

SUSTAINABILITY

As a major financial institution in the UAE, we are committed to sustainability, both within our own organisation and in the wider community.



We see our purpose in the UAE community as broader than simply providing services to individuals, businesses and government-related entities (GREs) to generate profit. We also aim to build maximum long-term value for all of our stakeholders, as well as to earn their trust in everything we do. One of the ways we achieve this is our commitment to sustainability. We focus on those sustainability issues that matter most and manage those issues in an integrated manner in the way we do business.

Our approach is guided by three principal pillars:

1. Contributing to sustainable economic growth;
2. Conducting business responsibly; and
3. Investing in our communities.

These pillars enable ADCB to contribute to advancing the UAE's Visions and the United Nations Sustainable Development Goals (UN SDGs), as well as ensuring that our success creates shared value with our stakeholders and helps our community and the people we serve to thrive too.

Sustainability remains an important issue for us, our customers and investors, and we strive to build long-term value and trust with our stakeholders by:

- establishing partnerships with customers that last a lifetime;
- managing our environmental, social and governance (ESG) impacts;

- addressing the key sustainability issues that matter most to our investors;
- contributing to projects and programmes that support the UAE Visions for sustainable development;
- creating shared value for the communities we serve; and
- managing and developing our people—our most valuable asset.

CONTRIBUTING TO SUSTAINABLE GROWTH

Our ambition to create the most valuable and resilient bank in the UAE is supported, in part, by our commitment to sustainability. At ADCB contributing to sustainable growth entails a multi-faceted approach to managing both financial and non-financial performance metrics.

We have pledged to generate sustainable profit growth based on our strategy and service excellence approach which includes focusing on a UAE-centric approach, liability growth and funding diversification, building long-term relationships based on trust, effective risk management, and generating long-term sustainable returns bolstered by cost-savings and efficiencies born out of our digital transformation programme.

We deliver an unrivalled customer experience across every touchpoint of the Bank. We develop products and services that help our community (individuals, corporates and GREs) to thrive and grow with wealth, safety and protection in mind. We fuel employment and growth through

the projects and communities we support. And we support the government and society as a whole in creating a vibrant economy and a stable, long-term future for all.

In addition, we evaluate our progress on this ambitious journey based on non-financial performance measures.

Our business practices are managed responsibly to contribute to sustainable development by incorporating ESG into our financial decision processes (see Conducting Business Responsibly, below) such as credit decisions, projects financed, and procurement screening, as well as in sponsorship and partnership decisions (see Investing in our Communities, below).

Our approach enables us to contribute to sustainable growth in the UAE and deliver long-term sustainable value for our stakeholders, with long-term sustainable returns for our investors.

ESG RATINGS AND BENCHMARKS

A
MSCI

2nd
S&P/HAWKAMAH PAN-ARAB
ESG INDEX RANKING

CONDUCTING BUSINESS RESPONSIBLY

Managing our business responsibly is vital for our success, the prosperity of our stakeholders, and the reputation of the Bank. We do this by focusing on seven key areas:

1. PRIVACY AND DATA SECURITY

The security of our customers' personal details is paramount, and we have developed a robust framework supported by policies and procedures, management and board risk governance, integrated staff training and communications, for the collection and safekeeping of all the data we store. We regularly review our safeguards and monitor cyber threats to ensure we maintain our world-class protection, with regular internal and external audits that evaluate the adequacy of our security controls, and independent third-party testing to identify any security gaps and areas that can be further enhanced.

Our significant investment has enabled us to mitigate risk exposure in this area, as demonstrated by our strong performance in customer privacy issues.

100%

INCIDENTS OF BREACH OF CUSTOMER PRIVACY DETECTED (AND PREVENTED) IN 2018

Zero

INCIDENTS OF BREACH OF CUSTOMER PRIVACY IN 2018

ISO/ICE 27001 AND PCI DSS (PAYMENT CARD INDUSTRY DATA SECURITY STANDARD v.3.2) ACCREDITATION IN 2018

2. FINANCIAL INCLUSION

Building on our responsible lending practices, we endeavour to provide financial education, guidance, and affordable products and services to all individuals and businesses (for more information, please see MoneySense on page 82). We strive to offer solutions to the constraints that may sometimes serve to exclude people from participating in the financial sector.

3. INCORPORATING ESG INTO CREDIT ANALYSIS AND DECISION-MAKING

By investing in large infrastructure and industrial projects as well as other economic sectors, we support economic growth and community prosperity. To ensure that this supports sustainable development objectives, we aim to minimise adverse impacts on people and on the environment by assessing environmental and social risks and impacts in a structured way and on an ongoing basis.

As part of this strategic commitment to sustainable financing, ADCB has decided to adopt the Equator Principles to ensure that the projects we finance and advise on are developed in a manner that is socially responsible and reflect sound environmental management

practices. We believe that the adoption of the Equator Principles will bring significant benefits to us, our clients, and local stakeholders, and will further reduce our exposure to borrowers' environmental and social risks through enhancements to our due diligence process.

We also support sustainable finance through our investment decisions.

In 2018, the Bank promoted several environmental and social improvements through our financing activities. For example, we provided guarantee and letter of credit facilities in excess of AED 734.6 million (USD 200 million) to support the construction of a 200mw solar energy plant; approved financing for a government-led project to centralise patient medical records to improve the quality of treatment for UAE residents; and financed transportation for a local rehabilitation centre serving children with special needs.

ADCB also continues to make financing commitments to companies working towards developing sustainable infrastructure including Bee'ah, the UAE's leading integrated environmental, recycling & waste management company; Abu Dhabi's Future Energy Company (Masdar); the Tabreed district cooling utility company; and the first community bikeshare scheme in Abu Dhabi (for more information, please see ADCB Bikeshare on page 82).

100%

OF OPERATIONS
ASSESSED FOR
CORRUPTION RISK
IN 2018

Zero

INCIDENTS
OF WHISTLE-
BLOWING DEEMED
SUBSTANTIAL IN 2018

5,980

TOTAL TRAINING
(HOURS) ON ANTI-
CORRUPTION IN 2018

4. BUSINESS ETHICS

We have embedded a strong set of principles that guide our conduct and govern our stakeholder relationships. Our mission, core values and service commitments are deeply embedded across our organisation and business practices, and all employees must read and acknowledge our comprehensive Code of Conduct, which is regularly updated. The Code of Conduct also forms part of the mandatory training that all staff are required to complete annually.

In addition to a robust risk management framework, the Bank has a clear whistleblowing procedure and operates anti-money laundering and anti-bribery and corruption policies and training. Our independent

internal audit team ensures we are compliant with all required regulations and that we follow best-practice guidelines.

5. CORPORATE GOVERNANCE

We have a strong, diverse and experienced Board, with 10 independent Directors, who monitor the implementation of our strategy with clarity and precision to create and sustain shareholder value. Our sound governance practices support our Board to make the right decisions, which minimise risks and maximise business value for the Bank (for more information, please see the Corporate Governance section on page 102).

6. SUPPLY CHAIN MANAGEMENT

Our responsible procurement practices support sustainable development by creating business opportunities for local suppliers and vendors who share our commitment to sustainability.

By integrating ESG criteria into our vendor screening process and partnering with local suppliers, we are helping to promote sustainable practices throughout our supply chain.

96.7%

OF SPENDING ON LOCAL
SUPPLIERS IN 2018

90.7%

OF SUPPLIERS SCREENED
FOR ENVIRONMENTAL
CRITERIA IN 2018

7. HUMAN RESOURCES

We adopt progressive employment practices which enable us to attract, retain and develop highly-skilled and productive workers, foster a healthy business environment and contribute direct value towards economic growth.

In 2018, ADCB directly employed more than 5,000 staff from 84 nationalities, of which 39% were female employees, of whom 29% held senior and middle management positions.*

9.5%

ADCB STAFF TURNOVER
RATIO IN 2018

78%

OF ADCB STAFF ARE
SATISFIED AND WILLING
TO GO BEYOND IN 2018

Across the Bank, we empower and nurture our people by investing in employee training and development, fostering employee diversity, creating a safe, fair and engaging work environment and by investing in programmes that promote health and well-being. Our employees are engaged in our commitment to sustainability from the start of their career with ADCB as part of our on-boarding programme.

* As defined by UAE Central Bank guidelines

Our practices help to minimise the risk of turnover and associated costs of rehiring, loss of intellectual and human capital through attrition, and reduced ability to attract talent. Our 2018 employee engagement survey results reached the highest level, demonstrating that our employees are satisfied, engaged and willing to go beyond the expected.

Our high-performance culture continues to contribute to the success and growth of our business.

INVESTING IN OUR COMMUNITIES

We pride ourselves in our continuous commitment to investing in our communities and creating positive social and economic outcomes for all. We do this through our strategic partnerships, programmes and philanthropy that contribute to advance the goals of the UAE’s Visions and the UN SDGs.

OUR ACHIEVEMENTS IN 2018



SDG GOAL: QUALITY EDUCATION – MONEYSENSE

We continued to raise levels of financial awareness in our community through our MoneySense programme, which encourages the adoption of sound financial management practices. The programme was delivered to our stakeholders through multiple channels: to our customers as part

of the Health & Wealth Roadshow held monthly at different branches across the UAE and to ADCB staff and to staff of corporate clients through workshops. In 2018 our outreach to UAE residents and Nationals exceeded 975. Our programme also reaches the broader community through an enhanced digital platform.



SDG GOAL: HEALTH AND WELL-BEING – ADCB BIKESHARE

ADCB continues to support the first public bikeshare system in Abu Dhabi, ADCB Bikeshare, in partnership with Cyacle. ADCB Bikeshare is a sustainability initiative which provides a cost-effective and energy-saving alternative method of transport across several Abu Dhabi communities. Overall, ADCB Bikeshare users travelled 274,319 kms, which equates to over 6.86 million calories burnt and approximately 41.70 kg carbon emissions offset, and promoted a positive impact to the environment, health and the community.



SDG GOAL: HEALTH AND WELL-BEING – ADCB PINK MONTH

ADCB has supported breast cancer awareness since 2009, helping to reduce incidences of breast cancer. We have spearheaded various initiatives that help raise awareness for this significant health issue as well as providing funding. In 2018, we once again backed the ADCB Pink Run, an annual run that forms part of the ADCB Zayed Sports

City 5&10K runs. Organised by ADCB and Abu Dhabi Striders, it has become one of our most popular community events to mark Pink Month in October. This year, over 1,360 people participated. All proceeds from the Pink Run go towards Breast Cancer Research.

ADCB also facilitates donations through our ATM and internet channels and raised over AED 160,000 in 2018 towards Breast Cancer Research.

ADCB also provides insurance solutions such as Critical Guard Plus, that protect against many critical illnesses including cancer.



SDG GOAL: PARTNERSHIPS FOR THE GOALS

ADCB partners with other organisations to pursue our sustainability strategy. In addition to those already mentioned in this report, ADCB has nurtured a long-term partnership with Emirates Nature in association with WWF (Emirates Nature), a nonprofit organisation driving positive change to conserve the natural heritage of the UAE. In 2018, we contributed more than AED 345,000 for Emirates Nature through ATM and internet banking donations raised through our partnership.