

**First Abu Dhabi Bank UK**  
**Summary of UK Remuneration Policy**  
**May 2023**

**1. Introduction**

First Abu Dhabi Bank PJSC United Kingdom Branch (“FAB UK” or “the Branch”) has established and implemented a remuneration policy to ensure compliance with regulatory rules and associated guidance applicable to the Branch, including in particular pursuant to the Remuneration Part of the PRA Rulebook and SYSC 19D of the FCA Handbook (the “UK Remuneration Policy”).

The UK Remuneration Policy has been designed to support the delivery of the group’s objectives by attracting, retaining and motivating key talent by suitably rewarding performance within an appropriate risk management framework.

**2. Governance**

The FAB Group Board Remuneration and Nomination Committee is responsible for the overall review, approval and application of remuneration related matters relevant to the UK Branch. A UK Branch Remuneration Oversight Committee has been established to support the FAB Group Board Remuneration and Nomination Committee in relation to the oversight of remuneration related matters related to the Branch, and is governed by a charter that is compliant to relevant Group and local governance norms as well as applicable regulatory requirements.

The UK Remuneration Policy is approved by the FAB Group Board Remuneration and Nomination Committee.

**3. Remuneration philosophy**

The UK Branch’s remuneration philosophy is designed to ensure:

- i. that reward processes and decisions are fair, transparent and equitable;
- ii. that there are effective safeguards in place to align remuneration policies with FAB Group and Branch performance, local regulatory requirements and appropriate control mechanisms and governance frameworks;
- iii. a differentiated pay mix (fixed to variable ratio) for employees at different management levels and functions;
- iv. a strong linkage of individuals’ variable pay to risk-adjusted performance against strategic objectives, as set out in the performance scorecard and individual performance; and
- v. that the Branch’s remuneration policies, procedures and practices are gender neutral (meaning they are based on equal pay for male and female workers for equal work or work of equal value).

Remuneration for staff of the UK Branch generally consists of salary, additional benefits and discretionary annual bonus, and pension arrangements in line with applicable statutory requirements.

The UK Remuneration Policy is also designed:

- to ensure that where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned, group performance and overall results, and that when assessing individual performance, financial and non-financial criteria are taken into account; and
- to avoid conflicts of interest and to ensure the appropriate involvement of control functions in the remuneration process.

#### **4. Assessment of performance and determination of remuneration awards**

Individual remuneration awards are determined on a discretionary basis, taking into account an assessment of the performance of the individual including, but not limited to, the outcome of the individual's annual performance review, any other assessment of the performance or conduct of the individual, business unit performance, Group performance and the results of the UK Branch. This means that, in appropriate cases, no variable remuneration will be awarded.

Remuneration for staff members in the Control Functions is determined by reference to factors including the performance of the individual and the performance of these functions in meeting their control responsibilities, and is determined independently from the performance of the business units for which staff members undertake control responsibilities.

Independent feedback from the applicable control functions is provided as appropriate, based on an assessment of an individual's:

- Conduct – including (but not limited to) adherence to the Group's Code of Conduct, approved risk limits and product approvals; and
- Culture and behaviour in relation to the standards set out in the Bank's Valuation Framework and expected by the Group.

Variable awards are subject to approval at the appropriate management and oversight levels of the Group and UK Branch.

#### **5. Material Risk Takers**

Material Risk Takers are identified at least annually in line with the qualitative and quantitative criteria laid out in the PRA Rulebook. Material Risk Takers are subject to additional requirements in relation to the award of variable remuneration, including the following main features:

- For Material Risk Takers, the ratio of variable to fixed remuneration is regularly reviewed and is currently limited to 1:1.
- To the extent higher than certain thresholds, Material Risk Takers variable remuneration is subject to a minimum deferral rates determined in accordance with the applicable regulatory requirements, and is also subject to a portion of variable remuneration being delivered in the form of instruments or share-linked instruments, in line with regulatory requirements.
- Material Risk Takers are subject to a malus and clawback policy adopted by the UK Branch, which imposes additional requirements pursuant to which up to 100% of any variable remuneration may be cancelled or reduced or be required to be repaid.