

## Green Bond / Green Bond Programme Information Template

**Issuer name:** First Abu Dhabi Bank (FAB)

**Date of completion or of latest update:** June 2020

### GBP component 1: Use of proceeds

Please describe alignment with this GBP component:

The FAB Green Bond Framework has been structured in line with international precedents and the Green Bond Principles, and has been updated in line with the original pre-merger Green Bond Framework of the former National Bank of Abu Dhabi (NBAD). NBAD's framework was assured in an independent second opinion review from Vigeo Eiris.

The net proceeds of the Green Bond issuance will be used to finance, in whole or in part, Eligible Projects in Eligible Categories which are clearly defined and whose content is relevant, including:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Sustainable management of living natural resources
- Terrestrial and aquatic biodiversity conservation
- Clean transportation
- Sustainable water management
- Climate change adaptation
- Eco-efficient products

Up to 100% of the proceeds may be applied to refinance existing Eligible Projects that are currently funded by FAB. Proceeds used for refinanced Eligible Projects will be substituted in favour of funding new Eligible Projects and as when these become funded by FAB.

FAB expects that the proceeds of the Green Bond will be allocated to Eligible Projects within the Middle East Region in support of sustainable development programmes and national strategies that promote the regional green agenda, such as Vision 2021 in the UAE. However, given the nature of FAB's business and the international operations of FAB's clients, the proceeds of FAB's Green Bond may be used globally.

Please provide related online information if available:

<https://www.bankfab.com/en-ae/about-fab/sustainability/reports> FAB Green Bond Report 2020

### GBP component 2: Process for project evaluation & selection

Please describe alignment with this GBP component:

FAB will evaluate projects over their lifecycle based on ESG criteria updated in line with the pre-merger evaluation criteria which was assured by Vigeo Eiris as part of their second party opinion. The evaluation and selection process is in line with FAB's commitments for responsible finance and evaluates environmental and social KPIs as well as business behaviour, for the relevant project and its sponsors.

The project evaluation and selection process is subject to effective governance via a dedicated Green Bond Committee made up of senior FAB management including representatives from FAB's Corporate Sustainability; Treasury; Investor Relations; Corporate Finance; Group Funding; Specialised Credit; Enterprise Risk Management, Credit Risk, Operational Risk and Fraud Risk; and Group Internal Audit teams.

Eligible projects that are allocated in whole or in part to the Green Bond undergo a multi-step assessment process as follows:

- Potential projects identified by FAB's client relationship managers and/or corporate sustainability team, are screened against FAB's eligible project categories outlined in FAB's Green Bond Framework;
- Once screened and identified to be in alignment with the eligible categories, an extensive ESG due diligence is undertaken to ensure only projects and clients that score the highest are proposed to the FAB Green Bond Committee;
- Projects or clients that have been exposed to major allegations during the last three years are excluded;
- The results of screening and the due diligence process are presented to the Green Bond Committee, which confirms which projects are deemed eligible for the Green Bond;
- The Green Bond Committee allocates eligible projects in whole or in part to the Green Bond, up to the full value of the bond.

Please provide related online information if available:

<https://www.bankfab.com/en-ae/about-fab/sustainability/reports>

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### GBP component 3: Management of proceeds

Please describe alignment with this GBP component:

The net proceeds of the Green Bond will be identified in a specific portfolio and will be used to fund new or refinance existing eligible projects. A management and tracking process for the use of proceeds has been developed and the proceeds will be reviewed by the Green Bond Committee on a quarterly basis.

The management and tracking process are subject to annual review by FAB Group Internal Audit as well as an independent assurance provider / auditor to verify compliance with the FAB Green Bond Framework.

Unutilised proceeds in the Green Bond Proceeds Portfolio shall be invested according to local liquidity management guidelines pending investment in eligible projects.

Please provide related online information if available:

<https://www.bankfab.com/en-ae/about-fab/sustainability/reports>

FAB Green Bond Report 2020

### GBP component 4: Reporting

Please describe alignment with this GBP component:

Please provide related online information if available:

FAB delivers an annual Green Bond Report – which are publicly available on FAB’s website – continuing until the maturity of the bond. This will be published no later than June annually for the previous year.

The report describes inter alia the use of the Green Bond proceeds, aggregate amounts of funds allocated to Eligible Projects, any unallocated funds and an analysis of the sectors to which the proceeds have been allocated.

Where practicable and subject to client confidentiality and applicable laws and regulation, the annual Green Bond Report will provide information on the environmental and social benefits, when available, for projects financed. FAB adopts the harmonised reporting framework, developed by an informal group of eleven international development banks including the World Bank (IBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB). The harmonised reporting framework provides core principles and recommendations for Green Bond reporting and recommends core indicators for the renewable energy and energy efficiency sectors.

## GBP recommendation: External review

Please describe the alignment with this recommendation:

Vigeo Eiris issued an independent second opinion review in March 2017 of the credentials of the pre-merger Green Bond (then under National Bank of Abu Dhabi). This confirmed the alignment of the Green Bond Framework with the Green Bond Principles and provided a ‘reasonable’ level of assurance on the sustainability of the Green Bond.

In 2020, FAB engaged KPMG to provide third party external assurance (limited) that selected information in the 2020 Green Bond Report was prepared in line with FAB’s Green Bond Framework, and that the FAB Green Bond continues to adhere to the FAB Green Bond Framework and the ICMA Green Bond Principles. KPMG’s Limited Assurance Report is included on pages 27 - 29 of the FAB 2020 Green Bond Report.

Please provide related online information if available:

<https://www.bankfab.com/en-ae/about-fab/sustainability/reports>

FAB Green Bond Report 2020

The KPMG assurance statement is included on on pages 27 - 29 of the FAB 2020 Green Bond Report

The Vigeo Eiris second opinion review can be found at:

[Vigeo Eiris Second Opinion March 2017](#)

## Additional information

Please provide any further information you may deem appropriate:

### **FAB’s Sustainability Commitment & Alignment with Local and Global Strategies**

As the UAE’s largest bank, it is FAB’s responsibility to support the country’s sustainability objectives included in the UAE Vision 2021, the UAE Green Agenda 2015-2030, the Abu Dhabi Economic Vision 2030 and the United Nations’ Sustainable Development Goals (SDGs) for 2030, to which the UAE is committed. FAB has a particular responsibility as a corporate citizen towards the economy, the environment and society and

therefore takes a comprehensive approach to sustainability.

FAB's Sustainability Framework, created in 2017 with the launch of its newly merged organisation, is anchored on four pillars: Sustainable Banking, Responsible Employer, Positive Social Impact and Governance, Integrity & Risk Management.

In each of these pillars, FAB focuses on issues that matter most to its stakeholders and has created policies, programmes and initiatives to ensure that sustainability is embedded in its corporate culture and decision-making and is practised across all businesses. FAB seeks to respond to emerging key issues through its sustainability framework, which goes hand in hand with FAB's corporate strategy. Together, they guide the Bank in taking sound decisions, managing risks and driving sustainable action.

In December 2019, FAB was the first financial institution within the MENA region to announce its commitment to implement the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), emphasising FAB's commitment to identifying and managing its Climate-related financial risks and opportunities. FAB also participates in the CDP (previously known as the Carbon Disclosure Project) and has been the highest-scoring bank in the GCC for three years in a row.

FAB is an active participant and contributor to a number of national sustainability committees and task forces, such as the UAE Council for Climate Change and Environment, Abu Dhabi Global Market Sustainable Finance Consultative Working Group, the Private Sector Advisory Council to the UAE National Committee on the SDGs, the Sustainable Finance Steering Committee as part of the Dubai Declaration and the Technical Committee of the World Future Energy Summit, Abu Dhabi.

FAB is a signatory to the Abu Dhabi Sustainable Finance Declaration, which was launched on 16th Jan 2019 and comprises 25 high-profile UAE government and private sector members. The declaration, initiated by Abu Dhabi Global Markets, is an extension of the continuing cooperation between public and private sectors to establish a healthy sustainable finance industry. FAB is also a signatory to the Dubai Declaration on Sustainable Finance, which is a commitment by the UAE banking sector to promote sustainable business and increase sustainable finance and investment.

Our support of national and global sustainability aspirations distinguishes us 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.

FAB also aligns its business practices and sustainability performance to the relevant Sustainable Development Goals (SDGs). FAB is a member of the UAE Private Sector Advisory Council (PSAC) which supports the UAE's National Council on the SDGs, and focuses on public and private sector implementation and performance of the SDGs.

In FAB's impact reporting, it has mapped the SDGs to the Green Bond asset categories using the high-level guideline for mapping SDGs to Green Bonds developed by International Capital Markets Association (ICMA). Overall, FAB's long-term objective is to grow in strength through its sustainability journey, positioning itself as a highly visible and successful regional leader and a partner of choice in sustainability best practice, with a focus on generating long-term stakeholder and shareholder value.

As part of its legacy, the bank has been publishing Sustainability Reports annually since 2009. FAB's sustainability reports can be found at:

<https://www.bankfab.com/en-ae/about-fab/sustainability/reports>