colleagues trained in 95 workshops in Personal Banking Group</li> </ul>	

LEGEND: ● Achieved/Exceeded ◐ Partially Achieved/More Work Needed ○ Not Met



**RENATE BAUR-RICHTER**  
PROGRAMME MANAGER - SEDRA

## FAB X SEDRA FOUNDATION: LAB OF INCLUSION

*The business case for inclusion is clear. The ability to create a diverse and inclusive organisation has been tied to higher engagement, greater workplace satisfaction, and better performance. Social inclusion describes the same mindset in another scale and scope and includes the design of opportunities for everyone in society- regardless of their identities. This ethos links with the United Nations Sustainable Development Goals and the UAE development strategy and is imperative for the work of SEDRA Foundation. As the Legacy Partner of the Special Olympic World Games 2019, SEDRA homed in on social inclusion by uniting the youth of determination and people without disabilities as partners in volunteering or as sports officials. Working together had a cascading effect on attitudes and above all, changed behaviour towards equal opportunities.*

*The collaborative effort of experiential learning offers a powerful way to gain insights into the perspectives of people outside of the usual compass. SEDRA uses this "learning through reflection on doing" method in corporate social responsibility to build up inclusion competencies. Considering that a significant percentage of people of determination lacks access to banking despite being this a driver of social inclusion and independence, it is time to test new instruments. In its "Lab of Inclusion", SEDRA devised for and with FAB, projects beyond the standard approach. Involving young adults of determination as instructors of upcycling plastic or qualifying employees to lead financial literacy courses for people with intellectual disabilities, encourages debates about the inclusivity of FAB. Experiential learning induces an after-glow and accelerates social inclusion with empathy and responsibility.*

## Financial Inclusion and Accessibility

### Related SDGs



### Our Approach

Certain segments of the population lack access to financial services or are unfamiliar with basic financial products and tools. These problems present barriers to financial

inclusion and the economic health of local communities we operate in. We are committed to ensuring all people – including unbanked or underserved groups and those in remote



regions can participate in the formal financial system. We offer a range of products, services and ways to bank with us, each designed to meet different needs and preferences. Our growing suite of digital offerings, such as mobile apps and online platforms, are enabling more citizens to access financial services. Solutions like payit and sound-based payments help drive financial inclusion while supporting the UAE's goal to become a cashless economy. Lack of financial literacy and financial confidence are also barriers to financial inclusion. Whether it is through our printed materials or person-to-person interactions, we strive to be clear, concise and

transparent in how we communicate financial advice and concepts. By doing so, we can help ensure that our clients understand and make informed decisions about financial products and services.

To effectively serve customers from multiple nationalities who may face language issues, we have banking agents who can speak these customers' native languages including Arabic, English, Tagalog, Tamil, Hindi, Urdu and Malayalam.



## 2019 Highlights

- The number of Ratibi prepaid payroll cards for lower-wage workers increased by 18% in 2019, allowing us to improve financial inclusion for low-wage earners who typically had difficulty accessing banking services. With Ratibi, employers can pay their workers' salaries directly to their payroll cards, so they can withdraw cash from ATMs or make purchases on POS machines, worldwide.

In 2019, we created a seamless, value-added connection for our Ratibi cardholders to the 'Payit' digital wallet so they gain a digital option to remit money to loved ones in a range of countries. More than 8,000 Ratibi customers are now part of payit.

- We completed the successful migration of key services to mobile with an increase of four times the number of digital transactions for migrated services. More than 80% of card activations are currently done through mobile devices (2018: <5%).
- We strengthened our partnerships with the Abu Dhabi Government by signing onto the renewed National Housing Loan (NHL) programme with the Abu Dhabi Housing Authority. Since 2007, FAB has been the sole manager of this programme to provide UAE nationals with non-interest loans to build a family house on land granted in the Abu Dhabi Emirate. Over 30,000 Emirati customers have benefited from the NHL programme.
- FAB continued to support the Government of Abu Dhabi's Khalifa Fund for Enterprise Development, a dynamic organisation that promotes and supports entrepreneurial ventures in Abu Dhabi, by providing

3-5 year fully-secured loans to small business owners. There are a number of programmes designed to support diverse entrepreneurs, from home-based and micro-business operators, to fisherman and farmers, to university students with new business ideas.

A team of FAB business bankers is dedicated to supporting Khalifa Fund recipients through each stage of business development including financial advice and provision of day-to-day banking services. FAB currently manages 50% of the Khalifa Fund Portfolio, and we plan to grow the portfolio by 8-10% on an annual basis.

- Our digital initiatives have enabled us to support the UAE's many technology-enabled public services for citizens, including eDirham, the national electronic payment consolidator for government payments and revenue collection.
- We engaged with our UAE corporate clients to help them increase financial literacy among their employees. We delivered financial wellness classes to teach these workers essential skills to increase their knowledge and build their financial wellbeing. Key topics include saving and investing for important goals like a child's education, household budgeting including housing, and the wise use of credit cards and loans, including strategies to reduce personal debts.





# PILOT FINANCIAL LITERACY PROGRAMME FOR YOUTH OF DETERMINATION

In October 2019, FAB launched a pilot Financial Literacy programme for Youth of Determination. The initiative furthers our commitment to engaging with People of Determination, by empowering them and contributing to their autonomy and sense of self-efficacy. It's about working together towards a more inclusive society.

Under the guidance of the SEDRA Foundation team, FAB volunteers engaged with Youth

of Determination, aged 16 years upwards to further develop their financial competencies.

Eleven FAB volunteers mentored 15 participants over three financial literacy training sessions to equip Youth of Determination with basic financial literacy skills. Topics included basic calculation, budget planning, counting money, using financial applications and using bank cards.



2019 Priorities	Status	2019 Results	2020 Priorities
Grow remittance proposition especially for low-income segments	●	Achieved Integrated Moneygram with payit under remittance proposition	• Launch Instant remittance to Philippines, Pakistan, Bangladesh, Sri Lanka and Egypt through partnership with Mastercard
Introduce new products including micro lending	◐	In progress. Micro-lending will be launched in 2020	• Further corridors with 0% fees to be launched through micro-lending

LEGEND: ● Achieved/Exceeded ◐ Partially Achieved/More Work Needed ○ Not Met



**RICHARD TENG**  
CHIEF EXECUTIVE OFFICER OF THE FINANCIAL SERVICES  
REGULATORY AUTHORITY OF ADGM  
Abu Dhabi Global Markets

As an International Financial Centre with a thriving business ecosystem, Abu Dhabi Global Market (ADGM) advocates the importance of sustainability in the financial sector. Finance, innovation and technology are integral pillars in developing and strengthening a sustainable and diversified economy.

FAB is an important partner of ADGM as we developed the first sustainable finance hub in the MENA region to advance and support greater capital raising and deployment across various economies. Numerous first-of-their-kind initiatives have been launched by ADGM since 2018, including the Abu Dhabi Sustainable Finance Declaration (ADSFD), which sits at the centre of the UAE Sustainable Finance Guiding Principles.

FAB is a key signatory of the ADSFD and plays a pioneering and significant role in progressing the UAE's financial strength and supporting the UAE's sustainability agenda.

FAB continues to implement various sustainable directives for its operations. For sustainable finance to be a catalyst for lasting change, we need to work collaboratively. Together, we can make a difference in the sustainable growth and success of our financial industry and overall economy.

# Responsible Lending & Sustainable Finance

## Related SDGs



## I. Responsible Business Lending

### Our Approach

The FAB Board and Executive committee oversee our activities, performance and approach to responsible lending. They receive updates on material issues relating to the environment, social and governance (ESG) in which we operate.

As a major advisor and lender to retail, commercial and wholesale clients within the UAE, we take a balanced and prudent approach to identify risks and opportunities through our financing activities as outlined in our Group Environmental Policy and our Sustainability Policy. To read our policy statements, [CLICK HERE](#)

For our retail and commercial clients, we have a clearly defined policy and risk acceptance criteria in place for awarding loans and credit cards.

Within our Corporate and Investment Banking division, we aspire to be recognised as leaders in sustainable finance and through responsible lending assist the transition to a low carbon economy. We are also addressing ESG issues across our lending portfolio as we observe a growing ESG awareness amongst clients and investors.

In line with our commitment to finance and support environmental and social projects

that align to the region's economic growth ambitions, we were the sole mandated lead arranger, lender and facility agent for the landmark EUR 100mn Sustainable Development Goal (SDG) linked transaction with Etihad Airways ("Etihad").

As a responsible lender we consider ESG risk factors across our debt and advisory services. ESG due diligence and screening is conducted for clients on the development of financing Frameworks, project finance and other associated services to this segment of our banking.

Our Corporate Finance team has ESG specialists and together with the support of the Group's Corporate Sustainability team are actively helping borrowers in the region to set up frameworks for issuing green and sustainable loans and bonds and provide the best intelligence, knowledge and insights of green / sustainable financing in the Middle East.

As the Middle East's leading investment bank, we have a responsibility to make a lasting, positive impact, by developing and supporting initiatives that help address social, economic and environmental challenges across the clients we serve, and by supporting sustainable growth at a regional level. The International

Capital Markets Association (ICMA) Middle East is currently chaired by FAB. In this role we participate in the Green Bond Principles Committee which investors and issuers in the region refer to for guidance.

We voluntarily commit to initiatives that help banks set standards and improve our management of ESG risks. We are the only UAE bank to be a signatory to the Equator Principles.

Moreover, FAB was the first Middle Eastern issuer ever to print a green bond in March

2017. In 2019 we continued to strengthen our positioning across green financing, issuing two green private placements in Q3, the first in the region.

Further demonstrating our leadership in green and sustainable financing, we have joined several other international banks to launch the UAE region's first green revolving credit facility ("Green Loan"), for Abu Dhabi's Masdar (Abu Dhabi Future Energy Company), a global leader in renewable energy and sustainable urban development.

### Integration of ESG factors

ESG factors are integrated into the provision of debt advisory services to clients. ESG factors are taken into account in the onboarding and transaction due diligence phases with specific questions, including financial and non-financial reporting by the borrower, covering corporate governance, management and relevant environmental considerations. Where available,

we request an MSCI ESG rating and relevant ESG comments in rating reports are analysed. For specific green/sustainable projects, we require a second party opinion and diligence performed on borrower's green/sustainable finance framework. We primarily seek to ensure 100 per cent alignment with FAB's Group Sustainability Policy.

### Equator Principles

The Equator Principles, the global best practice for determining, assessing and managing environmental and social risk in capital projects, form a core part of our credit processes and FAB's overall sustainability framework. As a signatory of the Equator Principles, we have:

- Committed to evaluate and address social and environmental risks in a consistent way with the international banking community.
- Embedded the Equator Principles in our internal policies, procedures and practices for financing projects.

- Pledged to report our Equator Principles activities each year for applicable projects.

Our commitment to the Equator Principles provides the basis for us to further define our institutional ESG frameworks when we engage with clients.

For more information about our involvement with the Equator Principles, please see our annual Equator Principles report, available: [CLICK HERE](#)



# ABU DHABI SUSTAINABLE FINANCE DECLARATION

FAB is a signatory to the Abu Dhabi Sustainable Finance Declaration, which was launched on 16 January 2020 and comprises 25 high-profile UAE government and private sector members. The declaration, initiated by Abu Dhabi Global

Market, is an extension of the continuing cooperation between public and private sector to establish a healthy sustainable finance industry.



## 2019 Highlights

- Our total commercial lending across our Corporate and Investment Banking in 2019 was AED 310 billion, up from AED 255.3 billion in 2018.
- During 2019, we reached a total of USD 10 billion in financing for sustainable projects. FAB reached this 10-year commitment just four years after it was first announced, six years ahead of our plan.
- During 2019, 11 applicable Equator Principles projects have gone through the ESG due diligence process. Three projects have reached financial close.
- We led the structuring of the inaugural EUR100 million Etihad Sustainable Development Goal Loan Facility. See sidebar for details.

## FAB offers landmark Sustainability Development Goal (SDG) loan facility

In line with our commitment to finance and support environmental and social projects that align to the region's economic growth, in December 2019 we were proud to announce a landmark SDG transaction with Etihad Airways.

In 2019, we brought to market the first-ever SDG loan to the global aviation industry and the first SDG loan to the Middle East region.

As part of our commitment to be a leader in sustainable finance, we led the structuring of the inaugural EUR100 million Etihad Sustainable Development Goals Loan Facility. The proceeds of the loan will enable Etihad Airlines to finance the long-term lease of the Etihad Eco-Residence, a sustainable apartment

complex designed specifically for the airline's cabin crews located in Abu Dhabi's Masdar City innovation precinct.

We played a leading role in developing this programme with Etihad and assisted them in establishing their Sustainable Development Framework, and provided support in arranging the second party opinion for the framework which was critical. This project serves as an important foundation for Etihad to fund future sustainable initiatives across its vast transportation network.



## Loan Capital Markets

- ✓ First ever SDG loan in the aviation sector globally
- ✓ First ever SDG loan in the Middle east

الإتihad  
**ETIHAD**  
AIRWAYS

**Etihad Airways**  
EUR 100 million

Sustainable Development  
Goals Loan Facility

**Sole Mandated Lead  
Arranger & Facility Agent**

December 2019

# II. Sustainable Finance: Issuing, Arranging, Structuring and Investing in Green Bonds

## Our Approach

We believe green bonds represent an exciting investment opportunity in the drive to cultivate a more sustainable world.

FAB’s involvement in the green bonds market covers a number of roles including as an issuer, arranger, structurer and investor. We are proud to have issued the first Green Bond in the region. In March 2017 prior to our merger, legacy organisation National Bank of Abu Dhabi (NBAD) issued a USD587 million Green Bond maturing in March 2022.

Now under FAB leadership, the net proceeds of the bond are being used to finance, in whole or in part, eligible projects including renewable energy, eco-efficient products, clean transportation, climate change adaptation and sustainable water management.

Demonstrating our commitment to fulfilling specific environmental criteria and needs with the bond, we have created the FAB Green Bond Framework and follow the International Capital Market Association (ICMA) Green Bond Principles.

FAB’s Green Bond Framework sets out our governance and approach, outlines eligible project categories and highlights our commitment to transparency.

Projects identified as potentially eligible undergo a rigorous ESG due diligence assessment, including evaluation by the FAB Green Bond Secretariat and the FAB Green Bond Committee, which comprises senior

management and sustainability professionals. An internal audit is conducted annually to assess adherence to FAB’s Green Bond Framework. In addition, a yearly external audit is done to assure FAB’s Green Bonds Report and the Green Bond Framework.

With the FAB Green Bond, we are playing a key role in developing the green bond market in the Middle East and helping drive the UAE toward achieving its national sustainability targets and its intentions to be a leader in renewable energy the sustainable environment and infrastructure.

In addition, FAB also holds a significant and growing portfolio of green bonds including green bonds issued by other financial institutions and companies such as ING Bank (Netherlands), HSBC Bank (UK), Korea Midland Power (Korea) and IDBI Bank (India).

As part of FAB’s origination and execution services, we work with clients to originate, structure and execute ESG bonds, sukuk or loans and, as part of due diligence process, identify ESG projects that follow ICMA and LMA green/social/sustainability principles.

FAB maintains close relationships with green investors which complements our syndication and distribution capabilities.

This process includes a second party opinion on the underlying framework and assets plus diligence on the borrower’s Green/Sustainable Finance Framework.

## 2019 Highlights

- FAB led all green debt capital market issuances from the Middle East and also acted as joint bookrunner on Asia’s ICBC Singapore green dual tranche bond.
- We engaged an external third-party to provide assurance on selected green bond information provided in this report. FAB’s second Green Bond Report was published in June 2019, providing details on the use of proceeds and environmental benefits.
- We led and managed the first-ever green sukuk (an Islamic Sharia compliant bond), on behalf of Majid Al Futtaim (MAF). In 2019, we also led MAF’s second green sukuk. MAF will allocate the net proceeds to green projects outlined in their eligible green finance framework.
- Following the issuance of FAB’s first green bond in the Middle East in 2017, FAB continues to finance eligible projects in the UAE and internationally. As of March 2019, FAB had selected nine (9) UAE-based projects and two (2) international projects for eligible allocation under the Green Bond Framework.
- FAB’s investment portfolio of green bond holdings in the global capital markets grew to USD 150 million in 2019. We also held approximately USD 200 million of broader sustainability bonds issued by institutions with a mandate to improve social and economic progress, such as the African Development Bank, the Islamic Development Bank, International Bank for Reconstruction and Development, and the Inter-American Development Bank.

2019 Priorities	Status	2019 Results	2020 Priorities
Continue to identify opportunities and provide finance which supports responsible social and environmental programmes and projects in line with FAB’s sustainability commitments	●	Achieved	<ul style="list-style-type: none"> <li>Client engagement on ESG issues</li> <li>Engagement with transaction stakeholders</li> <li>Monitoring of environmental and social risks</li> </ul>

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met



# FAB BRINGS SUSTAINABLE 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:

## Debt Capital Markets



**Islamic Development Bank**  
EUR 1 billion

Senior Unsecured  
Green Sukuk  
0.037% due 2024

**Joint Bookrunner**

November 2019

- ✓ First-ever Euro Green Sukuk offering worldwide



**Majid al futtaim**  
USD 600 million

Senior Unsecured  
Green Sukuk  
3.9325% due 2030

**Joint Bookrunner**

October 2019

- ✓ Longest tenor for a green instrument from the middle east



**Islamic Development Bank**  
EUR 1 billion

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



**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 the Emerging Markets



**State Bank of India**  
USD 650 million

Senior Unsecured  
Green Bond  
4.500% due 2023

**Joint Bookrunner**

September 2018

- ✓ Largest ever Green Bond by a FI from EM, ex. China



**First Abu Dhabi Bank**  
USD 587 million

Senior Unsecured  
Green Bond  
3.000% due 2022  
**Joint Structuring Agent  
& Joint Bookrunner**

March 2017

- ✓ First internationally offered Green Bond from the Middle east region



**The international  
Finance Facility for  
Immunisation company**

USD 200 million  
SeniorUnsecured Floating  
Rate Trust Certificate  
due 2018

**Joint Bookrunner**

September 2015

- ✓ Second "Vaccine Sukuk" by IFFIm



**The international  
Finance Facility for  
Immunisation company**

USD 500 million  
Senior Unsecured Floating  
Rate Trust Certificates  
due 2017

**Joint Bookrunner**

November 2014

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



**The international  
Finance Facility for  
Immunisation company**

USD 50 million  
Senior Unsecured Floating  
Rate Trust Certificates  
due 2022

**Sole Lead Arranger**

April 2019

- ✓ First IFFIm private placement arranged by FAB



HIS EXCELLENCY

DR THANI BIN AHMED AL ZEYAUDI

MINISTER OF CLIMATE CHANGE AND ENVIRONMENT

*As part of the UAE's countermeasures, the government works closely with the country's financial institutions to help them climate-proof their operations and assets, and encourages them to actively contribute to developing the low-carbon economy through providing the right products and services.*

*I am proud to note that our financial institutions have stepped up to the challenge. With its unwavering commitment to sustainable banking, FAB is one of the key players in the UAE's green drive.*

## Climate Change and Environmental Management

### Related SDGs



### Our Approach

Our stakeholders expect us to find ways to grow our business while protecting the environment and acting on issues such as climate change. As greenhouse gas emissions continue to rise and drive long-term warming trends, environmental and climate change-related issues will continue to dominate the sustainability agenda of organisations, worldwide.

At FAB, we are committed to addressing environmental challenges and meeting the UAE government's sustainability goals, including the Energy Plan for 2050. We are

focused on understanding, managing and reducing our environmental impacts and risks. We also strive to inspire our employees to make sustainable decisions so they can help protect the planet for future generations.

Our Group Environmental Policy sets out our commitments in support of environmental stewardship and we apply international best practices and recognised standards to ensure proper environmental management and impact reduction. We continue to apply this comprehensive framework across all FAB locations and are in the midst of developing a

comprehensive Environmental Management System, so we can address environmental issues in a coordinated way, measure and track our environmental performance and pinpoint areas for improvement.

We align our strategies and operations with the UNGC's 10 Principles – which include

environmental commitments to develop and implement initiatives to promote greater environmental responsibility, support a precautionary approach to environmental challenges and encourage the development and diffusion of environmentally-friendly technologies.

### FAB policies

- Group Environmental Management System Policy
- Group Sustainability Policy
- Group Environmental Policy

### External commitments and memberships

- 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
- Technical Committee for the World Future Energy Summit 2019
- Emirates Nature-WWF

### Addressing climate change

As a Bank we recognise the important part that we need to play in regards to addressing climate change and we support the transition to a low carbon economy to limit global warming to less than 2 degrees above pre-industrial levels. We acknowledge that climate change is a complex issue and that we are on a journey to address these issues. We are committed to playing an active role to support this transition. Throughout 2019 we continued to address climate change by:

- Committing to implement the recommendations from the Task Force on Climate Related Financial Disclosures (TCFD). In 2020 we aim to conduct our gap and scenario analysis to identify our financial risk exposure and opportunities to climate change
- We are focused on identifying and addressing climate-related risks and

opportunities in order to build a more resilient business and society

- Continue to participate in the CDP (formerly known as the Carbon Disclosure Project) and work on strengthening our disclosures around climate-related risks and performance. We applied the ISO 14064-3 standard for greenhouse gas (GHG) emissions verification
- Continued to be an active participant and contributor to a number of national environmental committees and taskforces, including the UAE Council for Climate Change and Environment
- We continue to follow and report as per international standards and frameworks to help us achieve global best practices



Rethinking single-use plastic

We recognise that single-use plastics have become one of the major environmental challenges of our times.

We have decided to be at the forefront of the global movement and do our part to curb single-use plastic. Our BE THE CHANGE #RethinkPlastic campaign helps us gear up our workplace to support the battle against single-use plastic.

Through this campaign, we continuously raise awareness on this issue and shift mindsets from the “throwaway mindset” to the 3R’s mindset – reuse, reduce and recycle.

We also plan to roll out an enterprise-wide policy on single-use of plastic that will set the bank’s commitment to removing single-use plastic from its operations, activities and supply chain.



“

## Environment Agency Abu Dhabi

The Environment Agency – Abu Dhabi (EAD) is leading the movement against single-use plastic pollution in Abu Dhabi for the good of its people, seas and land by engaging partners, in a shared vision, to drive real change and create the broadest impact.

In 2019, while hosting the World Ocean Summit, seven Abu Dhabi entities came together to agree and sign a declaration to clean the Abu Dhabi marine environment. The declaration focused on five key areas: 1) governance, 2) policies and strategies, 3) outreach, 4) research in innovation and technology, and 5) surveys and monitoring.

Among the key signatories was FAB who contributed to achieving the aims of the declaration by taking a leading position against single-use plastic in its corporate campaign ‘BE THE CHANGE #RethinkPlastic’. Their campaign included a group-wide policy, removing single-use plastic bottles, conducting training, and influencing customers, suppliers and partners to drive change. Through their initiative, FAB demonstrated a leading example in corporate responsibility toward addressing the single-use plastics from the demand side.

EAD believes that every partner plays a significant role in the success of Abu Dhabi environmental journey and to EAD, its partners are indeed one of its greatest strengths.

”

2019 Highlights

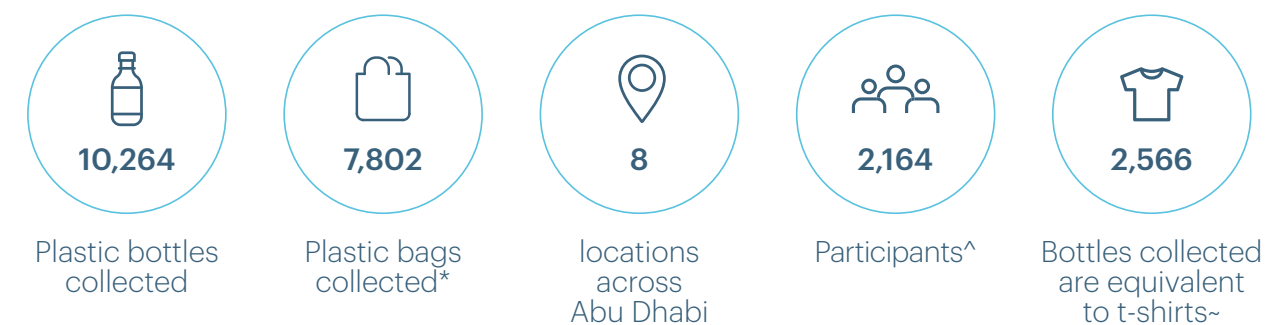
- In support of the EMS launch for 2020-21, we conducted environmental awareness training for 178 HSE FAB representatives to ensure understanding of key issues including energy consumption, waste management and our paper reduction project.
- In 2019, electricity and diesel consumption decreased by 24% and 1% respectively in comparison to the prior year whereas petrol consumption decreased by 14%.
- As part of our ‘BE THE CHANGE #RethinkPlastic’ campaign, we have diverted 10,000 single-use plastic bottles and 7,000 plastic bottles from landfill. The collected plastic goes to our partners and are repurposed into items including tote bags and t-shirts.
- The reduction in electricity consumption was due to energy optimisation initiatives implemented, including upgrading some of our MEP (mechanical, electrical and plumbing) equipment into energy efficient

- alternatives and installation of LED lights in our UAE offices. We also closed one of our premises in London.
- In 2019 our water consumption decreased by 39% in comparison to the previous year. This was driven by the continued installation of aerators on water taps throughout our buildings in addition to supply scheduling improvements.
  - During 2019 we engaged our people across a range of different environmental initiatives and volunteering activities including:
    - Clean up campaign
    - Re-use and upcycle single-use plastic challenge that involved 895 of our employees
    - Monthly Swap It activities where employees swap used bottles and plastic bags for eco-friendly, non-plastic re-usable items such as water bottles and tote bags to reduce societies reliance on single-use plastics
    - Over 600 FAB employees took part in the Sustainable Living Week held during April 2019. They learnt behaviours that have a positive impact on the sustainability of the environment.

## 2019 Greenhouse Gas Emissions



## 2019 BE THE CHANGE #RETHINK PLASTIC SUMMARY



^ Employees and Family members  
 \* Repurposed into tote bags with SEDRA Foundation (1 bag = 90 plastic bags)  
 ~ 4 bottles= 1 shirt (as per dgrade original data)

## Related SDGs



2019 Priorities	Status	2019 Results	2020 Priorities
Fully implement the ISO 140001 Environmental Management System	●	Ongoing - Achieved phase 1 which is the development of EMS framework as per the standard	<ul style="list-style-type: none"> <li>Officially roll-out a group-wide policy on the position FAB is taking to eliminate single-use plastics from the bank, across UAE and international business</li> <li>Participate in national environmental forums such as the Environment Agency – Abu Dhabi (EAD) and Tadweer initiatives and derive an action plan for execution</li> <li>Full implementation of the ISO 14001 Environmental Management System</li> </ul>
Launch paperless office strategy	●	Achieved	
Extend printer cartridge recycling programme across FAB locations	●	Achieved	
Implement new waste management system to comply with local regulations and best practices	●	Achieved	

LEGEND: ● Achieved/Exceeded ◐ Partially Achieved/More Work Needed ○ Not Met



# FAB CUSTOMERS FUND ENERGY SAVINGS AT YOUTH REHAB CENTER

At FAB we recognise the importance of helping the transition to a low carbon economy. In 2019 we partnered with Masdar in an innovative partnership to support the financing of sustainable development and bring value to a rehabilitation center for youth with special needs.

As part of the partnership with Masdar we offered co-branded credit cards. From the use of credit cards, FAB contributes a percentage of card-holder spending to the FAB Masdar Green Fund where funds are allocated each year to green initiatives and sustainable energy projects. This year the Green Fund beneficiary was the Future Rehabilitation Center. Formerly known as the Future Center for Special Needs, the Future Rehabilitation Center provides special education and therapies to youth with disabilities.

The use of funds is being applied to help improve the energy efficiency of the Rehabilitation Center. An energy audit conducted showed potential energy savings of around 39%. These savings can be achieved through the installation of rooftop solar PV and by implementing energy-efficient solutions throughout the building. The renovations and installation of solar is expected to take 4 months to complete. From the reduction in energy and associated savings, the Future Rehabilitation Center aims to be able to redirect more funding and resources to youth programming. We are both proud of the positive impact that this initiative is having on the environment and our broader community.



# RESPONSIBLE EMPLOYMENT

**AED 40.5 MILLION**  
 Invested in training and developing our people

**AED 3.2 BILLION**  
 Paid in total salaries and benefits

**35%**  
 of senior and middle management positions held by women

## MATERIAL TOPICS IN THIS CHAPTER

- ✓ Talent management
- ✓ Employee wellbeing
- ✓ Diversity and inclusion

**PETER BAKER**  
 GROUP CHIEF HUMAN RESOURCES OFFICER  
 FIRST ABU DHABI BANK

FAB is committed in playing its role in the sustainable evolution of the industry and bringing the best HR practices to its employees and the region. This will help in creating future-ready leaders, who would be able to lead and create organisations for tomorrow. We make significant investments in our people. This includes providing the right training opportunities, career growth opportunities, clearly defining our culture and using the best talent management practice to develop our talent.



# Talent Management

## Related SDGs



## Our Approach

At FAB, we understand and value the importance of our people for the success and sustainability of our business. We believe in attracting, retaining and building our peoples strength and abilities to empower them to be strong ambassadors for FAB. This section reports on:

- How we listen to our people
- Methods for employee engagement
- Our training and development opportunities
- Our leadership development and training
- Our approach to human rights and modern slavery
- Details of our policies and code of conducts



## How we listen to our people

We recognise that our people come from across many different cultures, backgrounds and communities. We have over 5,451<sup>2</sup> globally, with 72% of our workforce based in the UAE.

Understanding how our people feel about FAB is fundamental for our business. It helps us ensure we are giving them the right support to achieve their potential and to better serve our customers.

In 2019 we developed a staff survey to understand the key pain points for our people and to better understand how we can support them in their business. Our aim is to capture the views of our people on a range of topics to understand what's important to them and to understand where we can improve our strategy, culture and working environment.

## Employee engagement

To encourage employee engagement and teamwork at FAB, we rolled out the following initiatives throughout 2019:

- We broadened communication channels for employees to share ideas and feedback. In 2019 we focused on team action planning based on our survey results from 2018, and we completed 90% of the action planning process. Whilst we did not conduct the employee engagement survey in 2019 as we shifted our focus to a culture-oriented programme in 2020, we did develop our new, real-time culture survey which was rolled out in February 2020.

The new survey will enable us to keep our finger on the pulse of our people and respond quickly to our employee needs.

- We recognised that embedding a culture of great behaviour is important to us. Our recognition programmes including our annual Gold Awards and Stars in a Box awards programmes recognise individuals and teams that live our culture and values. The Gold Awards were held

in 2019 and recognised individuals and teams for outstanding contributions to customer service. Stars in a Box is our recognition programme where individuals are recognised by management for their achievements and contributions to FAB's culture and positive outcomes for our business.

- The mental wellbeing of our people is important to us. We continue to support our full-time employees<sup>3</sup> and their families outside of the office through company-wide organised team-building activities hosted by our FAB Club.

For more information, please refer to the **Employee Wellbeing section**.

- We also rolled out a number of employee volunteer programmes designed to inspire our people while building rewarding relationships with our communities.

For more information about our volunteer programmes, please see the **Community Investment section** for more details.

<sup>2</sup> Full-time employees only; excludes 2nd party and 3rd party staff

<sup>3</sup> Full time employees (FTE), excludes outsourced and other contract staff at 31 December 2019





## Training and Development

We recognise that we need to invest in our talent to continue to build a strong and engaged workforce. Throughout 2019 we provided over 99,500 training hours to employees, with each employee achieving an average of 18 training hours during the year. We also rolled out the following initiatives to help our people to grow stronger every day within their roles and provide them with opportunities to learn, grow and succeed at every stage of their career.

- We launched the 'Hayakum' (Welcome) Induction Programme, to engage our new employees, as well as launching the FAB Toastmasters Club to help our employees enhance their leadership skills.
- To support our organisational transformation, we introduced a variety of people-focused training and development initiatives across areas that are important to us and our culture including Emiratisation, Talent, Culture and Values, Systems and

Processes, and Performance Management and Capability.

- We launched a new internal career platform and onboarding tool, to streamline recruitment and employee activation and encourage career mobility among existing employees.

Taking a wide and multi-level approach, we continued to build the capabilities of our employees as individuals, team members and as leaders. We continued to also operate our own in-house training facility, the FAB Business School, to build both technical and soft skills and deliver compliance training to our people. In addition to this, we offered external training for our people through classroom and online learning.

Once again we conducted our annual performance review with each employee, discussing individual and team performance. Taking a forward-looking approach we

encouraged discussions around career planning and the required learning and development to help our people grow stronger to achieve and pursue their dreams within our organisation. In 2019 we began the realignment of our employee recognition activities with our new organisation culture and values. To enable this realignment, we appointed 100 Value

Champions – these employees exemplify living our core values through their performance, attitude, behaviour and actions by bringing our values to life. Additionally, our Research & Innovation Center, unveiled the FAB Culture Hackathon series, where groups of employees took part in interactive sessions to share ideas on reshaping FAB's culture for the future.

## Leadership development and training

In 2019 we continued to deliver specialised learning and development training to our leadership members to enhance the skillset of our people in management and leadership roles. The core programmes rolled out in 2019 included:

- "Manager Essentials Learning Path", a series of web-based sessions aimed at enhancing the leadership skills of first-time managers on topics such as conducting performance appraisals.
- "Discovery", a programme offered in partnership with New York University Abu Dhabi Office of Executive Education, aims at building leadership capabilities amongst our emerging leaders.

- "Pioneer & Expedition", a programme offered in partnership with Harvard Business Review and The Talent Enterprise Team, provides our more senior leaders with a transformational learning journey that enables them to live the FAB values and deliver on our organisational priorities.

To ensure we retain our key performers and future leaders, we annually identify high potential talent from among our senior leaders and conduct succession planning for our critical roles. Successors are identified to fill these critical positions for the short-term (1-3 years), medium-term (3-5 years) and long-term (more than 5 years).

## Our approach to human rights and modern slavery

As a major financial institution we acknowledge that human rights issues can arise not only in our own operations, but also through interactions with external parties, in particular business relationships, customer interactions, financing and investments, supply chain management and the communities we serve. We are on a journey to identify and eradicate human rights issues and modern slavery from our business. This year we developed a new Group Modern Slavery Policy, with specific

consideration of human trafficking and modern slavery issues. Our commitment is to continue to integrate management processes to identify, assess, and mitigate human rights issues from our global operations. We acknowledge that this is an ongoing journey in which we are at the initial stages of, but we are committed and will continue to develop our processes to better manage human rights, human trafficking and modern slavery concerns within our business.

Our policies and code of conducts

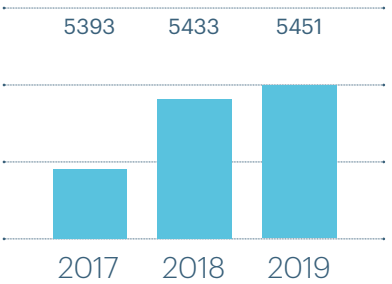
We are expanding our dialogue on conduct with our people and ensuring that they feel safe to raise concerns about issues that do not seem right or ethical. Whilst we have our normal escalation processes for raising

concerns, we understand that in some situations people prefer a more discreet way to raise their concerns. In 2019 we updated our Whistleblowing Policy. Further information can be found under our **Governance section**.

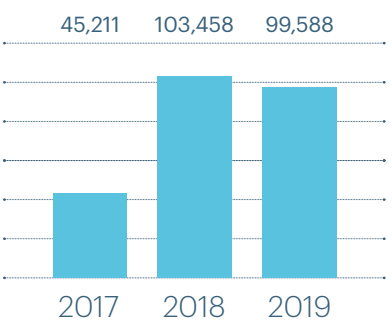
2019 Highlights

- We invested more than AED 40.5 million in employee training and development and paid more than AED 3.2 billion in employee salaries and benefits.
- We refined our leadership development programmes to support FAB's transformation, through leadership workshops to encourage behaviour change that will drive forward our values-based culture. By introducing more bespoke development curriculums to equip our Emirati employees with increased skills, we achieved a 6% increase in capabilities in critical roles at FAB (refer to **Emiratisation section** for more details).
- A new performance management framework was introduced in 2019 to focus on what was achieved by our people and how it was achieved with alignment to the Bank's values. In 2019, all (100%) of our employees received formal performance development and career reviews.
- Voluntary employee turnover remained consistent with last year's records at 9.9%. Employees aged between 31-50 years have a higher joining rate compared to other age groups (63%).
- In 2019, we recorded 126 breaches of code of conduct and all (100%) were subject to disciplinary action.

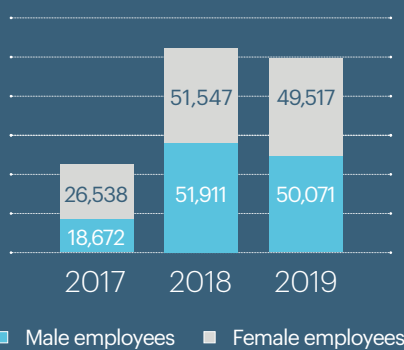
Total Workforce (Excluding Trainees, Students And Outsourced Staff)



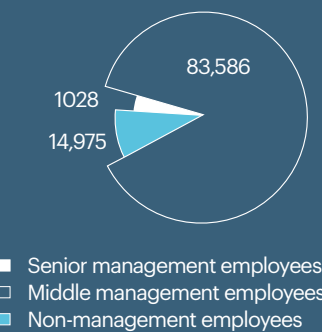
Total Training Delivered ( Hours)



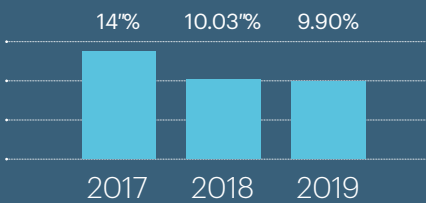
Total Training Hours By Gender



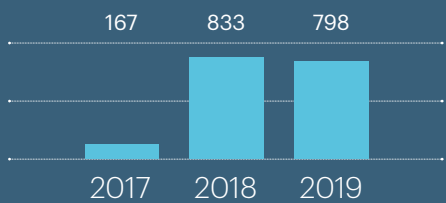
Total Training Hours By Job Category - 2019



Employee Turnover (Voluntary) (%)



Total New Employee Hires



2019 Priorities	Status	2019 Results	2020 Priorities
Maintain employee engagement score at 70%	○	Didn't conduct engagement in 2019	<ul style="list-style-type: none"><li>• Roll out a real-time culture survey to better understand the pulse of the organisation and implement changes on ongoing basis</li><li>• Identify talent and successors in middle management.</li><li>• Continue to invest in talent to protect present business as well as prepare for the future.</li></ul>
Invest in training and development of Emiratis	●	Achieved See 2019 Highlights	
Develop a ready pipeline of employees who can succeed at more senior and critical roles	●	Achieved See 2019 Highlights	
Leverage values-based, performance- driven culture to deliver on the promise of merger and integration	●	Achieved	

LEGEND: ● Achieved/Exceeded ◐ Partially Achieved/More Work Needed ○ Not Met



# GIVING NEW GRADUATES UNIQUE OPPORTUNITIES

At FAB, our people are our most valuable asset and we are committed to creating an environment where they can leverage their strengths and build successful careers with us. Our culture is embedded in the roots of everything we do, and we aim to build strong resilient communities. To help support our Emirati graduates on their journey to becoming the Nation's leaders of tomorrow, we developed the Nujoom Management Trainee Programme.

The Nujoom Management Trainee Programme is an 18-month accelerated development programme, to identify high-potential, fresh Emirati graduates and build their functional, behavioural and leadership capabilities through a transformational journey. Trainees undergo

18 months of development divided into three phases and focuses on degrees in Banking, Finance, Accounting, Economics, Marketing and Information Technology.

During the internship, graduates build skills to assume future roles within FAB, gaining practical experience by taking ownership, accountability for real business issues. They also enjoy one-on-one coaching from dedicated mentors who help them set specific competency goals, lay out their career path, including support from FAB to attain professional certifications. Since its inception, 100 graduates joined the Nujoom programme, and all have completed their training and assumed full-time employment.



FAB | Nujoom

Recent graduates talk about the FAB Nujoom Management Trainee Programme.

WATCH THE VIDEO

## Employee Wellbeing

### Related SDGs



### Our Approach

We recognise the important part our employees play in the success and sustainability of our business. It is therefore vital for us to look after the wellbeing of our people. We offer a range of tools and services to our employees to maintain their physical,

mental and financial wellbeing. To help our people stay well and perform at their best, we support their 'whole-being' by focusing on three key aspects of their wellbeing: physical, mental and financial.



### Physical wellbeing

Having a safe and healthy workplace for our employees is central to everything we do. By addressing the physical concerns and issues within our workplace, it will help us create an environment in which our people can bring their best and be resilient in times of change.

We increase our organisational resilience and business success, satisfy our legal and regulatory compliance requirements, and demonstrate our brand commitment to providing safe, healthy and sustainable work. Our aim is to achieve zero injuries across our buildings, ensuring a safe and healthy workspace for our people. In 2019, FAB became one of the first institutions to

comply with Hassantuk, a new regulation as part of the smart city initiative to improve UAE civil defence.

We have installed the recommended fire and safety alarm systems in our facilities, to enable faster emergency response and safer workplaces.

In 2019 we achieved the following:

- We are proud to be among the first companies worldwide to re-certify our workspaces to the ISO 45001: 2018 standard for Occupational Health and Safety (OHS).

The safety of our people and communities is of great importance to us. To address these concerns, we proactively mitigate safety risks and help safeguard our employees and customers, while ensuring compliance with all related safety regulations.

- We redirected our Occupational Health and Safety system team to now report into our Operation Risk Committee, providing more efficient business and improved risk control.

## Mental wellbeing

We encourage an open workplace where employees feel supported to seek help and support when required. Our employees have been provided with a support line to assist them with ongoing trauma support through our Employee Assistance Programme. Employees experiencing mental health or personal problems such as depression, stress or family issues can use our dedicated, confidential support line to talk with professional counsellors any time of the day, every day of the year.

We have also offered our clients interim facilities to assist with any remediation works

- We nominated floor wardens, first aiders and OHS representatives at each of our buildings and are responsible for overseeing the safety programme.

pending insurance or compensation. We also have a formal Employee Grievance Mechanism to receive employee complaints and concerns and ensure these are handled fairly and in a timely manner.

We care about protecting and enriching the mental health of our employees and provide tools and programmes to help achieve that. In 2019 we developed FABCares, an employee wellbeing programme that looks after all three elements of our employee's wellbeing. This programme was rolled out in March 2020 to all employees.



## Financial wellbeing

We recognise that strong financial wellbeing and understanding can lead to greater resilience during times of change, promoting financial security. Our aim is to help educate and promote financial resilience among our staff, customers and their families to grow financially stronger.

In 2019, we trialled a financial wellbeing programme, run by our own staff for our People of Determination customers. For more details about the success of the programme see section **Financial Inclusion and Accessibility**.

To provide our people and their families with financial security, employees are eligible for a range of comprehensive benefits on top of their remuneration.

This includes pension (Emirati staff), medical insurance and life insurance coverage. We also provide service offerings for education assistance, car loans, mortgage loans and personal loans. Our compensation system is based on fair and transparent reward system designed to promote a culture of equal pay.

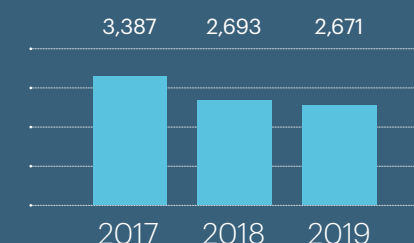
## 2019 Highlights

- We organised numerous employee sporting and wellness events, including football, bowling, golf and cricket tournaments and also promoted employee involvement in local gymnasiums and health clubs.
- Throughout 2019, 63 employee grievances were reported and investigated up from 24 in 2018. The increase is attributed to the increased employee awareness about using the internal system. All employee grievances reported during the year were investigated

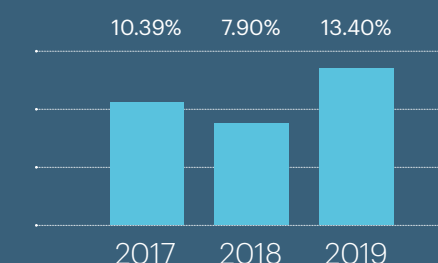
and successfully resolved. There were no grievances reported related to human rights violations.

- In 2019, absentee rate increased by 5.5%. In 2018, the year of integration, employees did not utilise all 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.

**Employee Salaries and Benefits (AED mn)<sup>4</sup>**



**Absentee Rate**



<sup>4</sup> UAE employee only





# FAB CARES EMPLOYEE WELLBEING PROGRAMME

FAB seeks to help and support its employees and their loved ones in living a healthy life and improving their overall wellbeing. To that end, we are working on developing a new employee wellbeing programme that was launched in

early 2020 that focuses on improving the overall wellbeing of our employees and their family members through a wide range of initiatives.



2019 Priorities	Status	2019 Results	2020 Priorities
Continue to improve overall health and wellbeing by organising events ranging from health screenings and diet offers to free sports	●	Achieved	<ul style="list-style-type: none"><li>Roll – out of group building emergency response procedure to all FAB International locations</li><li>Launch FAB Cares – a new employee wellbeing programme</li></ul>

LEGEND: ● Achieved/Exceeded ▼ Partially Achieved/More Work Needed ○ Not Met

## Diversity and Inclusion

### Related SDGs



### Our Approach

We recognise that 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. At FAB we operated in 18 countries during 2019, and our diverse workforce comprised of more than 5,400 people representing 85 different nationalities. That’s why diversity and inclusion is an integral part of our corporate sustainability strategy.

We work hard to build a workforce that reflects our communities and international presence, while creating a safe and inclusive environment based on collaboration, respect and fairness where people truly value their differences.

Within and beyond FAB, we aim to help build an inclusive future for all members of society. As an equal opportunity employer, we consider all qualified candidates for employment

without regard to gender, age, ethnicity, disability, religion or marital status.

Our pledge to diversity and inclusion starts at the top with our leadership team and is ingrained in our Employee Code of Conduct, Directors Code of Conduct and relevant policies such as our Anti-Bullying and Harassment Policy.

We respect fundamental human rights and do not tolerate bullying or harassment within our workplace or beyond. Employees are encouraged to immediately report incidents of discrimination or harassment, whether they are a victim or witness to it, and we investigate all allegations.



To mark Emirati Women’s Day, FAB organised inspiring gatherings for female employees to meet and learn from the Bank’s current female leaders.

### Gender equality

As an active member of the UAE PSAC, which supports the National Committee on the Sustainable Development Goals, we support actions to help strengthen gender equality within the private sector.

The members of the PSAC aim to help support the UAE Gender Balance Council, and the UAE Vision 2021, with the aim to encourage a greater participation of women in the development of the UAE.

We will continue working to drive greater

gender equality across all levels of the business including our leadership and executive teams. We know that there is a lot more that needs to be achieved in order to create a truly gender balanced society, but we are focused on removing barriers and accelerating progress for our women.

Our commitment includes equal pay for equal work, providing flexible work arrangements and other targeted programmes, and actively promoting more women to management roles.

### Employee code of conduct

Our pledge to diversity and inclusion starts at the top with our leadership team and is ingrained in our Employee Code of Conduct. Our Code of Conduct clearly states the standards of responsibility and ethical conduct

that we expect from our people. All employees must adhere to our Code of Conduct. Any breach will be considered as a serious matter.

### Parental leave

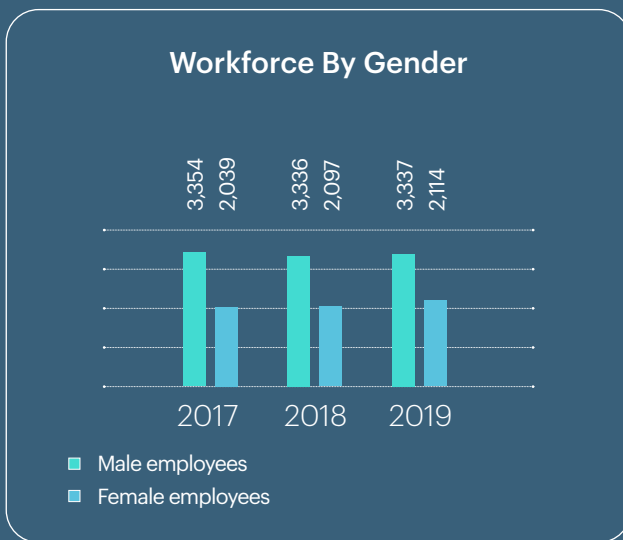
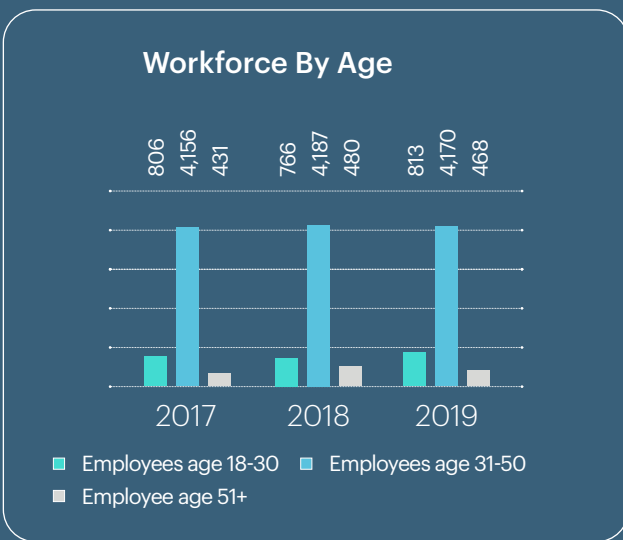
Through our parental leave programme, female employees who have been with the company for one or more years are entitled to fully-paid maternity leave for up to 60 calendar days and an additional 30 half-paid day. Those who have been with the company under a year will

receive half-pay. Male employees are eligible for five working days of paternity leave at full pay. We also provide nursing rooms in all major buildings, and reserve parking spots close to FAB buildings for pregnant employees.

### 2019 Highlights

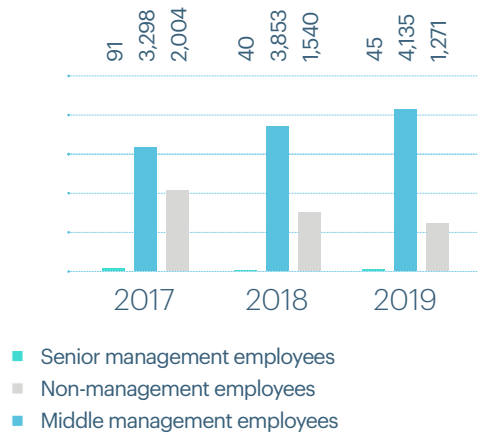
- Operating in 18 countries, our workforce comprised 5,451 people from 85 different nationalities.
- Women represented 39% of our total workforce and held 35% of senior and middle management positions.
- We launched the Accelerating Women in Leadership programme for female Emirati leaders in middle management roles. Through this six-month programme, participants focus on honing their mindset to strengthen their leadership behaviours and apply their learning to gain relevant on-the-job experience and business results needed to accelerate their careers.
- In 2019 we hosted hosted a number of events to promote the wellbeing of our female workforce. These included Pink Day and Breast Cancer Awareness Day, as well as Emirati Women Day, where female employees were able to meet and learn from inspiring female leaders at FAB.
- In 2019, a total of 146 female employees up from 98 in 2018 took parental leaves. All female employees returned to work after completing their maternity leave and 135 (92%) were still employed twelve months after they return to work.

### Workforce Profile





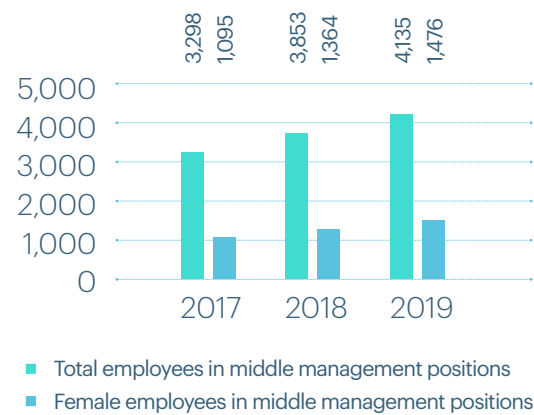
Workforce By Job Category



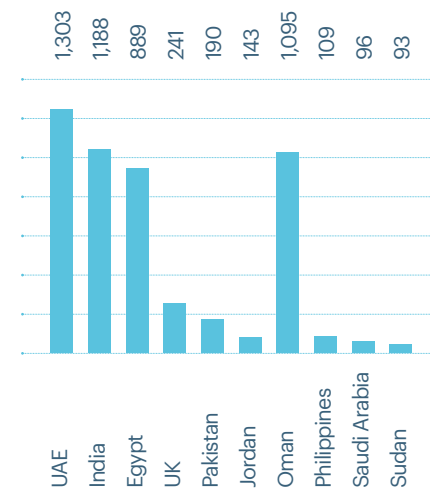
Employees in Senior Management Positions



Employees in Middle Management Positions



Top 10 Nationalities - 2019



2019 Priorities	Status	Status	2019 Results
Launch social campaign to showcase importance of women's strength in our society	●	Achieved	<ul style="list-style-type: none"> <li>Launched our social campaign "We grow stronger, thanks to her".</li> </ul>
Launch a women leadership programme	●	Achieved	<ul style="list-style-type: none"> <li>Launched an accelerating woman in leadership programme for female Emirati leaders in middle management</li> </ul>

LEGEND: ● Achieved/Exceeded ● Partially Achieved/More Work Needed ○ Not Met



## SDG 5 - GENDER EQUALITY

### WE RECOGNISED OUR WOMEN LEADERS

The UAE has formed several councils that focus on achieving the SDGs, including the PSAC, which we are an active member of. As part of our membership, we joined a working group that focuses on achieving SDG 5 – Gender Equality.

As part of this focus group, we worked on a very exciting project to showcase powerful and inspirational women across the MENA region for their contributions to achieving the UN SDGs. We nominated four of our women leaders for the UAE's Expo 2020 Women Positive Impact Leaders Award, organised by the UAE's National Committee on SDGs.

In addition to showcasing the finalists at Dubai's Expo 2020, we will celebrate our inspiring female employees and their contribution towards sustainability and the

community throughout our celebrations for International Women's Day.

This initiative is one example of FAB's commitment to realising SDG 5: 'Ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.' As an active member of PSAC, FAB participates on a working group to accelerate the UAE's progress on the gender equality pledge. To do so, FAB and other UAE companies are focused on ensuring equal pay and fair compensation practices, promoting gender-equitable recruitment and promotion, embedding supportive policies and programmes are in place, and reporting transparently on our progress to meeting these commitments.





# PROFILING WOMEN'S ROLE IN SOCIETY

As one of the world's largest financial institutions, we help shape the lives of our customers and stakeholders and the people in the markets where we operate globally. We see beyond the traditional banking activities and we embrace a challenger mindset. We at FAB, celebrate the acts of courage and determination by women who have played extraordinary roles in their communities.

Emirati Women's Day is an opportunity to celebrate the remarkable accomplishments and capabilities of women. In 2019, we launched our social campaign "We grow stronger, thanks to her" to showcase the importance of how women's strength, determination and perseverance helps our society grow.



# POSITIVE SOCIETAL IMPACT



**AED 80.2 MILLION**

Provided in donations and sponsorships to support initiatives health, education, sport and culture



**69%**

Of our global procurement spending was with local suppliers in the UAE, up from 65% the previous year



**1,000 EMPLOYEES**

Donated blood as part our annual blood campaign

## MATERIAL TOPICS IN THIS CHAPTER

- ✓ Community investment and socio-economic development
- ✓ Sustainable procurement
- ✓ Emiratisation





# Community Investment & Socio-Economic Development

## Related SDGs



## Our Approach

As a purpose-driven bank, we care about our communities and strive to build a legacy of positive change for current and future generations.

Through our local branches, we have a first hand view of the challenges facing the communities in which we operate. Social and economic progress depends on the active coordinated efforts of the private, public and non-profit sectors working together.

To play our part, beyond our core business activities, we voluntarily contribute to the communities where we do business.

Through our corporate community investment strategy, we provide corporate donations and sponsorships that make a positive change in people's attitudes and behaviours, support skills and personal development, and make a direct impact on quality of life.

In 2019 we partner with non-profits and social enterprises including the Emirates Foundation, SEDRA Foundation and Special Olympics Abu Dhabi 2019 to maximise our impact.

In 2019 our donations and sponsorships exceeded AED 80.2 million, representing 0.62% of our annual global pre-tax profit, up from 0.08% from 2018.

In support of the UAE Government's target to achieve the UN SDGs by 2030 and to ensure the effectiveness of our community development approach, we align our business practices and sustainability performance to the UN SDGs. In 2019 we supported the following SDGs through our community investment activities: SDG 1 – No Poverty, SDG 8 – Decent work and economic growth, SDG 10 – Reduced inequalities, SDG 11 – Sustainable cities and communities, SDG 17 – Partnerships for the goals.

Contributing to the societies in which we operate in is important to not only to our people but is also a part of our broader Group strategy and the values of our business. Volunteering and supporting the communities in which we operate is important to us at FAB.

This year more than 1,000 employees at seven of our offices across the UAE participated in our blood donation campaign - 1 Giving = 3 Living.

Organised by the Abu Dhabi Blood Bank and the Dubai Health Authority, our people donated enough blood to collectively save 3,000 lives. FAB Egypt also conducted two blood donation campaigns in 2019 in cooperation with the Egyptian blood bank. Demonstrating that volunteering is a significant part of FAB's commitment to the community.

Each year our employees contribute their time, skills and resources to help their communities and hundreds of people who are in need. We encourage our employees to do so through our People with Purpose volunteering programme. Through the programme, employees are given the chance to develop new skills, to lead on philanthropic projects, and to build trust and teamwork into these initiatives while living our values.

We apply the LBG guidelines developed by Corporate Citizenship to measure and report on our community investments. Used by organisations around the world, the LBG model is considered the global standard to benchmark corporate community investment.

## 2019 Highlights

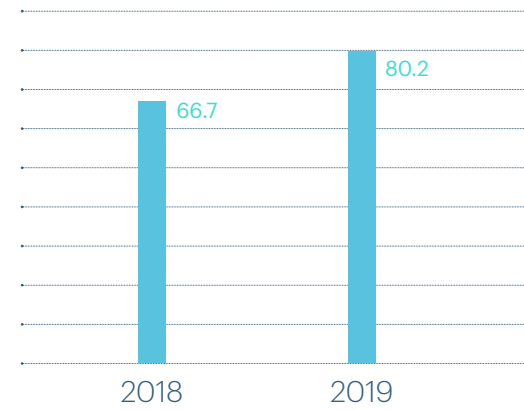
- Supported the roll-out of activities to support Ramadan and home renovations for low-income families.
- Partnered with the SEDRA Foundation to train FAB volunteers to conduct basic financial life skills workshops for youth of determination, as well as our 'Be the Change' environmental and employee blood donation campaigns.
- More than 3,000 volunteer hours were performed at the Special Olympic World Games held in Abu Dhabi in March 2019
- FAB employees helped improve vulnerable local greenspaces during a number of clean-up events.
- Sixty employees joined People with Determination for a Unified Desert Hike and 80 employees enlisted with Emirates Nature – WWF for a beach clean-up on Saadiyat Island.
- FAB People with Purpose volunteers supported one of our customers meet their goal of planting more than 5000 Ghaf trees.
- FAB Egypt supported the complete renovation of a school by fully equipping classrooms, washrooms and providing a computer lab for 2200 students in one of Greater Cairo's economically challenged suburbs.

FAB Egypt will provide ongoing training programmes and facilities maintenance at the school, as part of the Bank's commitment to community education and health projects, which totalled nearly AED 2.5 million in 2019.

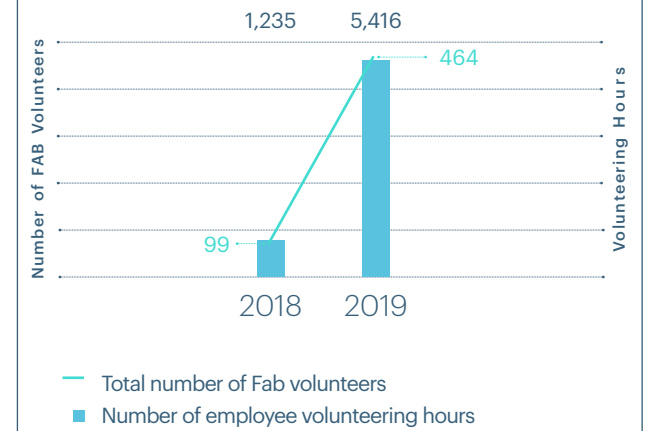




**Total Community Investments  
(AED millions)<sup>5</sup>**



**Employee Volunteering Hours**



## Social and Community 2019 Highlights



Social  
Community  
Activities



Participants<sup>^</sup>



Volunteering  
Hours



Awareness  
Messages<sup>\*</sup>



Corporate  
Sustainability  
Page Views<sup>~</sup>

<sup>^</sup> Employees and family members

<sup>\*</sup> Internal e-mails sent to all FAB employees

<sup>~</sup> Through FAB connects

### Related SDGs



<sup>5</sup> 2017 was the year of the merger – no consolidated figures available for international community investments for that year.





2019 Priorities	Status	2019 Results	2020 Priorities
Provide volunteer opportunities through our #PeopleWith Purpose programme	●	Achieved See 2019 Highlights	<ul style="list-style-type: none"> <li>Develop employment programme for women of determination</li> <li>Redevelop and elevate the UAE Ramadan Giving activity to include #RethinkPlastic, People of Determination and People with Purpose.</li> </ul>
Establish alliance with Emirates Foundation to identify impactful community investment opportunities	●	Achieved See 2019 Highlights	
Measure FAB's corporate community investment in a clear, consistent and robust way	○	In progress FAB is looking into including LBG methodology into its reporting	

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met

# TEACHING ENVIRONMENTAL SKILLS TO INDIA'S CHILDREN

Teaching environmental skills to India's children in partnership with World Wildlife Fund for Nature India and SATTVA, FAB India sponsored the introduction of the Ek Prithvi programme in 15 government-run schools in the city of Thane. This innovative environmental education programme teaches school children to care for the environment through interactive lessons and events that put theoretical studies into practice.

With the help of a WWF volunteer, colourful workbooks and lesson plans, 135 educators were trained to raise the children's

environmental consciousness about reducing waste, saving water and planting trees through relatable activities from daily life. Over a 12-month period, more than 4,000 children took part in environmental classes, nature walks, garden and compost unit construction on school grounds and tree plantings. In the words of one teacher, "Children are now more mindful of water usage – They close the taps themselves and point fingers if someone lets the water flow through the tap."



FAB India supports the WWF's innovative Ek Prithvi environmental education programme.





## CELEBRATING THE JOY OF SHARING RAMADAN HAPPINESS BOXES

In collaboration with Emirates Foundation, 130 FAB volunteers helped pack and distribute more than 5,000 'paint happiness boxes' to labour camps across the UAE including Abu Dhabi, Al Ain, Dubai, Sharjah, RAK and Fujairah during Ramadan in 2019.

These paint happiness boxes contained t-shirts, mugs and groceries to help the UAE's blue-collar

populations celebrate Ramadan through food and basic need provisions. Our Cairo office staff also filled and donated Ramadan food boxes to underprivileged families in their surrounding communities.



## SPECIAL OLYMPICS WORLD GAMES ABU DHABI 2019

FAB supported the 2019 Special Olympic World Games as an Official Partner. The Special Olympics World Games which were held in Abu Dhabi were an important milestone for Abu Dhabi and the UAE, demonstrating their continued efforts to promote tolerance, inclusion and unity throughout the Emirate, nation and region for People of Determination

As part of our partnership, we hosted the Special Olympics Flame of Hope at our Head

Office in Abu Dhabi. Our senior leadership team joined with our employees, the Special Olympics athletes, volunteers and local organising committee officials to receive the torch. We were also honored to host the cycling, football (11-a-side) and swimming voluntary sport events throughout the Special Olympics World Games.





# Sustainable Procurement

## Related SDGs



## Our Approach

We recognise that our procurement activities have social and environmental impacts. With a large global network of suppliers primarily in information technology and telecommunications, marketing, market data, facility management and professional services, it is essential that we proactively manage and mitigate risks associated with our supply chain.

A key way in which we manage our impact is through our Supplier Environmental and Social Code of Conduct. Our Code of Conduct outlines our expectations for doing business with us. It covers topics including anti-money laundering policies, data protection regulation standards, health and safety and ethics policies.

## 2019 Highlights

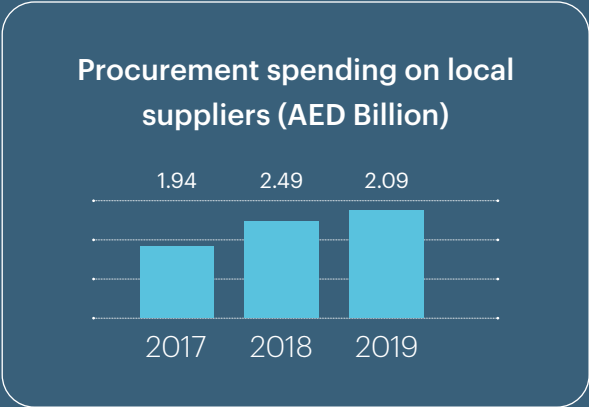
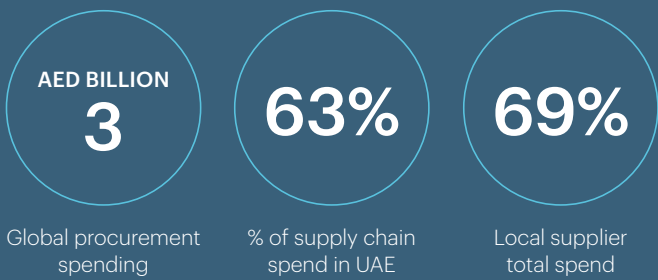
- Our global procurement spending remained consistent with the previous year, at AED 3 billion.
- Local suppliers in the UAE represented 63% of our global supply chain and approximately 69% of the total spend.
- We expect our business partners and suppliers to conduct business in a

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.

We also make it a priority to ensure our procurement activities provide a direct contribution to local economies in the UAE.

We buy goods and services from local suppliers whenever it is feasible. Investing in local suppliers creates jobs, builds local capacity and supports a more stable business environment. In 2019, 69% of our global procurement spending was with local suppliers in the UAE.

manner consistent with our sustainability requirements and adhere to our principles on issues that matter most such as human rights and environmental responsibility. To that end, in 2019 we shared our Supplier Environmental and Social Code of Conduct with all suppliers onboarded to our vendor system.



2019 Priorities	Status	2019 Results	2020 Priorities
Provide all new vendors with our Supplier Environmental and Social Code of Conduct	●	Achieved. 100% of suppliers were provided with the code of conduct	• Online supplier portal roll out for all suppliers

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met



# Emiratisation

## Related SDGs



## Our Approach

As the largest bank in the UAE, National talent is vital to our success and is part of our strategic workforce planning.

Inspired by the UAE Vision 2021, which sets the key themes for the region's socio-economic development, we are firmly committed to nurturing and developing the local Emirati community for the long-term benefit of our business and the national economy.

To support Emirati advancement, we delivered a number of mobility initiatives including the Qeyada and other talent development programmes, which help us identify and train top employees for succession to more senior roles over a six-month period.

We continue to develop bespoke development curriculums with top learning and development vendors to help Emirati employees upskill and gain the knowledge required for key roles at FAB.

In 2019 the percentage of Emiratis in senior<sup>6</sup> management increased. This improvement can be attributed to our efforts to develop and promote Emiratis into critical roles and senior management positions across our business.

We continued to support youth development programs, including the Nujoom Management Trainee Programme, to help Emirati students obtain challenging positions within FAB. See

the **Responsible Employment** section for details.

Our Emiratisation efforts are multi-faceted and include:

- career planning, coaching and mentoring for national employees
- a core set of professional development programmes for our Emirati talent to enable them to grow in their current roles and prepare them for future positions within FAB
- collaboration between our recruitment team, branches and departments across FAB to identify business needs and the potential for harnessing home-grown talent to meet these needs
- external partnerships and networks including universities and local recruitment agencies, to help us source the best national talent and provide young Emiratis opportunities to thrive in the financial services sector

## Development programmes for our Emirati talent

### Qeyada Programmes and Talent Development

Emirati Succession Programme to support individual development within 6 months to equip for the next role

### "Tatweer Programme" Emirati Future Leader

Develop the capabilities of Emiratis in critical roles in key business areas

### Al Masar Programme

Develop internal Emiratis talent for 'middle management' and 'critical roles' as a key strategic initiative. Fast track for existing staff and prepare high potential Emirati talent for critical roles in 12 months

### Nujoom Management Trainee Programme

Graduate development 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 six months specialist

### Tamkeen

Develop technical capabilities of high performing Emiratis to build the pipeline for critical roles

### FAB Business School

Leadership and technical curriculums

## 2019 Highlights

- Representation of national employees in our total workforce remained at 33% in 2019. However, nationalisation of senior management increased from 8% in 2018 to 17% in 2019. Our focus in 2019 was to develop and promote Emiratis into senior and critical roles through internal mobility strategies.
- During Emirati Inspiring Day, FAB employees visited the EXPO 2020 site to help encourage employees to build their leadership skills and potential as the next generation of successful citizens.
- FAB held multi-media campaigns and community events, including Flag Day celebrations, to promote Emirati pride.

<sup>6</sup> Refers to positions above a VP role



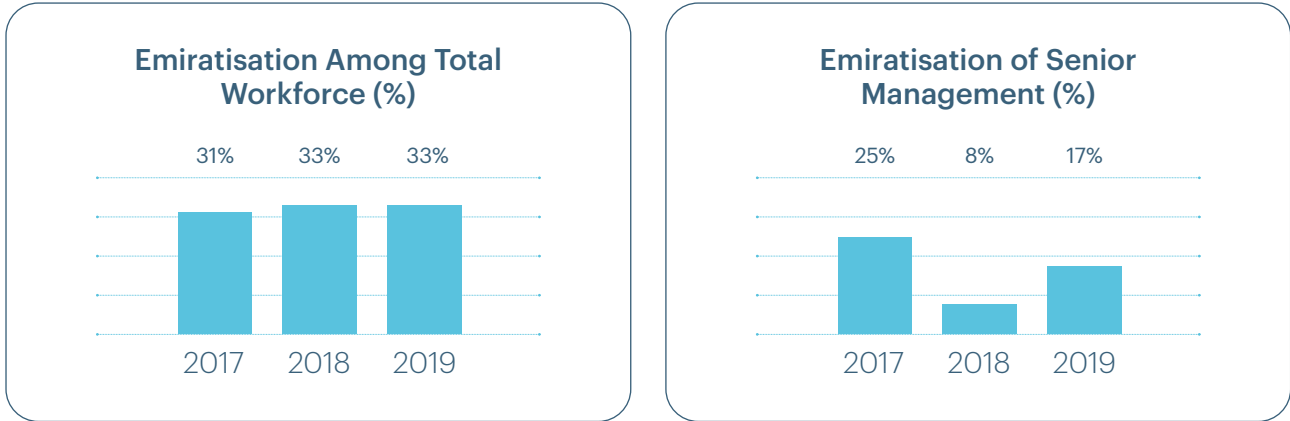


# GOVERNANCE, INTEGRITY & RISK MANAGEMENT

**UPDATED OUR WHISTLEBLOWING POLICY**  
For employees, customers and service providers.

**7 OUT OF 9**  
Board members met the independence criteria, up from two in 2018.

**96%**  
Of our global workforce completed annual compliance training to keep up with bank standards and regulatory requirements.



## MATERIAL TOPICS IN THIS CHAPTER

- ✓ Corporate governance, ethics and compliance
- ✓ Risk management
- ✓ Data security and privacy
- ✓ Fighting financial crime

2019 Priorities	Status	2019 Results	2020 Priorities
Increase the number of Emiratis in critical roles by 25%.	●	Achieved. In 2019, we focused on identifying, assessing and developing successors in and for senior management positions. Highlights above	<ul style="list-style-type: none"> <li>Identify talent and successors in middle management</li> </ul>

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met



# Corporate Governance, Ethics and Compliance

## Related SDGs



## Our Approach

At FAB, we wholeheartedly believe that a robust corporate governance structure is essential to maintaining effective decision making, promoting responsible business practices

and regulatory compliance, building trust and confidence of stakeholders, and ensuring accountable and transparent disclosures.

## Corporate Governance

Our strong group governance framework is built on the foundation of integrity, accountability and transparency, ensuring we approach business in an ethical and responsible behaviour.

practice relating to the separation of roles of the Chairman and Group Chief Executive, the majority membership of non-executive directors and the majority of UAE nationals on board.

The Board of Directors and the management of FAB have taken a number of steps to ensure we maintain high standards of corporate governance and adopt the best international practices that are in line with various regulatory guidelines, including those of the Central Bank of the UAE (CBUAE) and its associated regulatory bodies.

Throughout 2019 we continued to work on integrating ESG considerations into our corporate governance practices.

Our Board continues to be committed to shaping a strong and effective corporate governance framework, setting the Group’s objectives, and ensuring that these objectives are achieved.

In 2019, we demonstrated this through the introduction of a self-assessment tool for Board members in line with requirements set out in the CBUAE Corporate Governance Regulations for Banks.

The tool is designed to assess how each Board member has performed in the year with a view to identifying how the Board has met its obligations, including how the Board has overseen the Bank’s ESG programme.

The composition of the Board satisfies the Corporate Governance regulations for Banks issued by the CBUAE which came into effect in September 2019, and best international

Related FAB policies	
<ul style="list-style-type: none"><li>• Directors Code of Conduct</li><li>• Employee Code of Conduct</li><li>• Group Corporate Governance Policy</li><li>• Anti-Bribery and Anti-Corruption Policy</li></ul>	<ul style="list-style-type: none"><li>• Gifts, Giveaways and Hospitality Policy</li><li>• Disclosure of Financials and Investor Relations Policy</li><li>• Whistleblowing Policy</li></ul>

## Executive compensation

At FAB we aim to achieve sustainable business growth whilst protecting stakeholder values. To achieve this, we have implemented a compensation structure for our executive leadership team, which contains a combination of fixed and discretionary variable pay as detailed.

Additional measures including partial deferral of variable compensation, have been implemented for executive remuneration to ensure that decision making is based on long-term sustainability. The deferral scheme segregates payments into retention-based awards and organisation performance-dependent awards that vest over a defined time frame.

- Fixed pay is aligned to external market benchmarks to ensure that our executive leadership is adequately compensated and that there is relative stability at those levels.
- Variable pay is linked to the performance results of FAB’s balanced scorecard across four strategic areas: Financial, Customer, Process and People as well as the achievements in line with corporate values. Managerial discretion is applied to ensure that there is a true reflection of ‘how’ the business growth is achieved in addition to ‘what’ was achieved.
- In the event performance parameters thresholds are not achieved, the performance-based deferral for the year is subject to forfeiture. Variable reward amounts (paid amounts as well as deferrals) are subject to claw-back conditions. Additionally, unvested deferred amounts are subject to forfeiture based on specific conditions.

## Business ethics and transparency

Our Directors Code of Conduct and Employee Code of Conduct are the foundation for guiding our daily activities and ensuring our people make the right decisions in everything we do. These Codes of Conduct reflect our values and set our expectations for acceptable behaviour, whilst defining inappropriate activities and outlining the process for reporting suspected infringements.

The Codes of Conduct include topics such as conflicts of interest, confidentiality, gifts and hospitality, anti-bribery and corruption, and insider trading.

To ensure effective understanding and implementation of our Codes of Conduct and other compliance requirements, we have a dedicated help desk and compliance teams



that employees can engage with to answer queries and help trouble shoot problems. Any person who fails to comply with the Codes of Conduct and all applicable Policies may be subject to disciplinary measures up to and including termination of employment.

The Codes of Conduct are underpinned by mandatory online training and assessments that staff must complete on annual basis. It covers our three pillars of:

- how we serve our customers' needs and conduct our business
- how we uphold our professional ethics, principles on financial security and protection of FAB's assets

## Regulatory compliance

Globally, the financial services sector faces a range of complex and increasing regulatory banking and financial requirements. Adherence to these requirements is essential to our ongoing operations, protecting customers and safeguarding our reputation.

We work diligently to comply with the applicable laws and regulations of the CBUAE, our lead regulator, and other government authorities both in the UAE and internationally.

## Whistleblowing

To protect the Bank and promote responsible organisational behaviour, we encourage employees and stakeholders to report any suspected or known instances of wrongdoing such as financial crime, as well as other serious issues including health and safety risks, environmental damage and privacy

- and how we care for our people and society.

Our Codes of Conduct training incorporates business continuity, fraud and operational risk, business conduct risk and information security awareness.

We value strong disclosures and transparency across everything we do and publish a range of reports containing financial and non-financial data which are supported by dedicated teams including our Investor Relations, Corporate Sustainability and Corporate Governance teams, who communicate and disclose to stakeholders and investors our financial and non-financial performance.

As employee education is critical to ensure our compliance, we deliver ongoing training and communication across our organisation to embed the message that compliance is everyone's responsibility. We follow a principle of zero tolerance for instances of regulatory non-compliance. Regulatory and compliance matters are reported to the Compliance Committee on a quarterly basis.

breaches, without the fear of reprimand. We maintain a Group Whistleblower Policy and regularly communicate its importance to our people. Employees are empowered to report issues through various channels, including a dedicated whistleblower hotline, online forms, email and direct interaction with our HR and

Compliance teams. An effective forum for ensuring that employees can report such matters safe from adverse consequences is critical to an ethical and transparent culture.

In 2019, we revised our whistleblowing policy. Our new policy allows for suspected reports or incidents to be raised by internal or external stakeholders including our people, customers, suppliers or service providers. Reports or incidents can be made through various communications channels managed by our third party vendors. Our Group Regulatory

## Raising ESG awareness at the board level

The Board has the authority within its Board Charter to determine the process for the annual evaluation of the Board and its committees including the authority to use an independent third party to perform an evaluation, conducted every third year as per international best practice. As directed by 2019

Compliance Team manages our whistleblowing investigations in coordination with related stakeholders and incorporates a working group with representation from Compliance, Risk and HR. As part of our annual mandatory e-learning modules, we have developed a module for our people on our whistleblowing policy in addition to regular awareness campaigns.

To know more about our whistleblowing policy, visit [CLICK HERE](#)

corporate governance regulations, the Board is supplied with continuing education topics on emerging governance issues, which help strengthen their knowledge and understanding of various topics, including environmental, social, technology, fraud and governance factors.

## 2019 Highlights

- We launched an updated group Whistleblower Policy to increase transparency, ensure that incidents are handled effectively and protect whistleblowers from retaliation.
- In 2019, seven of nine board members met the independence criteria, up from two members in 2018.
- We updated the Remuneration and Nomination Committee charter with a policy around the consideration of the nomination of female board candidates with a requirement that at least 20% of candidates are female, as based on the 2019 CBUAE Corporate Governance Regulations for Banks.
- We updated the Board and its sub-committee charters to enhance FAB's governance structure, and to reflect the provisions of the 2019 CBUAE Corporate Governance Regulations for Banks, which came into effect in September 2019.
- We updated the Group Corporate Governance Framework and associated policies including the Corporate Governance Policy, in line with international best practice and the 2019 CG Regulations.
- The Corporate Governance team held a number of town hall forums to senior leaders within the Group on the importance and benefits of having a strong governance structure across the Group.



- During the year, there were four incidents of non-compliance with laws and regulations. They included one incident in the UAE of non-compliance by FAB Securities relating to trading without adequate approval and one incident in Oman related to transaction monitoring. Two incidents occurred in Sudan relating to cheque clearing failure due to incorrect data and response time to a CBOS inquiry.
- We deployed a number of internal compliance reporting systems that will be implemented during 2021, a Compliance

Issues Management System to aid tracking and remediation of related issues and action plans.

- In December 2019 we revised our Group Anti-bribery & Corruption Policy to incorporate the UK Bribery Act and Foreign Corrupt Practices Act requirements. Appropriate controls have been embedded in the relevant business and support functions and training programmes have been provided to the Board, senior management and the wider bank personnel population.



## WHISTLEBLOWING CHANNELS AT FAB

- Designated hotlines by country (in both English and host country language where applicable)
- Designated email address at [FABListens@getintouch.com](mailto:FABListens@getintouch.com)
- Online web portal using CaseTrac via the URL link: **CLICK HERE**
- Texting via Whatsapp on +1 (612) 357-1116
- Writing via pre-defined, addressed letter (available in English and Arabic)





2019 Priorities	Status	2019 Results	2020 Priorities
Introduce a self-assessment tool for Board members that reflect CBUAE	●	Achieved. Introduced in early 2020 in respect of the 2019 calendar year. Results are still being collated.	<ul style="list-style-type: none"> <li>Assess the results of the first review and discuss at Board level</li> <li>Further continuing education is planned on ESG and Sustainable financing</li> <li>Maintain and monitor UK structure to ensure compliance with and further regulatory evolution of the SMR</li> <li>Implementation of the action plan will take place and augmented by regular reporting to the CBUAE on progress</li> <li>The new approach will be monitored and evaluated for effectiveness</li> </ul>
Roll out regularly-scheduled sustainability-related training to the Board on topics such as climate change	●	Achieved. Continuing education materials on climate change was given to the Board in 2019	
Meet new regulatory and legal requirements in the UK, in particular the Senior Managers Regime.	●	Achieved. The Senior Manager's Regime is established with a clear authority and accountability structure in place that complies with the SMR	
Create action plan to address any new or updated requirements resulting from the CBUAE's forthcoming Corporate Governance Regulations and Standards for Banks and the 2018 CBUAE Banking Law	●	Achieved. A Board approved action plan was delivered to the CBUAE that sets out the actions that the bank will take to comply with the Regulations, which have a three-year timeline	
Review and enhance our whistleblowing framework to ensure a more robust process	●	Achieved A revised, updated and improved approach, with the release of a new policy was released, with notifications to employees setting out how to submit a whistleblowing claim	

LEGEND: ● Achieved/Exceeded    ● Partially Achieved/More Work Needed    ○ Not Met

# Risk Management

## Related SDGs

16
PEACE, JUSTICE AND STRONG INSTITUTIONS

17
PARTNERSHIPS FOR THE GOALS

## Our Approach

Risk management is a key success factor in the financial industry, essential to ensuring the bank's financial strength, preserving its safety and enabling ongoing creation of shareholder value.

At FAB, we focus on embedding an enterprise-wide and integrated risk framework that is aligned to our vision to drive consistent value for all stakeholders through the optimisation of risk and reward.

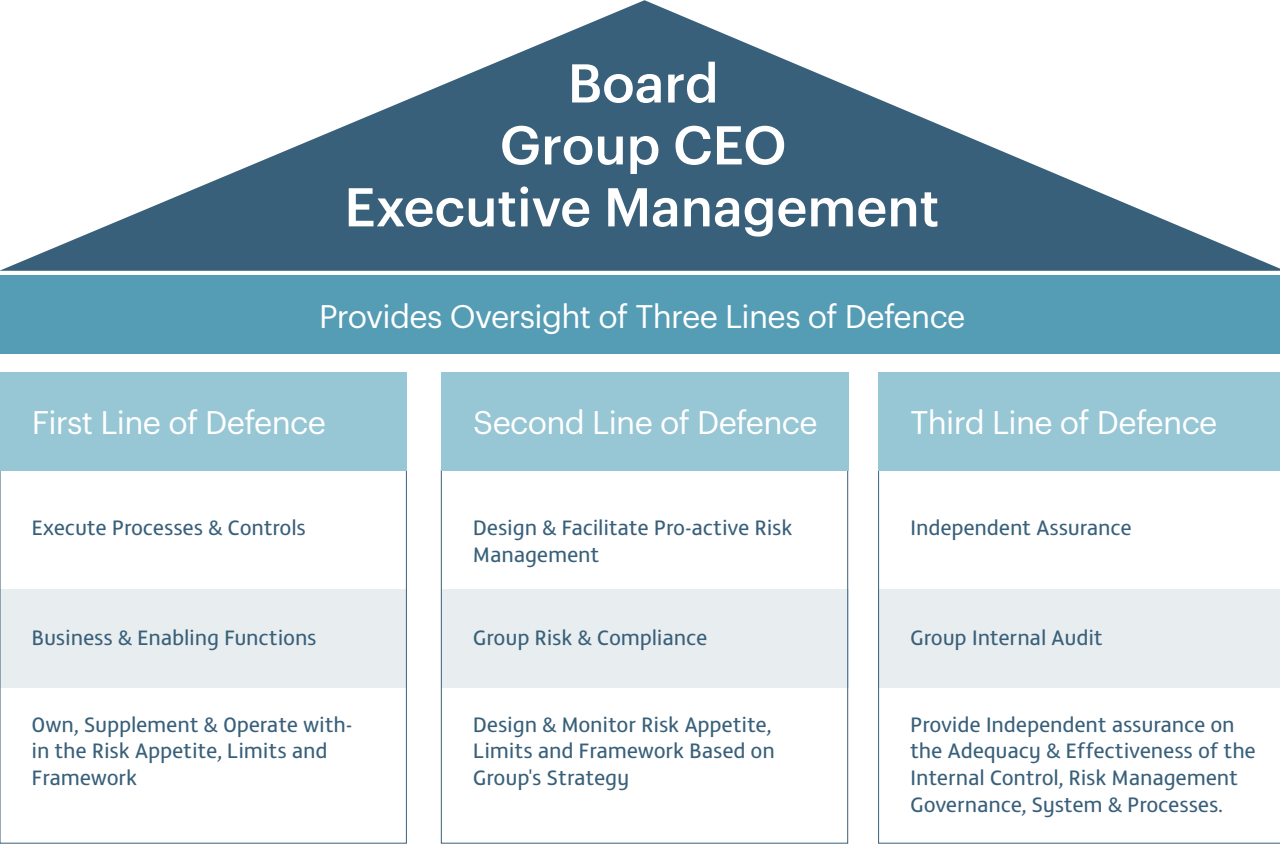
Our “three line of defence” model, central to our risk management framework, helps us identify potential risks and gauge the effectiveness of related functions and policies. We also implement other risk management tools including our Risk Appetite Framework that consists of metrics and thresholds that form part of the balanced scorecard and performance appraisals of senior executives.

We continuously provide risk-related training to relevant employees that cover adherence to the Basel guidelines covering; credit risk and modelling, and financial statement analysis risk management.

We provide mandatory training to all of our people in regards to general risk management including data security and money laundering awareness (discussed in Data Privacy and Security section of this report). We conduct

internal surveys on an annual basis from employees to receive feedback on how we can better manage our risk exposure and help us to continuously improve our practices.

Our Continuity Policy and incident response procedures help us to sustain our operations in the event of major events and crises. These policies and procedures are tested at least annually.



## Oversight

Overall accountability for risk governance lies with the Board Risk and Compliance Committee (BRCC), which develops and oversees the Group risk strategy, risk appetite policy guidelines, and monitors adherence to these. Assisting the BRCC in carrying out these functions are the Group Risk Committee and the Compliance Committee, as well as several sub-committees such as the Operational Risk Committee and the Information Technology/

Information Security Risk Committee that oversees specific risk responsibilities.

The Corporate & Investment Bank Credit Committee and a Personal Banking Credit Committee oversees credit risk, including non-performing loans and related positions and concentrations in the Bank's loan and investment portfolios.

# 2019 Highlights

- In 2019 we conducted an enterprise-wide risk assessment and risk control self-assessment to review the risks and processes to effectively manage bribery and corruption risks throughout our business. The recommendations from this exercise were addressed as necessary.
  - In 2019, 96% of our employees completed our annual compliance-related training.
  - In 2019, FAB was recognised as one of the ‘Safest Banks in the Middle East’ for the third year running at the Global Finance magazine’s Best Banks Awards. We were also named as one of the ‘World’s 50 Safest Commercial Banks, reflecting our sound governance structures.
  - In light of our dependence on our information and technology systems, our Chief Information Security Officer (CISO)
- has been given responsibility to secure all systems and data from external or internal threats. In addition to this, a dedicated Board committee, the Information Security Committee, was formed in 2019 to focus on information security and business continuity issues. The CISO has also been granted responsibility for ensuring resilience and continuity of business-critical services following any disruptive incident.

  - In 2019, we delivered the Supervisory College - a two-day event in collaboration with CBUAE held for the first time in the region. The event was attended by various global regulators from different regions and focused on discussing UAE’s economy, local regulatory landscape as well as providing background on FAB’s strategy and operating model with its presence in various international jurisdictions. This event is expected to be held every two years.



2019 Priorities	Status	2019 Results	2020 Priorities
Maintain strong external credit ratings	●	Achieved AA- rating or equivalent from global credit rating agencies	<ul style="list-style-type: none"> <li>• Develop digital risk and control framework</li> <li>• Enhance Global privacy framework</li> </ul>
Maintain acceptable level of portfolio quality and cost of risk	●	Achieved	
Develop and monitor key risk indicators mapped to various risks to determine elevations in risk and proactively implement risk management measures	●	Achieved	
Ensure business continuity through appropriate plans and controls	●	Achieved	

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met

## Data Privacy & Security

Related SDGs

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

17

PARTNERSHIPS FOR THE GOALS

## Our Approach

The very nature of our business is based on safeguarding customers and their assets, with personal information being an integral component of those assets. That's why

protecting the privacy of our clients and handling sensitive information they entrust to us with the utmost care will always be a top priority at FAB.

### A layered approach

We have a multi-layered programme in place to protect and use personal data in a responsible manner. Aligned with information security standards including PCI-DSS and NESA, the programme includes security and privacy policies, procedures and protocols, such as strong customer authentication methods; secure data storage areas with employee clearance requirements to minimise the risk of unauthorised data access; and a comprehensive data leakage prevention strategy.

We build robust data encryption techniques, network security (e.g., firewalls) and other

tools into our products, services and technologies. Sophisticated systems are in place to continuously monitor suspicious activity and thwart cyber-attacks in an evolving threat landscape. We also work closely with government agencies and other financial institutions to share security intelligence and analytics. We perform periodic testing and security assessments in addition to reviewing security events and incidents 24/7.

We are acutely aware of the need to maintain the highest standard for securing our data. We are compliant with the Information Security



Management System requirements of NESA across the UAE.

NESA is a recognised standard for "Information Security Management System" for UAE and it provides assurance on our security practices to customers, regulators, partners, and other

Employee and customer education

Employee education is a key cornerstone of our data governance programme. We provide compulsory training (e-learning and classroom based), promote good privacy and security practices among our employees and contractors, and test compliance with these practices through

Oversight

Our data privacy and security approach is supported by robust governance processes. FAB's Group Security Office (GSO) provides direction and oversight of the Bank's 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 and Chief Information Security officer and Head of Business Continuity Management are responsible for the Bank's data security and privacy programme.

Our information security/cyber security risk, challenges, regulatory requirements and security initiatives are discussed and reviewed by our Committees frequently.

stakeholders. It ensures that we are in line with the best practices for protecting critical business information, with increased staff awareness, and demonstrates our adherence to best practices.

periodic "phishing" simulations. In addition, we have a customer awareness programme in which we communicate the importance of customer vigilance regarding online safety and protection of their accounts, financial information and devices.

Our Group Security Committee (GSC) and Group Risk reviews are conducted on a monthly basis, and report to the Board level risk Committee (BRCC), on a quarterly basis.

We maintain a Group Privacy Policy to provide guidance to our people on the privacy principles that apply to the handling of personal information throughout our business operations.

The policy helps us comply with industry standards and legal requirements, and is supported by a set of privacy-related policies including our Data Protection Policy and Cookies Policy. To read more about our Privacy Policy, [CLICK HERE](#)

Data protection

Data protection is a top priority at FAB. We have significantly invested in in our data protection systems that aim to protect our people, our customers, our suppliers and business partner's privacy in line with the new European General Data Protection Regulation (GDPR).

During 2019, we aligned our existing data protection programme to the requirements

of the GDPR. Privacy compliance with the GDPR is monitored and reported to senior management. We updated our existing policies and procedures to reflect the new requirements and embedded them in vendor assessments as well. General awareness training was conducted to all data privacy staff.

2019 Highlights

- We experienced no incidents of data security breaches in 2019 or any incidents that involved customers' personally identifiable information.
- We produced a series of social media videos to raise consumer awareness of cyber security issues and fraud threats, resulting in thousands of interactions with customers.
- To expand our defense capabilities, we introduced the attack surface detection and security rating services along with a complete integration of the Security Orchestration, Automation and Response (SOAR) tool.
- We are committed to protecting the rights of individuals in line with the latest laws and regulations. In 2019, we implemented a cookie compliance tool for FAB's UAE, UK and FR websites.

2019 Priorities	Status	2019 Results	2020 Priorities
Enhance the information security framework	●	Achieved	• Create a digital risk and control framework • Enhance the global privacy framework
No material data security breaches or substantiated privacy complaints	●	Achieved	

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met

# Fighting Financial Crime

## Related SDGs



## Our Approach

We invest heavily in crime prevention strategies and maintain robust controls to combat various types of criminal activities including fraud, corruption, bribery, money laundering, terrorist financing, and breaching of international sanctions.



## Anti-Fraud

Our global financial crime unit includes dedicated experts who specialise in crime prevention and managing threats posed to FAB.

They undertake activities including fraud risk assessments, review new products before roll-out from a fraud risk perspective, conduct mystery shopping and spot checks to proactively test fraud controls, and update staff and customers about the latest trends in financial crime. The financial crime unit also

works together with law enforcement agencies and industry peers to share intelligence, coordinate efforts and help fight financial crime in the wider community.

We have a Group Vulnerability Assessment and Penetration Testing Policy and procedures to identify possible vulnerabilities on all bank assets and infrastructure including payment card systems. We use advanced analytics that give us better insights and real-time data to uncover and act on potential threats.

## Anti-Bribe and corruption

We aspire to run our business in an open and transparent manner and are committed to conducting our global activities with integrity. We will not tolerate any deliberate breach of anti-bribery and corruption (AB&C) laws and regulations.

The group AB&C policy was revised in December 2019 incorporating UK Bribery Act and Foreign Corrupt Practices Act (FCPA) requirements. Also, proper AB&C related

controls have been embedded into the relevant business and support functions to mitigate any bribery and corruption risks.

AB&C function provided tailored training programme to certain functions with heightened bribery & corruption risks along with the mandatory AB&C e-learning programme. The training programmes were provided to the Board, Senior Management and the wider bank personnel.

## Employee screening and training

Our approach to fraud prevention includes an employee background check process, mandatory fraud awareness training as part of staff induction and an annual mandatory Anti-Money Laundering (AML), AB&C and Sanctions e-learning programme, which requires a minimum pass rate of 80%. We train our people on how to identify, prevent

and deal with financial crime and provide risk-assessment tools and models. Various policies are in place to guide employees and articulate our commitments, including AB&C Policy and the Prevention of Money Laundering and Counter Financing of Terrorism and Sanction Compliance Policy.



Screening customers and transactions

To verify and onboard legitimate customers, our due diligence process reflects international best practices and complies with relevant laws and regulations with respect to Know Your Customer (KYC) and other client identification requirements. We continuously update our deterrence and detection infrastructure, which includes sophisticated tools to monitor, track and report criminals and any suspicious transaction activity across channels. Customers and counterparties are regularly screened against listed terrorist organisations and sanctioned names issued by the UN, US, EU, UK and UAE.

2019 Highlights

- Based on our ESG screening controls, we identified a number of card transactions as fraudulent in nature, therefore, rejected a total of 4,436 such transactions in 2019.
- We established new policies and procedures regarding AML, Counter-Terrorist Financing, Sanctions and AB&C. We have implemented globally accepted compliance technology solutions to combat such threats.
- In 2019, the Group Financial Crime Compliance (FCC) policies and procedures were updated in line with all the applicable local laws and regulations and was subsequently rolled-out for implementation. Also, Group FCC completed the Risk and Control Self-Assessment (RCSA) to identify, monitor and report the key risks across the FCC domains and the associated controls in place to mitigate these risks.
- The Financial Crime Compliance Enterprise Wide Risk Assessment (FCC EWRA) conducted in 2019 factored in the emerging financial crime risks facing the banking industry as highlighted by CBUAE (National Risk Assessment - 2019), international regulators and standard-setting organisations such as the Financial Action Task Force (FATF), the Wolfsberg Group, and the Joint Money Laundering Steering Group (JMLSG-UK).
- We launched a Financial Crime Compliance transformation programme covering UAE FATF mutual evaluation, encompassing a revamp of related policies and procedures, and Bank-wide training of more than 3,000 employees. These actions helped FAB improve its compliance rating by the CBUAE.

2019 Priorities	Status	2019 Results	2020 Priorities
Maintain a risk register based on the identified applicable laws and regulations, fraud schemes and AML considerations	●	Achieved	<ul style="list-style-type: none"><li>Align with new local regulations that will come into effect in 2020 by CBUAE, i.e. Basel III, Pillar II, Corporate Governance</li><li>Conduct RCSA for the Group FCC function to identify, monitor and report the key risks across the FCC domains and the associated controls in place to mitigate these risks</li><li>Conduct the FCC EWRA taking into consideration the emerging risks impacting FAB during the assessment period</li><li>Conduct the FCC EWRA to determine FAB's residual financial crime risk exposure across the Group</li></ul>
Identify emerging risks that present new regulatory, fraud or money laundering risks	●	Achieved	
Identify residual financial crime risk at the Group level and strengthen the overall control environment to mitigate and manage the risk in line with applicable rules and regulations and internal risk appetite	●	Achieved	

LEGEND: ● Achieved/Exceeded    ◐ Partially Achieved/More Work Needed    ○ Not Met



# ABOUT THIS REPORT

This Environmental, Social and Governance (ESG) report provides additional information on key non-financial topics and forms part of FAB's Annual Reporting suite. This report should be read in conjunction with our Annual Report. To read FAB's annual reports,

[CLICK HERE](#)



## Report Scope and Boundaries

This report discusses our sustainability commitments, strategic approach and progress. The report covers our operations primarily on a group-level. In some cases, operations within the UAE, which represents the majority of our business are also referenced.

Our goal is to provide a detailed and balanced account of our sustainability performance, with a focus on the most significant issues ("material topics") based on input from external and internal stakeholders. These topics have been determined through a formal materiality assessment (see page 29) and shape the content of this report.

This report underscores our commitment to international best reporting practices. It has been prepared in accordance with the "Core option" of the GRI Standards, and select key performance indicators have been independently assured. Our GRI content index

can be found on pages 126-130. Throughout this report, we also reference other national and international guidelines we support, including the United Nation's Sustainable Development Goals.

We publish a sustainability report annually, with our previous report being published in August 2019 (for fiscal 2018). This report complements our Annual Review, which provides more detail on our corporate business strategy, financial results, the performance of individual business lines, corporate governance practices and risk management processes.

Unless stated otherwise, financial information is reported in the Emirati dirham (AED). 2019 performance data covers FAB's fiscal year, January 1 to December 31. Please note, all reported performance for the 2017 fiscal year only covers a nine-month period (April to December 2017), reflecting the formal launch of FAB following the merger.

## Your Feedback

Feedback helps us improve. We invite your comments on this report or any other aspect of our sustainability efforts



### Email

[CorporateSustainability@bankfab.com](mailto:CorporateSustainability@bankfab.com)



### Twitter

<https://twitter.com/FABConnects/>



### Facebook

<https://www.facebook.com/FAB/>



### LinkedIn

<https://www.linkedin.com/company/first-abu-dhabi-bank/>



### Instagram

<https://www.instagram.com/fabconnects/>



### YouTube

<https://www.youtube.com/channel/UCyXhrKqYwuvsvquPuqgSPrA>



# DATA PERFORMANCE TABLES

NA = data not available

## Responsible Banking Performance Tables

Bank transactions by mode - UAE	2017	2018	2019
Total Transactions	32 million	30 million	30 million
Number of online/mobile transactions (million)	3.72	4.44	6.5
Number of branch transactions	336,574	193,624	143,330

Customers and loan portfolio - Group	2017	2018	2019
Total number of retail banking customers (mn)	NA	2.5	3

Monetary value of products and services designed to deliver a specific social benefit (AED) - UAE	2017	2018	2019
Revenue (Khalifa Fund) AED mn	0.32	0.54	0.76
Total Portfolio (Khalifa Fund) AED mn	82.15	65.72	160.03

Financial Literacy and Inclusion - UAE	2017	2018	2019
Payit wallet for Ratibi cardholder	NA	NA	7,500
Percentage of new accounts held by first-time account holders	NA	NA	3.5%
Percentage of new accounts held by first-time credit card holders	NA	NA	8.3%
Loan-to-deposit ratio for overall domestic lending	NA	86.5%	76%
Loan default rates for overall domestic lending	NA	6.3%	6.2%
Number of branches in low populated and economically disadvantaged areas <sup>7</sup>	24	11	11
Number of ATMs in low populated and economically disadvantaged areas <sup>7</sup>	24	20	21

Environmental Performance - Group	2017	2018	2019
Total petrol consumption (litres)	265,473	335,792.75	287,476.10
Total diesel consumption (litres)	132,333.50	9,939.80	9,836.28
Total electricity consumption (kWh)	117,681,273.67	85,436,923.60	65,117,298.23
Refrigerants (kg)	2,492.94	3,245.45	4,575.66
Total energy consumption from electricity (GJ)	423,652.59	307,572.92	234,422.27
<b>GHG Emissions</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Scope 1 (tCO <sub>2</sub> e)	963.5	7,398.84	9,092

<sup>7</sup> Areas include: Dibba, Ghayathi, Hayer, Hisn, Liwa, Madam, Mirfaa, Ruwais, Qidfaa, Silaa, Sweihan, Wagan, Yahar

Environmental Performance - Group	2017	2018	2019
Scope 2 (tCO <sub>2</sub> e)	53,676.44	38,835.11	28,538
Scope 3 (tCO <sub>2</sub> e)	6,369.3	6,891.66	7,601
<b>CO<sub>2</sub> Emissions</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Direct CO <sub>2</sub> from Diesel (tonnes)	356.08	26.11	26
Direct CO <sub>2</sub> from gasoline (tonnes)	607.38	739.77	635
Indirect CO <sub>2</sub> from electricity (tonnes)	53,676.44	38,835.11	28,538
Indirect CO <sub>2</sub> from water (tonnes)	4,824.38	2,982.8	2,613
Indirect CO <sub>2</sub> from waste (tonnes)	63.43	126.8	118.7
Indirect CO <sub>2</sub> from paper recycled (tonnes)	9.03	2.5	1.6
Indirect CO <sub>2</sub> from paper purchased (tonnes)	126.11	234	233.9
Indirect CO <sub>2</sub> from business flights (tonnes)	1,340.17	3,537.90	4,627
<b>Materials Consumption and Waste</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total paper consumption (kg)	135,803.19	244,880.37	245,472.90
Total paper recycled (kg)	90,191.91	114,616.00	75,056.00
Waste produced (kg)	633,715.0	1,271,300.00	1,189,476.5
<b>Water Consumption</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total water consumption (kL)	543,404	335,970.67	205,133.41

## Responsible Employment Performance Tables

Workforce Overview - Group	2017	2018	2019
Total workforce (excluding trainees, students and outsourced staff)	5,393	5,433	5,451
Full-time employees	5,331	4,520	5,438
Part-time employees	62	13	13
<b>Workforce by contract type</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employees on an indefinite or permanent contract	5,125	5,429	5,444
Employees on a fixed term or temporary contract	268	4	7
<b>Workforce by job category</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Senior management employees	91	40	45
Middle management employees	3,298	3,853	4,135
Non-management employees	2,004	1,540	1,271
Trainees and sponsored students	19	0	0
Number of nationalities	89	82	85

Talent Management and Employee Wellness	2017	2018	2019
Employee salaries and benefits (AED mn)			
UAE	3,387	2,693 <sup>8</sup>	2,671
Global	NA	3,156	3,205

<sup>8</sup> Restated due to human error.

Workforce by Age and Gender - Group	2017	2018	2019
Employees age 18-30	806	766	813
Employees age 31-50	4,156	4,187	4,170
Employees age 51+	431	480	468
Male employees	3,354	3,336	3,337
Female employees	2,039	2,097	2,114
Female employees in middle management	1,095	1,364	1,476
Female employees in senior management	10	3	2

New Hires and Turnover - Group	2017	2018	2019
Total New employee hires:	167	833	798
<b>Total new employees by age</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Age 18-30	49	320	257
Age 31-50	104	469	502
Age 51+	14	44	39
<b>Total employees by gender</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Male	111	482	512
Female	56	351	286
<b>Other metrics</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employee turnover (voluntary and involuntary)	NA	904	779
Age 18-30	216	130	114
Age 31-50	978	674	567
Age 51+	185	100	98
Male	878	578	519
Female	501	326	260
Senior management	52	15	3
Middle management	813	513	522
Non-management employees	514	376	250
Contract staff	143	0	4
Employee turnover (voluntary and involuntary) (%)	26%	16.64%	14.3%
Employee turnover (voluntary)	741	545	542
Age 18-30	164	96	101
Age 31-50	541	413	387
Age 51+	36	36	54
Male	431	339	332
Female	310	206	210
Senior management	24	10	2
Middle management	496	336	364
Non-management employees	221	199	173
Contract staff	42	0	3
Employee turnover (voluntary) (%)	14%	10.03%	9.9%

Training - Group	2017	2018	2019
Total training delivered (hours)	45,211	103,458	99,588
Senior management employees	590	263	1,028
Middle management employees	3,192	76,040	83,586
Non-management employees	12,698	27,155	14,975
Male employees	18,672	51,911	50,071
Female employees	26,538	51,547	49,517
Average training per employee (hours)	4.1	1.6	18.27
Number of attendees who completed at least one e-learning course	4,819	3,714	4,858
Number of e-learning training hours delivered	17,896	33,766	26,182.67
Amount invested in training (AED million) – UAE	16.67	33.6 <sup>9</sup>	35.8
Amount invested in training (AED million) - Group	NA	35.8	40.5

Employee Engagement - UAE	2017	2018	2019
Employee engagement (%)	70%	70%	Not measured <sup>10</sup>

Absentee Rates - UAE	2017	2018	2019
Employee absentee rate <sup>11</sup>	10.39%	7.9%	13.4%

Code of Conduct - UAE	2017	2018	2019
Breaches of code of conduct	42	165	126

Grievances - UAE	2017	2018	2019
Number of grievances filed in the reporting period	19	24	63
% of grievances addressed or resolved	100%	100%	100%
Number of grievances filed prior to the reporting period that were resolved during the reporting period	0	0	0

Parental Leave - UAE	2017	2018	2019
Number of female employees that took parental leave	158	98	146
% of female employees who returned to work after maternity leave	100%	100%	100%
Number of female employees returned from parental leave who were still employed twelve months after return to work (retention)	155	97	135
Return to work rate (%)	100%	100%	100%
Retention rate (%)	98.1%	63%	92%

<sup>9</sup> Restated due enhanced calculation methodology

<sup>10</sup> 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.

<sup>11</sup> 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.



Positive Social Impact Performance Tables

Community investment	UAE			Group		
	2017	2018	2019	2017 <sup>12</sup>	2018	2019
Total community investments (AED mn)	37.5	63.7 <sup>13</sup>	76.6	NA	66.7	80.2
% of annual pre-tax profits in AED donated to community organisations	0.46	0.60% <sup>13</sup>	0.73%	NA	0.54%	0.62%

Volunteering <sup>14</sup>	2018	2019
Total number of employee volunteering hours	1,235	5,416
Total number of FAB volunteers	99	464

Procurement	2017	2018	2019
Total number of suppliers engaged	2,440	1,521	2,300
Total number of local suppliers engaged	1,811	1,178	1,470
Total procurement spending (billion AED)	2.27	3.00	3.05
Procurement spending on local suppliers (AED)	1.94	2.49	2.09
Percentage of spending on local suppliers	85.46%	83%	69%

Emiratisation	2017	2018	2019
Nationalisation of senior management (%)	25%	8%	17%
Nationalisation among total workforce (%)	31%	33%	33%
Total number of national employees	1,278	1,370	1,298
Number of female national employees	944	1,038	999

<sup>12</sup> Global 2017 figures are not available due to merger.

<sup>13</sup> Community investments: The 2018 and 2017 figures have been restated, as we have reclassified particular sponsorships.

<sup>14</sup> We started tracking volunteer hours in 2018, with the launch of our People for Purpose volunteer programme.

Governance, Integrity and Risk Management Performance Tables

FAB's Board of Directors	2017	2018	2019
Number of members	9	9	9
Number of independent <sup>15</sup> members	At least 2 members met the independence criteria	At least 2 members met the independence criteria	7 members met the independency criteria.
Executive members of the Board of Directors	0%	0%	0%
Non-executive members of the Board of Directors	100%	100%	100%
Percentage of female members	0%	0%	0%
Directors Code of Conduct	Yes	Yes	Yes
Board oversight of sustainability	Yes	Yes	Yes

Compliance	2017	2018	2019
Percentage of employees who completed FAB's compliance-related training	98%	94%	96%
Total incidents of non-compliance with laws and regulations	NA	NIL	4

Data Security Breaches	2017	2018	2019
Number of data security breaches	Null	Null	Null
Number of data security breaches involving customers' personally identifiable information	Null	Null	Null
Percentage of data security breaches involving customers' personally identifiable information	Null	Null	Null
Percentage of employees who completed FAB's privacy and security training	100%	100%	100%

Combating Financial Crime	2017	2018	2019
Amount of fraudulent transaction activity (total value of account holder transactions refunded to account holders due to fraud) (AED)	984,730	484,146	68,442.95
Percentage of employees who completed AML e-learning programme	27%	19%	30%
Percentage of activity from card-not-present fraud	73%	81%	70%

<sup>15</sup> 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.

# GRI CONTENT INDEX



This report has been prepared in accordance with the GRI Standards: Core option.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This service was performed on the English version of the report.

GRI Standard	Disclosure	Page number(s), link and/or direct answer
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organisational profile	
	102-1 Name of the organisation	First Abu Dhabi Bank
	102-2 Activities, brands, products, and services	11
	102-3 Location of headquarters	Abu Dhabi, UAE
	102-4 Location of operations	14
	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	14, 15
	102-7 Scale of the organization	11, 15
	102-8 Information on employees and other workers	121, 122
	102-9 Supply chain	96
	102-10 Significant changes to the organization and its supply chain	There were no significant changes during the reporting period
	102-11 Precautionary Principle or approach	102, 108, 109
	102-12 External initiatives	33
	102-13 Membership of associations	33, 63
	Strategy	
	102-14 Statement from senior decision-maker	6, 7
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	22
	Governance	
	102-18 Governance structure	102-105
	Stakeholder engagement	
	102-40 List of stakeholder groups	27
	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	27, 28
	102-43 Approach to stakeholder engagement	132,133
	102-44 Key topics and concerns raised	132,133

Reporting practice		
	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	29, 119
	102-47 List of material topics	29
	102-48 Restatements of information	121, 123, 124
	102-49 Changes in reporting	None
	102-50 Reporting period	2019
	102-51 Date of most recent report	2018 ESG Report
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	119
	102-54 Claims of reporting in accordance with the GRI Standards	126
	102-55 GRI content index	126-130
	102-56 External assurance	FAB does not seek external assurance for its sustainability report. GHG emissions calculations are externally assured for the entire group separate from the sustainability reporting process.

GRI Standard	Disclosure	Page number(s), link and/or direct answer
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38
	103-2 The management approach and its components	38
	103-3 Evaluation of the management approach	38
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10, 11, 39
	201-2 Financial implications and other risks and opportunities due to climate change	62, 63
	201-4 Financial assistance received from government	No financial assistance is given by the government.
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	98, 99
	103-2 The management approach and its components	98, 99
	103-3 Evaluation of the management approach	98, 99
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	98, 99, 124
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	49, 50, 88, 89
	103-2 The management approach and its components	49, 50, 88, 89
	103-3 Evaluation of the management approach	49-51, 88-91
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	49-51, 88-91
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	96
	103-2 The management approach and its components	96, 97
	103-3 Evaluation of the management approach	96, 97
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	96, 97, 124
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	103, 104, 114
	103-2 The management approach and its components	103-104, 114-116
	103-3 Evaluation of the management approach	103-104, 114-116



<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	110, 116
	205-2 Communication and training about anti-corruption policies and procedures	110, 115, 116
<b>GRI 300 Environmental Standards Series</b>		
<b>Materials</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	62, 63
	103-2 The management approach and its components	21, 62-64
	103-3 Evaluation of the management approach	65-67
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	121
	301-2 Recycled input materials used	121
<b>Energy</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	62, 63
	103-2 The management approach and its components	62, 63
	103-3 Evaluation of the management approach	62, 63
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	65
	302-2 Energy consumption outside of the organization	120, 121
	302-3 Energy intensity	120, 121
<b>Water</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	62, 63
	103-2 The management approach and its components	62, 63
	103-3 Evaluation of the management approach	62, 63, 66
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	121
<b>Emissions</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	62, 63
	103-2 The management approach and its components	62, 63
	103-3 Evaluation of the management approach	62, 63, 66
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	121
	305-2 Energy indirect (Scope 2) GHG emissions	121
	305-3 Other indirect (Scope 3) GHG emissions	121
	305-4 GHG emissions intensity	121
<b>Effluents and Waste</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	62
	103-2 The management approach and its components	62, 64
	103-3 Evaluation of the management approach	65-67
<b>GRI 306: Effluents and Waste 2016</b>	306-2 Waste by type and disposal method	121
<b>Supplier Environmental Assessment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	96
	103-2 The management approach and its components	96
	103-3 Evaluation of the management approach	96, 97
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	96, 97
<b>GRI 400 Social Standards Series</b>		
<b>Employment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	70-73
	103-2 The management approach and its components	70-73
	103-3 Evaluation of the management approach	71-75
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	75, 122
	401-3 Parental leave	123, 124

<b>Occupational Health and Safety</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	77
	103-2 The management approach and its components	77-79
	103-3 Evaluation of the management approach	77-79
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	123
<b>Training and Education</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	70
	103-2 The management approach and its components	70-74
	103-3 Evaluation of the management approach	74, 75
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	123
	404-2 Programs for upgrading employee skills and transition assistance programs	71-73
	404-3 Percentage of employees receiving regular performance and career development reviews	74
<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	81
	103-2 The management approach and its components	81, 82, 83
	103-3 Evaluation of the management approach	81, 82, 85, 86
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	83, 122
<b>Non-discrimination</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	81
	103-2 The management approach and its components	81, 82
	103-3 Evaluation of the management approach	81, 82
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	81
<b>Human Rights Assessment</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	73, 81
	103-2 The management approach and its components	73, 81, 82
	103-3 Evaluation of the management approach	73
<b>GRI 412: Human Rights Assessment 2016</b>	412-1 Operations that have been subject to human rights reviews or impact assessments	73
<b>Local Communities</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	88, 89
	103-2 The management approach and its components	88, 89
	103-3 Evaluation of the management approach	88-91
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	89, 91
<b>Customer Privacy</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	111
	103-2 The management approach and its components	111-113
	103-3 Evaluation of the management approach	111-113
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	125

# ACRONYMS AND TERMS

ADGM	Abu Dhabi Global Market
ADSFD	Abu Dhabi Sustainable Finance Declaration
Fintech	Financial Technology
AB&C	Anti-Bribery and Corruption
ADX	Abu Dhabi Securities Exchange
AML	Anti-Money Laundering
BRCC	Board Risk and Compliance Committee
CBUAE	Central Bank of the UAE
CDM	Cash Deposit Machine
CET1	Common Equity Tier 1
CIB	Corporate & Investment Banking
CISO	Chief Information Security Officer
EAD	Environment Agency – Abu Dhabi
EMS	Environment Management System
ESG	Environmental, Social, and Governance
FATF	Financial Action Task Force
FCC	Financial Crime Compliance
EWRA	Enterprise Wide Risk Assessment
FCPA	Foreign Corrupt Practices Act
GDPR	General Data Protection Regulation
GSC	Group Security Committee
GSO	Group Security Office
ICMA	International Capital Market Association
JMLSG	Joint Money Laundering Steering Group
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LMA	Loan Market Association
MAF	Majid Al Futtaim
MEP	Mechanical, Electrical and Plumbing

NESA	National Electronic Security Authority of UAE
NHL	National Housing Loan
NPL	Non-Performing Loan
OHS	Occupational Health and Safety
PBG	Personal Banking Group
POS	Point of sale
PSAC	Private Sector Advisor Council
RCSA	Risk and Control Self-Assessment
RoRWA	Return on Risk Weighed Assets
RoTE	Return on tangible equity
SMR	Senior Managers Regime
SOAR	Security Orchestration, Automation and Response
TCFD	Task Force on Climate-Related Financial Disclosures
UNGC	United Nations Global Compact
WWF	World Wide Fund for Nature
YoY	Year on Year

# GLOSSARY OF TERMS

CDP	A not-for-profit charity running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
CO2-e	Carbon dioxide equivalent is a term for describing different greenhouse gases in a common unit.
Direct energy	The energy produced and consumed within a company's own operations, projects and facilities. It may include energy from fuels, sunlight, wind, water, etc. for running equipment and vehicles, and for producing power and heat on-site.
Equator Principles	The Equator Principles (EPs) is a risk management framework for managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.
FAB Group	First Abu Dhabi Bank Group headquartered in Abu Dhabi with an international network that spans five continents.
Greenhouse gas emissions	A greenhouse gas is a gas that absorbs and emits radiant energy within the thermal infrared range. Greenhouse gases cause the greenhouse effect on planets.
GRI	The Global Reporting Initiative is an independent international organisation helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.
Indirect energy	The energy produced outside the company's boundaries by the electricity suppliers, and consumed on the company's site.



ISO 14001	ISO 14001 sets out the criteria for an environmental management system. It maps out a framework that a company or organisation can follow to set up an effective environmental management system.
Khalifa Fund	An independent, Not for Profit Small and Medium Enterprises (SMEs) Socio Economic Development agency of the Government of Abu Dhabi.
LBG guidelines	A global standard for measuring and reporting on corporate community investment.
NPS	Net Promoter Score®, measures customer experience and predicts business growth.
Payit app	The UAE's first fully featured digital wallet that offers an alternative to physical cash.
People of Determination	Under the National Policy for Empowering People with Special Needs, people with special needs or disabilities will be referred to as 'people of determination' to recognise their achievements in different fields
Ratibi cards	A prepaid payroll card to small- to medium-sized companies with monthly employee salaries up to AED 5,000.
RFi	A global data-driven insights provider exclusively focused on financial services
Scope 1 emissions	Direct emissions from owned or controlled sources
Scope 2 emissions	Indirect emissions from the generation of purchased energy
Scope 3 emissions	Indirect emissions (not included in scope 2) that occur in the value chain of the company, including both upstream and downstream emissions.
UN SDGs	The United Nations Sustainable Development Goals are a collection of 17 global goals designed to be a “blueprint to achieve a better and more sustainable future for all”.

# STAKEHOLDER ENGAGEMENT MAP

Stakeholder	Engagement Channels	Stakeholder Needs and Expectations	Our Response
Customers	<ul style="list-style-type: none"><li>• Branches</li><li>• Digital channels and social media</li><li>• Relationship managers</li><li>• Customer Experience Department</li><li>• Customer surveys</li></ul>	<ul style="list-style-type: none"><li>• Innovative products/features</li><li>• Accessibility</li><li>• Secure, confidential banking</li><li>• Responsive service</li><li>• Competitive rates and fees</li></ul>	<ul style="list-style-type: none"><li>• Direct communication via in-person, telephone and digital channels</li><li>• Convenient banking options</li><li>• Customer satisfaction survey</li><li>• Robust data security and privacy</li></ul>
Employees	<ul style="list-style-type: none"><li>• Training and development programmes</li><li>• Employee engagement</li><li>• Recognition programmes</li><li>• Transparent, accountable management</li><li>• Whistleblower hotline</li></ul>	<ul style="list-style-type: none"><li>• Professional development and competitive compensation/benefits</li><li>• Recognition and rewards</li><li>• An engaging working environment</li><li>• Fair and equal opportunities</li><li>• Open communication channels</li></ul>	<ul style="list-style-type: none"><li>• FAB Business School</li><li>• Health and wellness campaigns</li><li>• Employee engagement survey</li><li>• Recognition programmes</li><li>• Code of Conduct and other workplace policies</li><li>• FAB Club</li></ul>
Shareholders and Investors	<ul style="list-style-type: none"><li>• Board of Directors meetings</li><li>• Public reports</li><li>• Road shows</li></ul>	<ul style="list-style-type: none"><li>• Profitability and growth</li><li>• Investment in innovation and new products/features</li><li>• Strong corporate governance and dynamic risk management</li><li>• Transparency and disclosure</li><li>• Consideration of ESG risk factors</li></ul>	<ul style="list-style-type: none"><li>• Focus on executing business strategy</li><li>• Net income growth</li><li>• Annual, semi-annual and monthly reports</li></ul>

Government and Regulators	<ul style="list-style-type: none"><li>• Group Internal Audit, Group Compliance and External Audit</li><li>• Code of Ethics Policy</li><li>• Public reporting</li></ul>	<ul style="list-style-type: none"><li>• Compliance with all legal and regulatory requirements</li><li>• Consumer protection</li><li>• Alignment to national development strategies and visions</li></ul>	<ul style="list-style-type: none"><li>• Complying with obligations</li><li>• Reporting performance for relevant disclosures such as Basel-III</li></ul>
Environment	<ul style="list-style-type: none"><li>• Sustainability report</li><li>• Green bond report</li><li>• Engagements with NGOs</li><li>• External memberships</li></ul>	<ul style="list-style-type: none"><li>• Limited use of finite resources</li><li>• Incorporation of environmental criteria in lending and investment projects and supplier assessments</li></ul>	<ul style="list-style-type: none"><li>• Conservation initiatives</li><li>• Recycling programmes</li><li>• Signatory to the United Nations Global Compact (UNGC) principles</li><li>• Environmental Management System</li></ul>
Local Community	<ul style="list-style-type: none"><li>• CSR activities</li><li>• Local procurement</li><li>• Social media and website</li><li>• Partnerships</li></ul>	<ul style="list-style-type: none"><li>• Economic and social development</li><li>• Employment creation</li><li>• Development of human capital</li><li>• Financial literacy and inclusion</li><li>• Environmental stewardship</li></ul>	<ul style="list-style-type: none"><li>• Leadership programmes and other opportunities for Emiratis</li><li>• Community investments</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Bidding and tendering</li><li>• Supplier portal</li><li>• Supplier Environmental &amp; Social Code of Conduct</li></ul>	<ul style="list-style-type: none"><li>• Timely payments</li><li>• Fair, transparent bidding process</li><li>• Open communication channels</li></ul>	<ul style="list-style-type: none"><li>• Maintaining fair and competitive selection</li><li>• Maintaining mutually beneficial cooperative relations</li></ul>

# INDEPENDENT ASSURANCE STATEMENT



## VERIFICATION STATEMENT – LIMITED ASSURANCE

Carbon Intelligence Energy Services Ltd (Carbon Intelligence) has been contracted by First Abu Dhabi Bank (FAB) for the independent third-party verification of direct and indirect carbon dioxide equivalent emissions (CO<sub>2</sub>e) as provided in its 2019 Sustainability Report, 2020 CDP and DJSI responses to a limited level of assurance. This verification exercise has been performed to the ISO 3-14064 standard.

### DECLARATION OF INDEPENDENCE

No member of the verification team has a business relationship with FAB, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

### ROLES AND RESPONSIBILITIES

The management of FAB is responsible for the organisation's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information.

It is Carbon Intelligence's responsibility to express an independent GHG verification opinion on the emissions as provided in the FAB 2019 Annual Report for the period 1st January 31 – 2019<sup>st</sup> December 2019.

### DESCRIPTION OF ACTIVITIES

The organisational boundary was established following the operational control approach and includes FAB's global operations. The scope of this engagement covered the assessment of %100 emission sources required for disclosure by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 plus additional sources:

- Scope 1 (Direct) – Emissions arising from the combustion of fuel and fugitive emissions from refrigerant gases.
- Scope 2 (Energy Indirect) – Emissions arising from purchased electricity for own use.
- Scope 3 Emissions (Indirect) – Business travel, waste generated in operations, and purchased goods & services including the supply and treatment of water and paper purchases.

### OBJECTIVES

The objectives of this verification exercise were, by review of objective evidence, to confirm whether any evidence existed that the GHG emissions as declared in the organisation's GHG assertion were: accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

### CRITERIA

Criteria against which the verification assessment was undertaken:

- Scope 2 & 1 emissions – World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol)
- Scope 3 emissions - World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (Scope 3).

### LEVEL OF ASSURANCE AND MATERIALITY

The chosen level of assurance must reflect the needs of intended users of the GHG assertion as well as the relative degree of confidence required by Carbon Intelligence in order to provide our conclusions.

Carbon Intelligence and FAB agreed that a limited level of assurance will be applied during this verification exercise. For this level of assurance, Carbon Intelligence provides a limited assurance statement asserting that there is no evidence that an emissions report is not materially correct.

Through both qualitative and quantitative consideration, it was agreed that the Carbon Intelligence verification team shall establish a materiality threshold of %10 at the gross organisational level for this exercise.

### VERIFICATION OPINION

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance based on the process and procedures conducted.

We conducted our verification of FAB's GHG assertion, which included assessment of the company GHG information system and monitoring and reporting methodology. This assessment included the collection of evidence supporting the reported data and multiple checks relative to the provisions of the legislation, reporting standard and calculation methodologies referenced in the verification criteria. This statement shall be interpreted with the GHG assertion of FAB as a whole.

Carbon Intelligence's approach is risk-based, drawing on an understanding of the risks associated with calculating GHG emission information and the controls in place to mitigate these risks. Our examination included assessment, on a limited sample basis, of evidence relevant to the reporting of emission information.



Based on the data and information provided by FAB and the processes and procedures conducted, Carbon Intelligence concludes with limited assurance there is no evidence that the GHG assertion:

- is not materially correct;
- is not a fair representation of the GHG emissions data and information; and
- is not prepared in accordance with the criteria listed above.

It is our opinion that the FAB has established sufficient systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

The GHG information for the period 2019/12/31 – 2019/01/01 is verified by Carbon Intelligence to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria. %100 of emissions by scope are verified as:

Reporting Period: 01/01/2019 – 31/12/2019		
<b>Scope 1</b> Reported Emissions: 9,092 tCO <sub>2</sub> e	<b>Scope 2 (location-based approach)</b> Reported Emissions: 28,538 tCO <sub>2</sub> e	<b>Scope 3</b> Reported Emissions: 7,601 tCO <sub>2</sub>

OBSERVATIONS

- Based on our work, Carbon Intelligence considers that material GHG sources are appropriately identified and reported on.
- All material errors in reported data identified during the verification process have been duly corrected.
- Implementation of a structured database system for emissions information would improve reporting efficiency, reduce the risk of misreporting and improve the quality of management information available to decision-makers.

ATTESTATION



**Oliver Smallman**  
Lead Verifier

On behalf of Carbon Intelligence Energy Services Ltd

For more information, please visit  
[www.bankfab.com](http://www.bankfab.com)