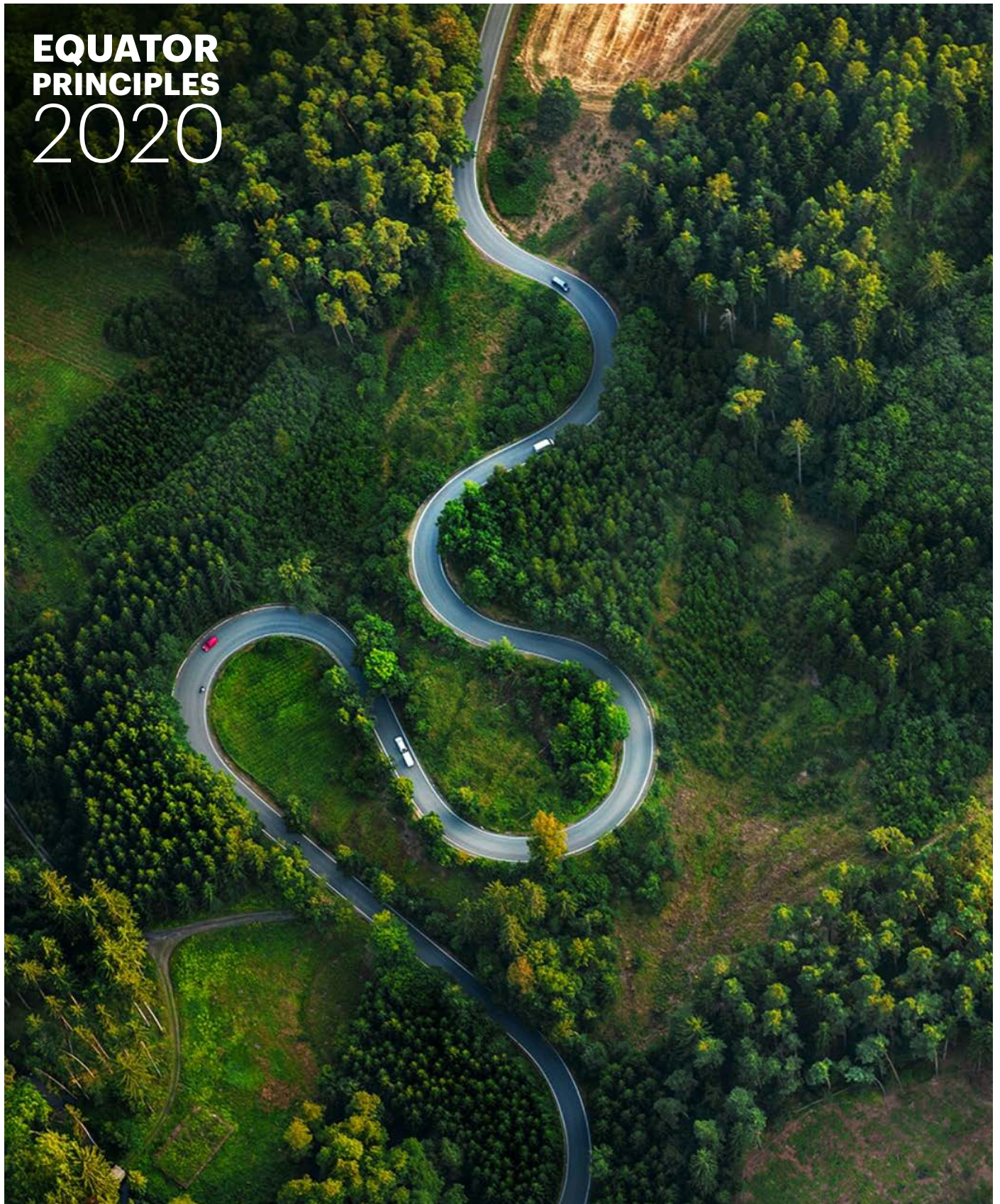


EQUATOR PRINCIPLES 2020



**Resilience.
Strength.
Transformation.**

**Grow
Stronger**

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

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WHO WE ARE

FAB is the UAE’s largest bank and one of the world’s largest and safest institutions. We are headquartered in Abu Dhabi and offer an extensive range of tailor-made solutions, products and services, to provide a customised experience. Through our strategic offerings, we look to meet the banking needs of customers across the world via our market-leading Corporate and Investment Banking and Personal Banking franchises. The company is listed on the Abu Dhabi Securities Exchange.

This document constitutes FAB’s Equator Principles Implementation report for the year 2020 (1 January to 31 December 2020). While this reporting is in line with the Minimum Reporting Requirements detailed in Annex B of the Equator Principles, the official reporting information is publicly available on the webpage dedicated to FAB, on the Equator Principles Association [website](#).

ABOUT THE EQUATOR PRINCIPLES

The Equator Principles (EP) is one of the most widely adopted ESG standards in the financial sector. The EP are a risk management framework for projects and project related financing that help lenders and project sponsors assess, monitor and mitigate the potential ESG risk associated with a project. The standard is based on the International Finance Corporation (IFC), Environmental and Social Performance Standards and the World Bank Group Environmental, Health and Safety Guidelines.

The 4th version of EP (EP4) came into force in 1 October 2020. In EP4, the standards have been expanded in several areas, two key elements are the expansion on the scope of transactions that are covered and expansion on the type of risk assessment that project sponsors are required to conduct. Developers will now also need to take EP considerations in certain refinancing of project finance and in acquisition financing used to acquire a project company or a project. As a result, EP may now be applicable in situations where they previously were not. In regards to the risk assessment process, EP4 requires more explicate analysis of adverse impact on human rights and risks associated with climate change.

FAB is committed to applying the EP framework across our internal environmental and social policies, procedures and standards for financing projects. We will not support projects where the borrower is unable to comply with the environmental and social requirements arising from the application of the EP.

Projects are categorised under the below requirements. The level of categorisation triggers the level of due diligence required.

- **Category A:** Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
- **Category B:** Projects with potential limited adverse environmental and social risks and/or impacts that are few, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Category C:** Projects with minimal or no adverse environmental and social risks and/or impacts.

The Principles now apply to the following five financial products:

- Project finance loans
- Project finance advisory services
- Project-related corporate loans
- Bridge loans relating to projects
- Project-related refinance and project-related acquisition finance

At FAB we applied EP4 to new projects from 1 October 2020.

WHY IT MATTERS

We are proud to be recognised as the first financial institution in the Middle East that adopted the Equator Principles framework in 2015. As of 2020, 116 financial institutions in 37 countries have adopted the Equator Principles, with FAB being the only UAE bank.

Sustainability is a core part of how we do business. Over the years, we have continued to strengthen our environmental and social public disclosures, review processes and accountability to better serve our communities. Applying the EP helps us to reduce risks associated with deal structuring, project completion, credit and reputation in a standardised and consistent format. Ultimately, the framework aligns with our strategy to support international and local sustainability agenda, this includes:



Our focus is to generate long-term stakeholder and shareholder value through mitigating ESG risk. We will continue to support the government, demonstrate leadership and influence financial institutions across the Middle East to adopt the EP as best practice. We have made a commitment to report annually against the EP framework.

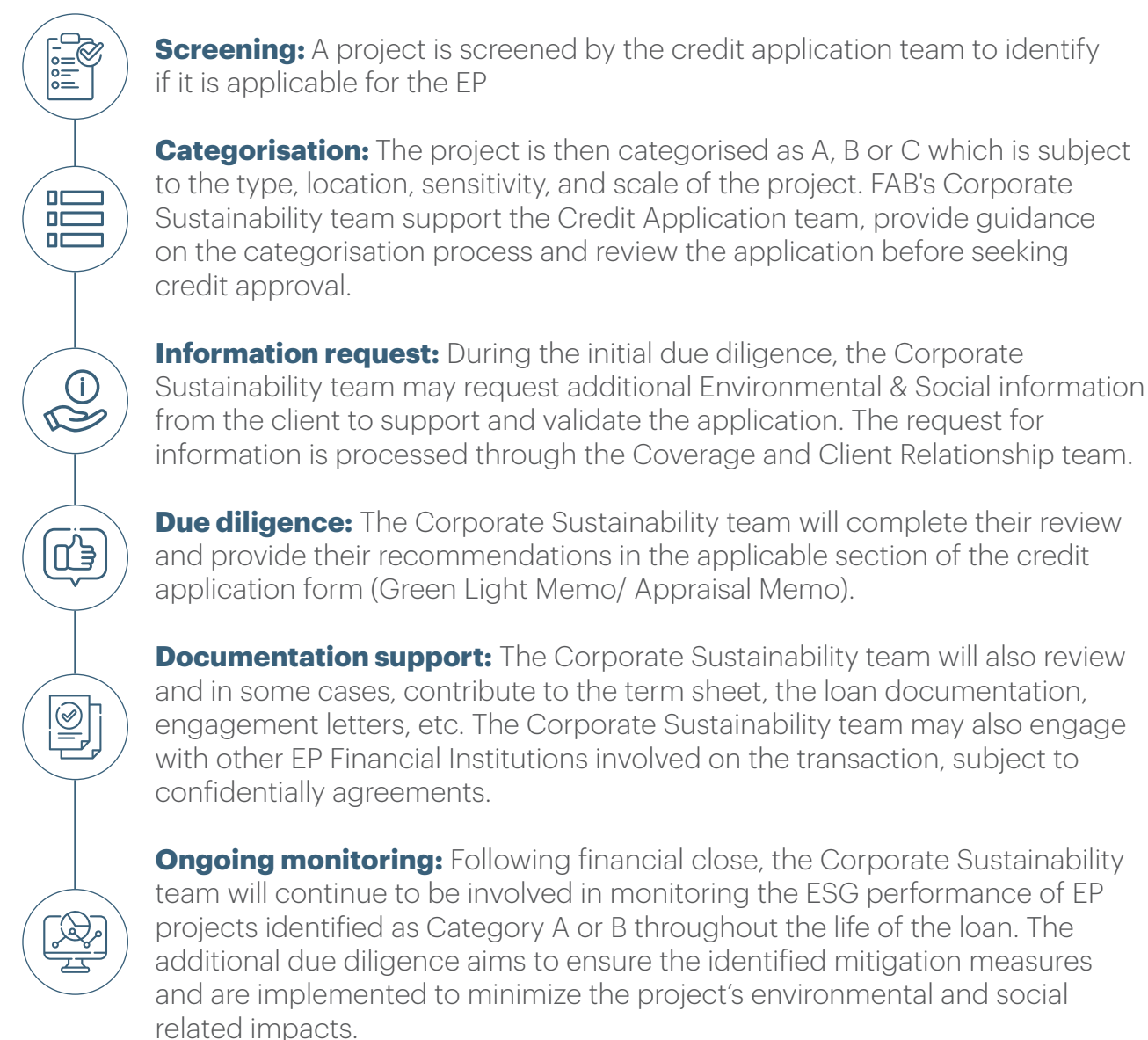
IMPLEMENTATION AT FAB

At FAB, we use the EP screening tools for our credit policies and loan assessment forms to ensure ESG is embedded within our core processes. In 2020, we updated our internal checklists and guidance documents to reflect the EP4 requirements. The key changes included the following:

- EP4 follows the EP3 guidelines however the scope has been broadened to include project related refinancing and project related acquisition financing. The total threshold for Project-Related Corporate Loans (PRCLs) has been reduced to US\$50 million (previously US\$100 million) as per the EP4 guidance document.

- 'Issues for Consideration during Risk Evaluation' was expanded to cover displacement and/or resettlement of indigenous people included into the type, scale and location as per EP4 guidance notes.
- Updated FAB's 'restricted financing activities' to reflect our current financing activities as advised by the Products Team.
- Updated roles to properly reflect current personnel and business units responsible for EP requirements.

Implementation of the EP at FAB follows a six-step process:



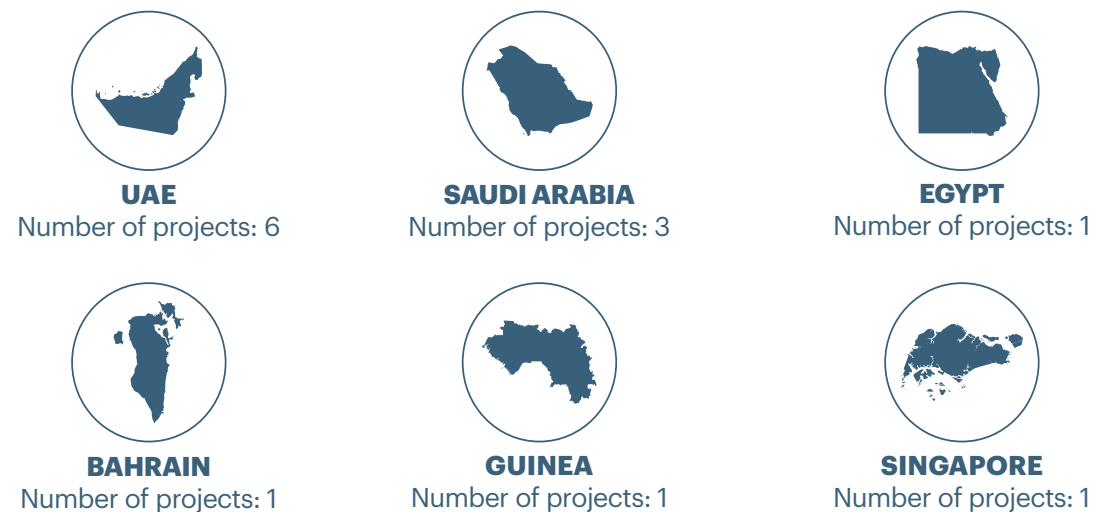
EQUATOR PRINCIPLES PROJECTS

During 2020, 13 applicable Equator Principles projects went through the ESG due diligence process. One project reached financial close.

Applicable Equator Principle projects that underwent ESG due diligence during the 2020 fiscal year by sector:

Sector	Number of Projects
Mining	2
Utilities	2
Oil and gas	1
Power	5
Transportation	0
Other	3
Total	13

Applicable Equator Principle projects that underwent ESG due diligence during the 2020 fiscal year by region:



Application Equator Principle projects that underwent ESG due diligence during the 2020 fiscal year by category:

Sector	Number of Projects
Category A	7
Category B	6
Category C	0
Total	13

Application Equator Principle projects that underwent ESG due diligence during the 2020 fiscal year by product type:

Product type	Number of Projects
Project Finance	9
Project-Related Corporate Loans	4
Bridge loans relating to projects	0
Project finance advisory service	0
Total	13

REPORTING

The following table outlines FAB's Equator Principles projects that reached financial close in the period from 1 January 2020 to 31 December 2020.

	Project Finance		
By Sector	A	B	C
Total		1	
Mining			
Chemicals			
Utilities		1	
Oil and gas			
Power			
Transportation			
Other			
By Region			
Americas			
Europe, Middle East & Africa		1	
Asia Pacific			
By Country Designation			
Designated			
Non-designated		1	
Independent Review			
Yes			
No		1	

