

Abu Dhabi Commercial Bank - Egypt  
-  
Environmental, Social & Governance (ESG)  
Policy

**Table of Contents:**

<b>1. Introduction</b> .....	<b>3</b>
<b>2. Purpose</b> .....	<b>3</b>
<b>3. Scope</b> .....	<b>3</b>
<b>4. Objective</b> .....	<b>4</b>
<b>5. Policy statement</b> .....	<b>4</b>
5.1 Purpose/ mission statement .....	4
5.2 Materiality and stakeholder engagement .....	4
5.3 ESG strategic priorities .....	4
5.3.1 Climate .....	4
5.3.1.1 Sustainable finance .....	4
5.3.1.2 Environmental and social risk management .....	5
5.3.1.3 Net zero operations .....	5
5.3.1.4 Green procurement and supply chain .....	5
5.3.2 Customer and Communities .....	5
5.3.2.1 Customer satisfaction .....	5
5.3.2.2 Financial inclusion & empowerment .....	5
5.3.2.3 Digital & innovative propositions .....	5
5.3.2.4 Community investment .....	5
5.3.3 Employees .....	5
5.3.3.1 Employee engagement & wellbeing .....	5
5.3.3.2 Learning & development .....	6
5.3.3.3 Equality, diversity & inclusion .....	6
5.3.4 Governance .....	6
5.3.4.1 Corporate governance, compliance & code of conduct .....	6
5.3.4.2 Risk management & cyber security .....	6
5.3.4.3 Financial crime & anti-corruption .....	6
5.3.4.4 Tax transparency .....	6
5.4 Enablers .....	6
5.4.1 Governance and policy .....	6
5.4.2 Targets and KPIs .....	6
5.4.3 Training and upskilling .....	7
5.4.4 Stakeholder management and communications .....	7
5.4.5 External partnerships and commitments .....	7
5.4.6 Reporting and disclosures .....	7
<b>6. Roles and responsibilities</b> .....	<b>7</b>
<b>7. Monitoring, evaluation and review</b> .....	<b>7</b>
<b>8. Reference documents</b> .....	<b>8</b>

## 1. Introduction

Sustainability now features as a key priority of the Bank's strategic agenda, to meet ever-increasing stakeholder demands on environmental, social and governance issues, commonly referred to as ESG.

Through our sustainability strategy we seek to manage the business risks and opportunities associated with the material ESG topics that matter most to our stakeholders. This approach strengthens ADCB's business resilience and operational practices, while harnessing opportunities to support our customers to transition to an inclusive, net zero economy. Our strategy also enables us to play a leading role in contributing to Egypt National strategy 2030, Sustainability National direction, and the commitments to integrate the Sustainable Development Goals (SDGs).

ADCB Egypt is to comply with Central Bank of Egypt's ESG regulations & requirements as well as fulfilling ADCB Group strategy, following up with the international reporting standards and applying the banking best practices.

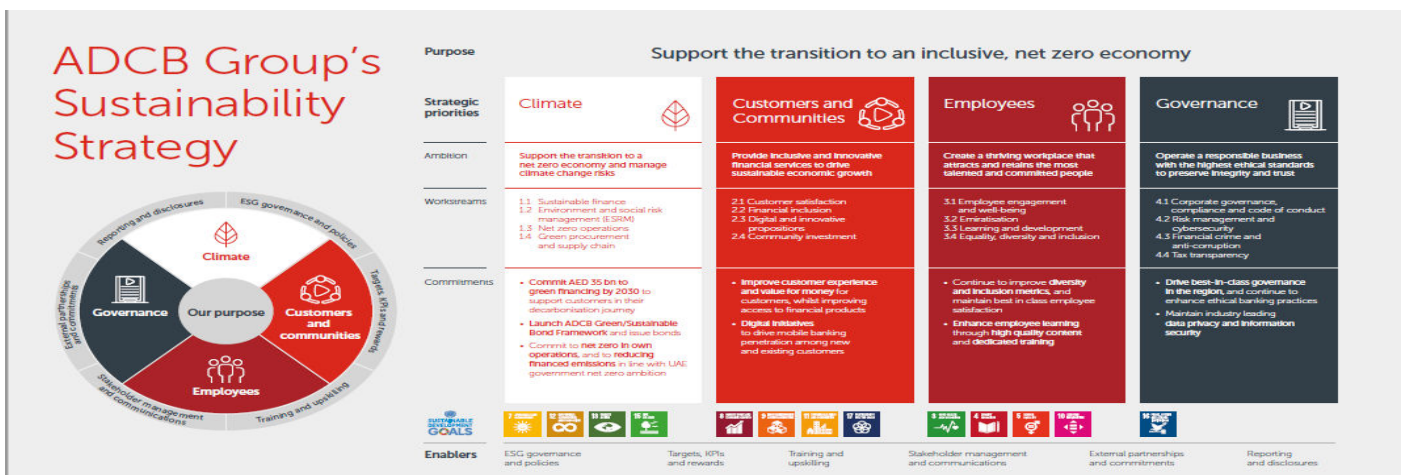
\* CBE regulations dated 18/7/2021 & 3/11/2022 as well as to comply with any new CBE ESG regulations

## 2. Purpose

The purpose of this Policy is to define ADCB's Egypt's sustainability strategy, encompassing our commitments across the Bank aligned to ADCB's 4 strategic sustainability priorities, 16 work streams and 6 enablers - see Fig1. for reference.

This is an 'overarching' policy which contains general principles and commitments, and not a complete set of detailed rules that cover all situations for implementation. The more detailed rules are, or will be as deemed necessary, described in topic-specific/sectoral policies, position statements, operating procedures, and guidelines to support effective implementation across the organization. See chapter 8 'reference documents' for the list of all ESG-related policies and documentation.

Fig1. ADCB Group sustainability strategy



## 3. Scope

ADCB Egypt's policy is based on the Group's strategy and in accordance to the Central Bank of Egypt's direction and initiative. It applies on the whole bank as possible.

#### 4. Objective

The objective of this policy is to formalize the creation and adoption of the ADCB Group sustainability strategy and to facilitate a common standard and understanding within ADCB Egypt. This policy will how ADCB defines sustainability and the policy commitments endorsed by senior leadership.

#### 5. Policy Statement

ADCB's Group sustainability strategy is aligned with its stakeholder expectations, including and adapted to the local context in Egypt in conformity with the Central Bank of Egypt's regulations and Egypt's national vision and direction, in order to deliver tangible results in terms of green financing, customer trust and employee development.

The following policy statements outline the main components of the Group sustainability strategy and ADCB's formal commitment within each thereof.

##### 5.1 Purpose

In accordance to the national context, ADCB Egypt's purpose is to serve Egypt's national strategy 2030 and comply with CBE regulations for sustainability and sustainable finance

##### 5.2 Materiality assessment and stakeholder engagement

ADCB Egypt is following the Group strategy and developed a materiality assessment to match local context, and apply the CBE priority initiatives to serve the sustainability national strategy and following the GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) reporting frameworks.

The materiality assessment follows a three-step process:

1. **Prioritize topics:** Drawing on existing topics from GRI and SASB reporting frameworks, we prioritize a comprehensive list of environmental, social, governance and economic issues. We then refine the list against topical themes in our home markets, taking into account regional context and industry specific focus areas for ADCB.
2. **Gather stakeholder input:** We seek extensive feedback to understand the materiality of each topic to society. Externally, we conduct interviews/surveys across-regulators, retail and corporate customers. Internally, we survey employees also conduct interviews across the Management Executive Committee
3. **Validate the results:** We analyze survey and interview results by stakeholder group, testing discrepancies and producing an initial materiality matrix. We review this during a second round of interviews with the Management Executive Committee to test the outcome of the analytical exercise, the weightings and understand any discrepancies from previous assessments.

We finalize the scoring by impact on society and impact on ADCB, and create three tiers of rankings based on this scoring. The results of the materiality assessment and stakeholder engagement are presented in a materiality matrix and incorporated within our public disclosures.

##### 5.3 ESG Strategic priorities

To deliver on our purpose we have identified four strategic priorities, each consisting of the material topics/work streams that need to be managed, and a set of commitments to establish common standards across the Group. The strategic priorities are:

- Climate (E)
- Customers and Communities (S)
- Employees (S)
- Governance (G)

##### 5.3.1 Climate

ADCB Egypt's objective for 'climate' is to serve Egypt's climate change national strategy 2050 and in full compliance with CBE regulations for climate actions.

##### 5.3.1.1 Sustainable finance

We will develop innovative financial products and services to help corporate and retail customers reduce their emissions and tackle climate change. We will establish a methodology and detailed criteria to measure ADCB's 'sustainable lending portfolio', enabling the bank to track contribution towards UN Sustainable Development Goals in accordance with international principles, such as the ICMA Green & Social Bond Principles and industry recognized taxonomies. We will build our internal capabilities to assess ESG risks and opportunities associated with ADCB's investment and lending

propositions. We will endeavor to measure and disclose the financed emissions (scope 3 emissions<sup>1</sup>) associated with our most carbon intense portfolios, to track contribution towards national vision and context.

#### 5.3.1.2 Environmental and social risk management (ESRM) in lending

As part of ADCB's commitment to responsible lending and robust due diligence, we will integrate environmental and social risk management within the credit and risk due diligence approval process. We will develop position statements, guidelines and awareness sessions to support the business teams engage customers, assess the risks and propose solutions/mitigation measures. We will define sectoral policies for our most material sectors, and be guided by the Equator Principles to ensure we do not cause harm to the environment and communities where we operate.

#### 5.3.1.3 Net zero operations

To ensure we take responsibility for our direct impacts, we will comply with all relevant environmental laws and regulations in the jurisdictions in which we operate. We will establish environmental management systems for our offices/branches/data centers, to drive continuous improvement and staff engagement. We will set targets to minimize the carbon emissions associated with our operations and improve resource efficiency (e.g., energy, water, paper, waste). Once emission reduction measures are in place, we will offset any residual CO<sub>2</sub> emissions using verified and credible carbon credits to achieve net zero emissions in our operations. The Bank will report on the Scope 1 and Scope 2 emissions associated with its operations, and Scope 3 emissions associated with our-business travel, in accordance with the GHG protocol.

#### 5.3.1.4 Green procurement and supply chain

We will integrate ESG criteria within third-party risk management and procurement policies and processes to ensure the suppliers we work with reflect our values and that the associated risks are managed accordingly. Suppliers are required to adhere to local laws and regulations as a minimum requirement. ADCB - Egypt will collect contextual information on its supply chain management, including types of suppliers, assessment criteria, local/global suppliers, human and labor rights

### 5.3.2 Customers and Communities

ADCB's objective for 'customers and communities' is to "Provide inclusive and innovative financial services to drive sustainable economic growth"

#### 5.3.2.1 Customer satisfaction

We will provide transparent and responsible financial advice and communication to our customers to enable better financial decisions. In support of our ambition to exceed customer expectations, we will offer a 'service guarantee' which encompasses a commitment to resolving customer complaints, within the time frame fixed by the Central Bank of Egypt. We will measure customer experience in accordance with the Net Promoter Score (NPS) methodology at a strategic and transactional level for a large number of customer's interactions on a regular basis, and we act on customer feedback immediately to continuously improve our service.

#### 5.3.2.2 Financial inclusion and empowerment

We will support the growth of SMEs, with access to finance and will improve financial inclusion amongst the defined FI segments by the Central Bank of Egypt with a focus on people with disabilities. We will promote financial education amongst our customers to improve their skills and knowledge regarding financial planning and management.

#### 5.3.2.3 Digital and innovative propositions

We will offer digital and innovative propositions to equip customers with access to online banking and digital payment solutions.

#### 5.3.2.4 Community investment

We are committed to delivering targeted activities, initiatives and sponsorships that progress socio-economic development within the communities in which we operate. We will facilitate and encourage our employees to volunteer in meaningful initiatives that benefit wider society.

### 5.3.3 Employees

ADCB's objective for 'employees' is to "Create a thriving workplace that attracts and retains the most talented and committed people".

#### 5.3.3.1 Employee engagement and wellbeing

We will implement a programme of enhanced employee services to support our staff in the ever-evolving work environment, and ensure their safety and wellbeing within the workplace. We will undertake regular employee

engagement surveys to understand any issues and implement practices to continuously nurture talent, improve employee satisfaction and productivity.

### 5.3.3.2 Learning and development

We will provide ongoing training and career development for our employees to help the business attract, recruit and retain the best talent. We help identify each employee's strengths and development needs, in alignment with the desired business skills, and create individual employee development plans to support their career goals. To promote continuous development, we will provide a curriculum of courses to suit all levels of the workforce. We will undertake succession planning for critical roles in our business to support those employees deemed high-potential.

### 5.3.3.3 Equality, diversity and inclusion

We will fully respect the human rights of our employees and ensure dignity and equality for all, regardless of a person's race, religion, gender, age or language. We will establish a workplace in which employees are treated with fairness, equality and respect. We will strive to achieve fair and equitable remuneration and ensure professional development opportunities for women. We respect the views of others and follow our code of conduct and professional standards.

## 5.3.4 Governance

ADCB's objective for 'governance' is to "operate a responsible business with the highest ethical standards to preserve integrity and trust".

### 5.3.4.1 Corporate governance, compliance and code of conduct

ADCB stands committed to maintaining the highest levels of integrity, care, ambition, respect and discipline – our core values. ADCB operates a world-class corporate governance framework that ensures we are fully compliant with local laws and regulations, and are able to effectively manage all compliance risks. We expect our customers and suppliers to respect human rights, and ADCB prohibit the use of child and forced labor in our workforce.

### 5.3.4.2 Risk management and cyber security

Risk is a fundamental part of our business and underpins every decision we make. We will embed a strong culture of risk awareness across the organization, and we expect every employee to play an active part in managing and mitigating the risks we face. We will ensure customer information is protected and respect the right to privacy within the guidelines of all applicable privacy and data protection laws and regulations, such as the General Data Protection Regulation.

### 5.3.4.3 Financial crime and anti-corruption

We will adopt a zero-tolerance approach to bribery and corruption and commit to the highest standards of professionalism and integrity in all business dealings and relationships, wherever we operate. We implement and enforce effective processes, measures and systems to counter any form of corruption, money laundering and financing of criminal activity. In line with our whistle-blower policy, we will provide an anonymous hotline to enable reporting of any suspected activity.

### 5.3.4.4 Tax transparency

We will adhere to the letter and spirit of the tax laws in all jurisdictions where we operate.

## 5.4 ESG enablers

To successfully implement the strategic priorities and identified material topics/work streams, there are six enablers that form the basis of our internal operating model. The enablers are:

### 5.4.1 ESG Governance and Policy

We have established a sustainability governance framework to ensure appropriate coverage and engagement across the Bank, and senior management oversight of all ESG-related activities, including annual updates to the Board once every year at a minimum. We will integrate ESG considerations within existing ADCB policies and develop new policies where required, to formally institutionalize enhanced ESG business practices into our way of working. This Group Sustainability Policy serves as the overarching policy to knit together all policies related to ESG - see chapter 8 'Reference documents'.

### 5.4.2 Targets and KPIs

We will set annual targets and KPIs, aligned with the ESG strategy, and integrate into the broader business planning process, to drive implementation of the strategy. We will endeavor to integrate ESG performance measures into senior management remuneration and set ambitious medium to long term targets.

#### 5.4.3 Training and Upskilling

We will build our internal capacity and increase the level of ESG skills in key roles across the business, encompassing all levels, from Board and Management Executive Committee, to front office and graduate level. We will integrate ESG into our training curriculum for all employees and provide additional training to individuals in ESG specific roles.

#### 5.4.4 Stakeholder Management and Communications

We will proactively engage key stakeholders, regulators, customers, suppliers and employees) to understand their expectations and provide regular communications of ADCB ESG performance. We will integrate ESG performance into our internal and external communications.

#### 5.4.5 External Partnerships and Commitments

We will continuously review and identify external partners, alliances and commitments that support our strategy and ensure we adopt a credible approach. ADCB's ESG strategy has been developed in alignment with national and international standards and guidelines, with particular focus on the objectives of;

- United Nations Sustainable Development Goals (UNSDGs).
- Global Reporting Initiative (GRI) Standards.
- Sustainability Accounting Standards Boards (SASB).

#### 5.4.6 Reporting and Disclosures

To promote transparency in the banking sector, we are committed to publicly disclosing our ESG performance in the ADCB Egypt ESG and carbon footprint reports in accordance with the GRI and SASB standards, as well in the Group's ESG reports.

## 6. Roles and Responsibilities

According to ADCB Egypt's governance framework, the policy is owned by ADCB Egypt Sustainability committee (SC) chaired by CEO & MD and attended by the members of the Management Executive Committee and others who serving the ESG.

The scope of the committee includes reviewing the strategic framework, setting the ambition, deciding on priority initiatives for implementation with accountable working groups, monitoring performance, and assessing ESG-related risks and opportunities.

The Board will receive an update on the overall execution of the sustainability strategy and performance a minimum of once a year. A designated Sustainability Team acts as an advisory body to the SC and senior management on all ESG-related matters. The sustainability team works in alignment and coordination with the Group's SC team.

## 7. Monitoring, Evaluation and Review

It will be the responsibility of the sustainability team to set the roadmap for having ESG culture through the bank. The team is responsible for monitoring, evaluating and review the roles and responsibilities and to raise flags in case of any breaches and ensure the complying with the regulatory requirements.

This policy will be subject to annual review by the SC.

## 8. Reference Documents

This policy is complemented by, and should be read in conjunction with, other ADCB policies, position statements, guidelines, TOR, and management plans that have been established to implement sustainable business practices across the bank.

The table below serves to provide an overview of all sustainability/ESG-related policies across the bank.

Strategic priorities	Policy commitment / workstream	Related ADCB policies, processes, position statements and guidelines
Climate	Sustainable finance	
	Environment and social risk management (ESRM)	
	Net zero operations	
	Green procurement and supply chain	
Customer and Communities	Customer satisfaction	Customer Excellence Working Model and Business Excellence procedures
	Financial inclusion and empowerment	Inclusion via empowerment statement and FI procedures
	Digital and innovative proposition	ADCB Egypt Digital strategy and procedures
	Community investment	CSR strategy (guidelines)
Employees	Employees engagement, wellbeing, learning and development	Code of conduct
		Performance Policy
		Learning and Development
		Recruitment Policy
		Health and Safety – (under process)
Governance	Corporate governance, compliance and code of conduct	Code of conduct
		Whistleblowing Policy
		Personal Trading Policy
		Regulatory Compliance Policy
		Sanctions Policy
		Anti- Bribery and Anti-Corruption Policy
		Corporate Governance Policy
	Risk management and cyber security	Credit Administration Personal functions and responsibilities
		Early warning risk policy
		Regulatory compliance policy
		Liquidity risk policy
		ICAAP policy
		Contingency funding plan policy
		Interest rate risk for banking book policy
		IFRS 9 Policy
		Operational risk management policy
Business continuity management policy		



		Stress testing policy
		Retail risk policy
		Credit risk
		Information security
		Fraud risk policies
		Risk appetite policy
	Financial crime and anti-corruption	Know Your Client Policy (KYC)
	Anti-Money Laundering (AML) / Countering Financing of Terrorism Policy (CFT)	
Tax transparency	Foreign Account Tax Compliance Act Policy	