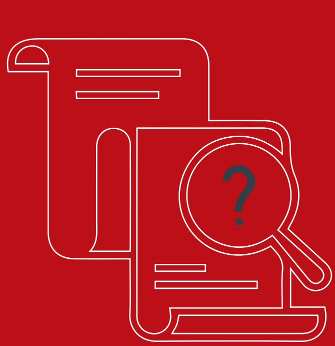
بنك أبوظبي التجاري
ADCB



NZBA FAQs

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1. What is Net-Zero Banking Alliance (NZBA)?

The United Nations-convened NZBA brings together more than 130 global banks with USD 74 trillion in total assets - over 40% of the world's banking assets – that have committed to financing ambitious climate action to transition the real economy in line with the goals of the Paris Agreement[1].

It is an industry-led initiative to align lending and investment portfolios to transition to net zero greenhouse gas (GHG) emissions by 2050 in line with limiting global warming to 1.5°C.

2. Why has ADCB joined NZBA?

Climate change represents a threat to our planet, and the financial sector has an important role to play by supporting the transition to a low carbon economy.

The Bank is committed to align its activities with the UAE's Net Zero by 2050 Strategic Initiative to limit global warming to 1.5°C. ADCB's commitment to the Net-Zero Banking Alliance (NZBA) is one of the steps that the Bank has taken towards supporting the country's net zero vision. By joining NZBA, the United Nations-convened group of global banks, ADCB is committed to align lending and investment portfolios with net zero emissions by 2050 or sooner, with the imperative of limiting global warming in line with the Paris Agreement. We will work alongside national and global partners to develop sector pathways for the region, and further deepen our collaboration with customers on their path to success.

Also, as a leading bank in the UAE, the Bank is committed to play the pivotal role in accelerating clean economic growth and helping its clients and communities thrive in a socially inclusive transition to a net-zero economy. Joining NZBA further bolsters this commitment.

3. What are the goals of the Net-Zero Banking Alliance (NZBA)?

The NZBA's vision for change is rooted in the idea of achieving real economy decarbonisation by aligning the providers of capital with a science-based net-zero trajectory. To this end, the alliance aims to drive collective, aligned and credible progress towards achieving net zero GHG emissions by 2050 in the banking sector.

4. What is net zero?

Net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions removed from the atmosphere, by oceans and forests for instance. The science shows that in order to avert the worst impacts of climate change and preserve a liveable planet, the increase in global temperatures needs to be limited to 1.5°C above pre-industrial levels. To keep global warming to no more than 1.5°C – as called for in the Paris Agreement – emissions need to be reduced by 45% by 2030 and reach net zero by 2050. (Source: United Nations)

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1 https://www.unepfi.org/net-zero-banking/members/

5. What climate-related action has ADCB committed to as a member of NZBA?

By joining NZBA, the United Nations-convened group of global banks, ADCB is committed to align its lending and investment portfolios with net zero GHG emissions by 2050 or sooner.

As a member of NZBA, ADCB is committed to the following action on climate:

- **Transition** the operational and attributable GHG emissions from lending and investment portfolios to align with pathways that are consistent with achieving net-zero by 2050 or sooner
- **Within 18** months of joining, set targets for 2030 or sooner and a 2050 target, with intermediary targets to be set every five years from 2030 onwards
- **The Bank's first 2030 targets** will focus on priority sectors where it can have the most significant impact, i.e. the most GHG-intensive sectors, with further sector targets to be set within 36 months
- **Annually publish** absolute emissions and emissions intensity in line with best practice and within a year of setting targets, disclose progress against a Board-level reviewed transition strategy setting out proposed actions and climate-related sectoral policies
- **Take a robust approach** to the role of offsets in transition plans

6. What is the economic opportunity in the UAE's transition to net zero, and what is ADCB's role?

Investment in the UAE's transition to net zero represents significant economic opportunity.

The country aims to invest AED 150 - 200 billion to triple the contribution of clean energy installed capacity to reach 30% of the total energy mix by 2030, creating 50,000 new green jobs in the UAE. (Source: UAE Energy Strategy 2050).

As a major financial institution in the UAE, ADCB seeks to play a central role in mobilising capital to finance the transition. The Bank has more than tripled its sustainable finance target to AED 125 billion (USD 34 billion) by 2030 and has set a shorter-term target of AED 50 billion (USD 14 bn) by 2025.

We will expand our suite of green products and services for businesses, which already includes sustainability-linked loans, green bonds and sustainable call accounts. We are also determined to make low-carbon lifestyles financially accessible to more people in the UAE. This includes personal loans for electric and hybrid cars and green mortgages to incentivise more energy efficient homes.

7. What is your approach to lending to the oil and gas industry and what is ADCB's exposure to fossil fuels?

The transition from a fossil fuel-based global economy to renewable and clean energy is a process that will take a number of years. The UAE has set out a clear plan in its "UAE Energy Strategy 2050" to accelerate energy transition in the country. This involves investment of AED 150 - 200 billion to triple the contribution of clean energy installed capacity to reach 30% of the total energy mix by 2030.

Our lending decisions are governed by our Environmental and Social Risk Management (ESRM) policy, which includes a position statement on oil and gas. ADCB's exposure to the oil and gas sector stood at 6.1% of our total loan portfolio (as at June 2023) and the Bank has no direct lending to thermal coal mining.

The Bank measures its scope 3 'financed GHG emissions' to identify the most carbon-intense sectors in accordance with the industry-recognised methodology defined by the Partnership for Carbon Accounting Financials (PCAF).

8. What is ADCB doing to achieve net zero emissions in its own operations?

ADCB is committed to achieving net zero emissions in its own operations. To build a sustainable supply chain, the Bank has integrated environmental and social criteria into its procurement policies and processes. We have also launched a number of other sustainability initiatives, including a project to enhance energy efficiency at our properties and migrate to cloud data centres.

9. To what extent are carbon offsets part of your sustainability approach?

The Net-Zero Banking Alliance recognises the role of offsets under certain conditions and stipulates that members should take a robust approach to the role of offsetting in a bank's net zero plans.

To promote greater investment flows into initiatives to combat climate change, ADCB has joined the UAE Carbon Alliance and is proud to provide support to Harvard Kennedy School for its research seeking to advance global carbon markets.

10. How will you keep stakeholders updated on your progress on emission reduction?

ADCB implements best practice measurement, reporting and disclosure. As a member of NZBA, the Bank will publish absolute emissions and emissions intensity targets in line with international standards. Within a year of setting targets, we will disclose progress against a board-level reviewed transition strategy, setting out proposed actions and climate-related sectoral policies.

In preparation for setting targets for the most carbon-intense sectors, we have completed an assessment of our financed emissions in accordance with Partnership for Carbon Accounting Financials (PCAF) standards.

In addition, ADCB publishes detailed ESG/sustainability reports annually, as well as a green bond impact report as governed by our Green Bond Framework, which aligns to the UN SDGs and based on the International Capital Markets Association (ICMA) Green Bond Principles.