



60 years together

# Sustainable Finance Framework

## Investor Presentation

September 2023



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# Emirates NBD Sustainability Strategy

Emirates NBD commits to both regional and international sustainability development goals which enhances the overall agenda for sustainable business strategy and management approach.

## Sustainability Approach

- Emirates NBD’s sustainability strategy takes direction from the **United Nations SDGs**, the **UAE’s Vision 2030**, and the **United Nations Environmental Programme Dubai Declaration for Sustainable Finance**
- We began formally reporting on our ESG efforts in 2016 with the publication of our first Sustainability Report.
- Emirates NBD is committed to UAE’s Net Zero 2050 target.

## Sustainable Finance & Responsible Banking

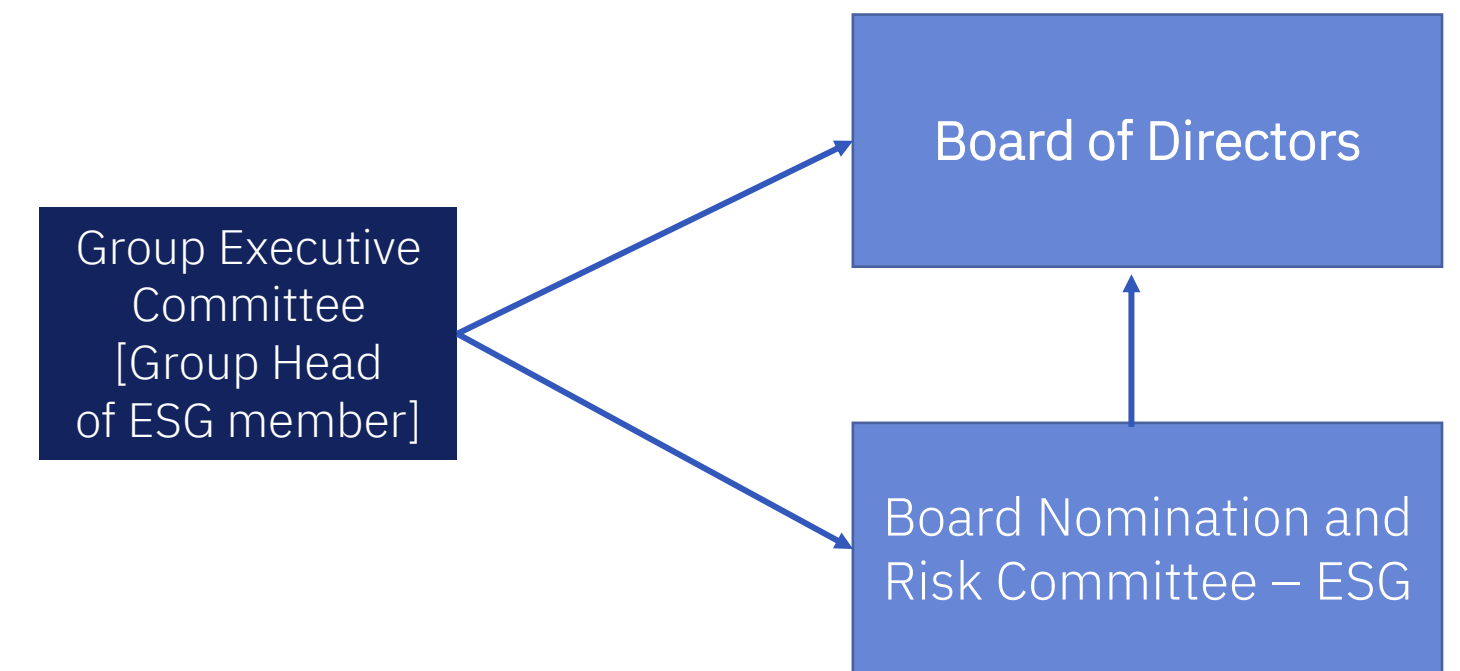
- Emirates NBD exposure to ‘hard to abate’ sectors remains very minimal.

Emirates NBD Loan Book \*

Sovereign	Personal	Real Estate	Services	Others
25%	25%	11%	11%	28%

- Emirates NBD also caters to the local customer base by offering **Sharia’h compliant financing solutions**.
- We have committed to playing an important role in growing the **Micro, Small and Medium Enterprises (MSME)** economy in the UAE.
- Emirates NBD is a **regional leader in arranging ESG issuances across conventional and Sukuk** format.

## Sustainability Governance



## ESG integration across Emirates NBD

CIB	Risk	Strategy
RBWM	Compliance	Corporate Affairs
GM&T	Legal	Internal Audit
Subsidiaries	Finance	Human Resources

\*Gross Loan by sector – FY 2022 annual report

# Environmental, Social, and Governance Commitment

**ESG** is embedded into the culture, operations and strategy of Emirates NBD. Our ESG commitment are integrated to all our business divisions and across all our subsidiaries, with qualitative and quantitative targets as highlighted below.

## Environmental

- Commitment to reduce carbon emissions Scope 1 and 2 emissions by 30% by 2030 and reduce of water consumption by 5% per staff member.
- Scope 2 emissions\* fell by 12.6% in 2022 compared to 2020 while the Group's total emissions remained relatively unchanged.
- “Go Paperless programme” launched in 2020. The paper use reduced from 15,737 KG in 2020 to 2,617 KG in 2022.

## Social

- Emirates NBD's strategy aligns with the UN SDGs through initiatives such as developing the SME ecosystem and economic output in the UAE.
- Dedicated Diversity and Inclusion department in place since 2021.
- **41% female** in our employee base.
- Commitment to have **25% women in senior leadership** (WIL) roles by 2027.
- National Leadership Program launched in 2014 to develop future Emirati leaders.

## Governance

- Strategic ESG matters are the responsibility of the Emirates NBD Board of Directors and the Board Nomination.
- The Board of Directors monitors how evolving global standards are selected and incorporated into the ESG framework.
- The Group is in the process of instituting a governance framework that ensures open and transparent communication within the organization concerning matters that pose potential environmental and social risks.

As part of UAE's national path to climate neutrality by 2050, Emirates NBD Group is among the 15 signatories of UAE pledge to implement carbon emission reduction goals.

*\*Scope 2 emissions contributed to over 88% of total scope 1 and 2 emissions in 2022 (source: Emirates NBD ESG Report 2022)*

# ESG 2022 Highlights



**1<sup>st</sup>** female director elected to the Board in 2022.

Committed to **25%** women in senior management by 2027.



**75%** increase in Bio-Card issuance in 2022.



**24.5%** reduction in electricity consumption intensity compared to 2020.

**13.5%** reduction in GHG Intensity compared to 2020.



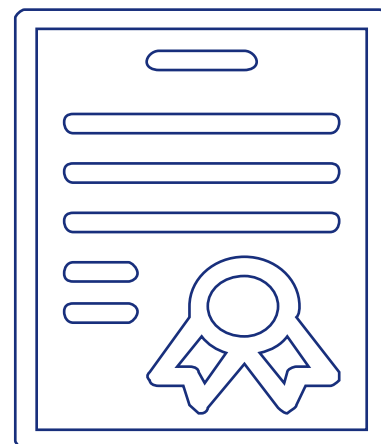
Fully operational **Smart Green parking Building**.

Transitioning towards electric and hybrid fleet vehicles.



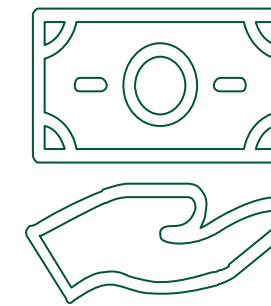
**85** nationalities make up diverse workforce of FTE's.

**41%** of our employees are women.



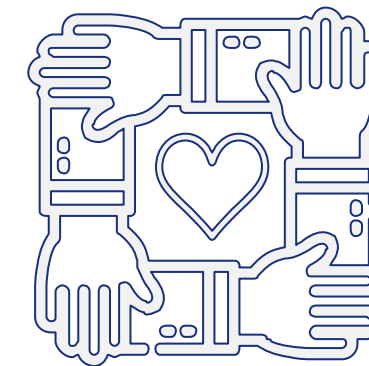
DenizBank HO is the **first project** in Europe certified at **LEED v4 Gold level**.

**4** LEED Gold certified branches in UAE.



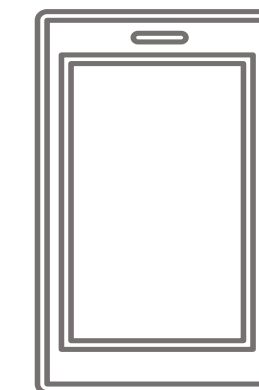
Green auto loans **doubled** in 2022.

Emcap raised **sustainable capital from 20 syndicated loan and debt capital market transactions** in 2022.



All new branches designed to include all **Disability Friendly facilities**.

**AED 123m** contribution to local community in 2022.

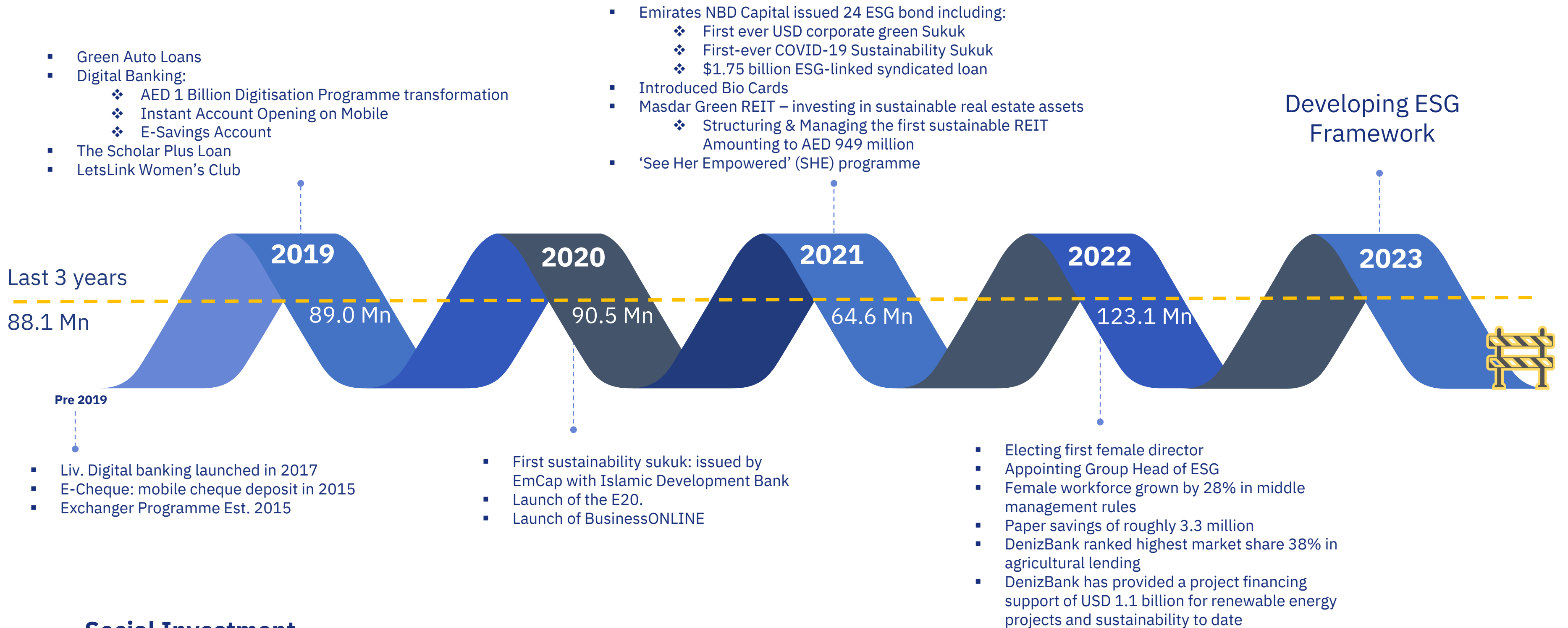


**98%** of transactions on digital only channels

**95%** Digital users on mobile

# ESG Journey

Emirates NBD's ESG commitment over the years have enhanced, covering larger and wider aspects of ESG principles. Our journey has been fruitful, and we expect further development in the upcoming years given the plan to standardize the ESG practices and contributions. As a part of accelerating our ESG development, Emirates NBD appointed HSBC and ING to assist in developing an ESG sustainability framework



## — Social Investment

# Sustainable Finance Framework

*Bringing a diverse and robust ESG financing Framework to the market*

The Framework allows Emirates NBD to issue Green, Social and/or Sustainability debt instruments including Sharia’h compliant financing or investments.

Debt instruments issued under the Framework are fully aligned with the four key pillars of the ICMA Green Bond Principles 2021 (“GBP 2021”), Social Bond Principles 2023 (“SBP 2023”) & Sustainability Bond Guidelines 2021 (“SBG 2021”) as well as the LMA Green & Social Loan Principles (“GLP 2023” & SLP 2023”).

ICMA Pillars	Description							
Use of Proceeds	<p style="text-align: center;"><b>Emirates NBD’s Sustainable Finance Framework has the following eligible project categories:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e6f2e6;">Environmental</th> <th style="background-color: #e6f2e6;"></th> <th style="background-color: #e6f2e6;">Social</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>▪ Green Buildings</li> <li>▪ Energy Efficiency</li> <li>▪ Pollution Prevention and Control</li> <li>▪ Sustainable Water and Wastewater Management</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>▪ Renewable Energy</li> <li>▪ Clean Transportation</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>▪ Access to Essential Services</li> <li>▪ Affordable Housing</li> <li>▪ Employment Generation (SME financing)</li> </ul> </td> </tr> </tbody> </table>		Environmental		Social	<ul style="list-style-type: none"> <li>▪ Green Buildings</li> <li>▪ Energy Efficiency</li> <li>▪ Pollution Prevention and Control</li> <li>▪ Sustainable Water and Wastewater Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Renewable Energy</li> <li>▪ Clean Transportation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Access to Essential Services</li> <li>▪ Affordable Housing</li> <li>▪ Employment Generation (SME financing)</li> </ul>
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Process for Project Evaluation and Selection	<ul style="list-style-type: none"> <li>▪ <b>Emirates NBD’s Sustainable Finance Committee</b> will be responsible for governing and implementing the initiatives set out in the Framework</li> <li>▪ The Sustainable Finance Committee is composed of representatives from Group Treasury, Group Sustainability, Risk, Legal, as well as subject matter experts from relevant business units such as Lending</li> <li>▪ The Sustainable Finance Committees is responsible of the allocation of proceeds and the selection and evaluation in accordance with the Sustainable Finance eligibility criteria</li> </ul>							
Management of Proceeds	<ul style="list-style-type: none"> <li>▪ The Sustainable Finance Instruments proceeds will be managed by Emirates NBD in a <b>portfolio approach</b></li> <li>▪ Full allocation within 24 months from the time of issuance of each instrument</li> <li>▪ Any proceeds temporarily unallocated will be invested according to the Bank’s standard liquidity policy into cash or cash equivalents</li> </ul>							
Reporting	<ul style="list-style-type: none"> <li>▪ <b>Allocation report and an impact report</b> will be published on an annual basis, until any Sustainable Finance Instrument is outstanding</li> <li>▪ Limited assurance report on the allocation report provided by external auditor or other qualified party, annually until full allocation</li> </ul>							

# Strong Second Party Opinion

Provided by ISS ESG

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Emirates NBD Bank (P.J.S.C.)  
28 August 2023

The Framework is **aligned to ICMA principles** and in line with **best market practices**. Emirates NBD demonstrates its **contribution to sustainability** and to the UAE's government's sustainable strategies.

### ICMA Pillars

### Aligned ✓

#### Use of Proceeds

- Emirates NBD's green/social categories align with the project categories as proposed by the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles. Eligibility Criteria are defined in a clear and transparent manner.
- Description of estimated proceeds allocation per project category will be provided with the annual reporting following issuance. Environmental/social benefits are described.
- Emirates NBD defines sector and project exclusion criteria. The Issuer has defined an expected allocation period of 24 months, in line with best market practice.

#### Evaluation and Selection

- Emirates NBD has defined target population for each social project categories, and defined the impact reporting indicators it will report on to track the progress of the projects.
- The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process.
- The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, which is in line with best market practice.

#### Management of Proceeds

- The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions.
- The net proceeds are moved to a sub-portfolio and attested in a formal internal process. The net proceeds are managed on an aggregated basis (portfolio approach).
- Moreover, Emirates NBD discloses the temporary investment instruments for unallocated proceeds and the expected allocation period is defined in line with best market practice.

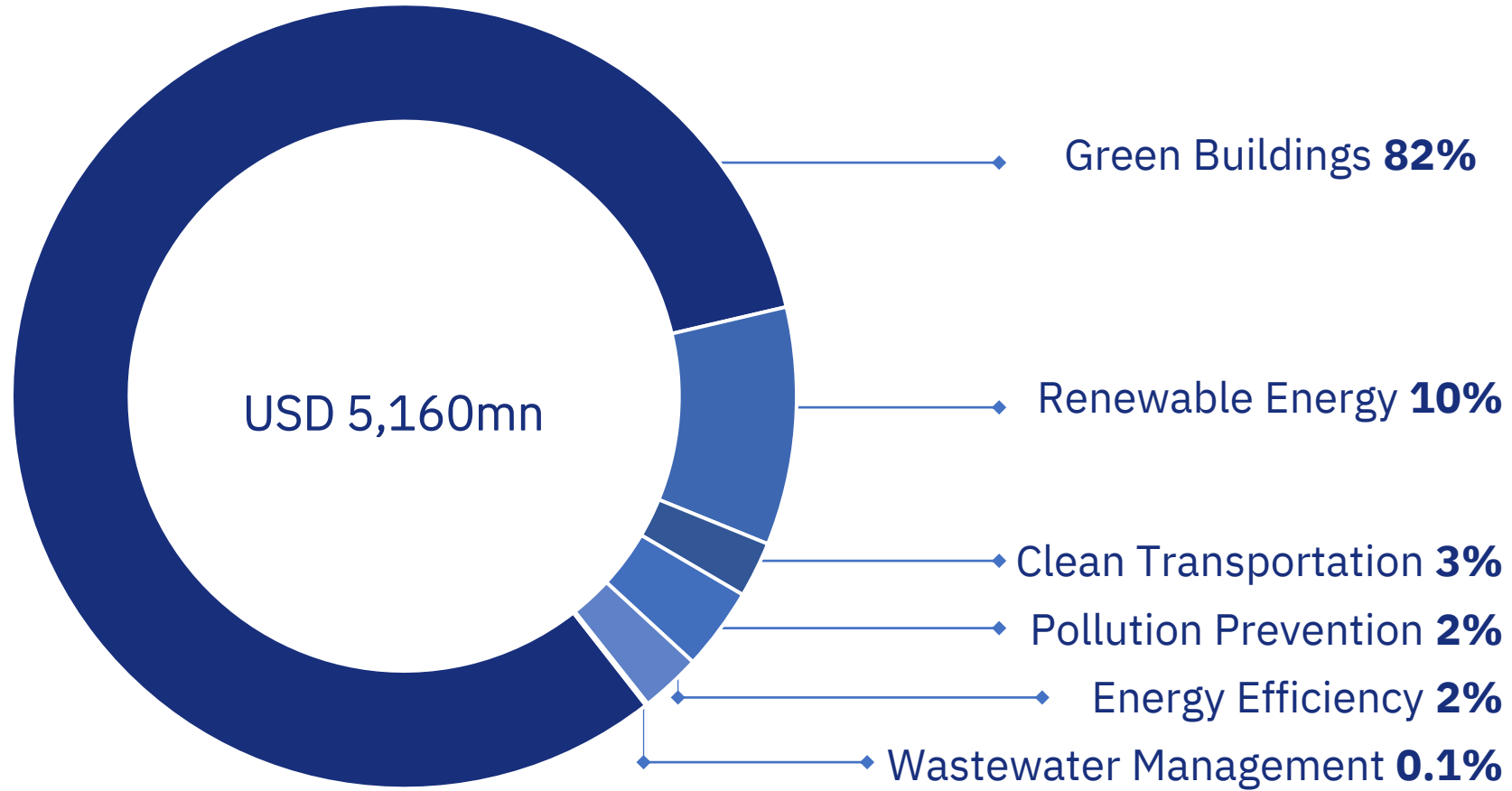
#### Reporting

- Emirates NBD commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Emirates NBD commits to report annually, until the Sustainable Finance Instruments mature.
- Emirates NBD provides a list of potential output and impact indicators at category level in line with market practice.



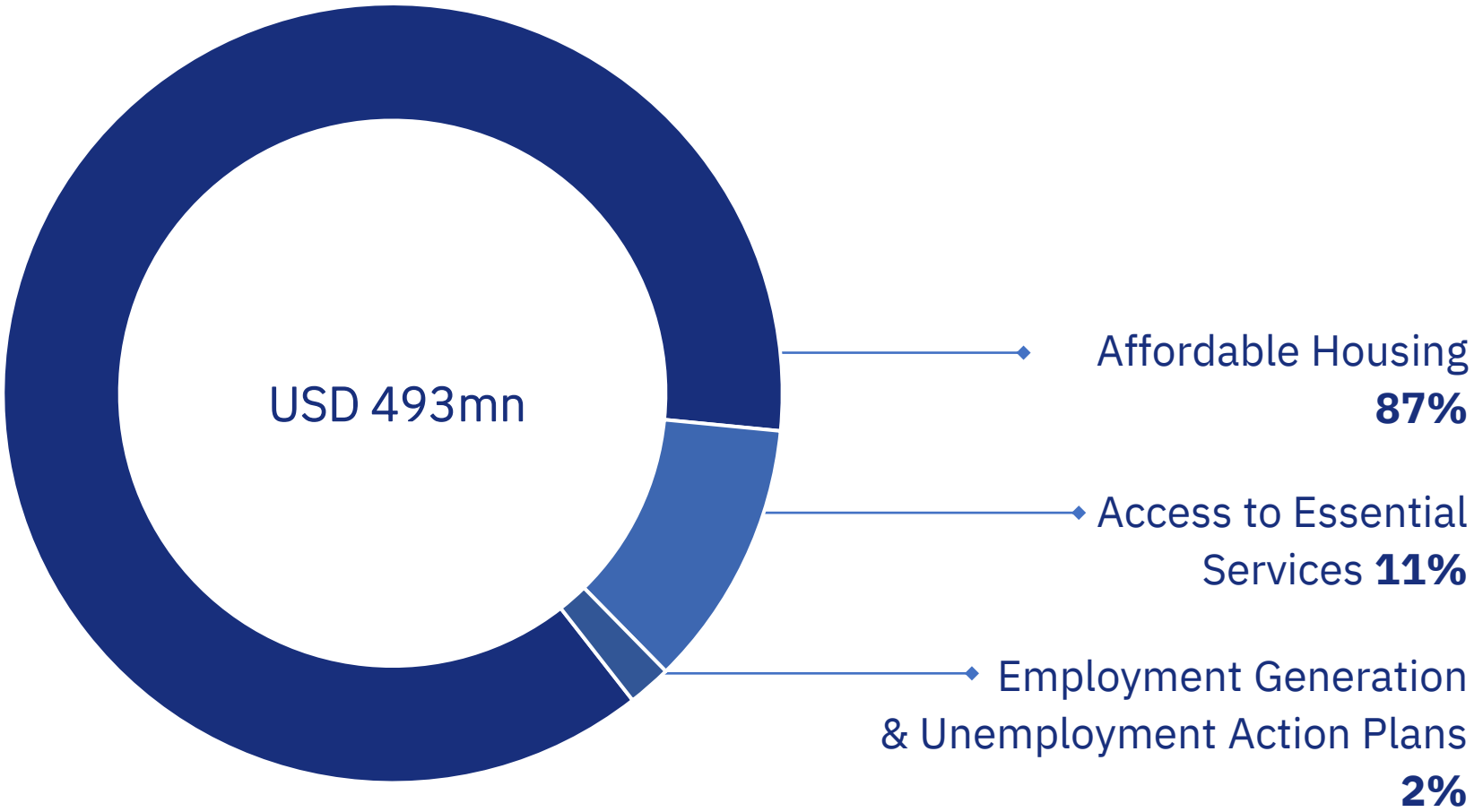
# Indicative Eligible Asset Portfolio

## Eligible Green Assets Portfolio\*



Green Buildings	\$4,228mn
Renewable Energy	\$506mn
Clean Transportation	\$178mn
Pollution Prevention	\$127mn
Energy Efficiency	\$117mn
Wastewater Management	\$4mn

## Eligible Social Assets Portfolio\*



Affordable Housing	\$429mn
Access to Essential Services	\$55mn
Employment Generation & Unemployment Action Plans	\$9mn

\*As of June 30th 2023

# Examples of ENBD's Existing Eligible Green and Social Loans

## Solar Park Construction

Large concentrated solar park in UAE



## Circular manufacturing unit

Circular manufacturing unit which uses 100% waste paper/cardboard as raw material to produce packaging cartons & related products



## Agricultural water treatment plant

Large agricultural waste water plant in Egypt



## Green Hydrogen Plant

Large green hydrogen plant



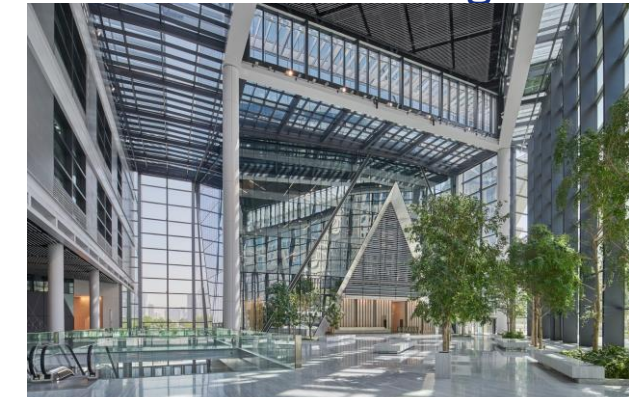
## Taxi fleet in Dubai

Financing of zero-emission vehicle taxi fleet in Dubai



## Green and Social housing

Financing of Green commercial and residential real estate as well as Social housing for low-income
















\* In line with UAE's social welfare programme classifies citizens / families as low-income when total household income is less than AED 25,000 per month



# Appendix






# Use of Proceeds

## Green Project Categories

GBP Category	UNSDG Alignment	Eligibility Criteria
<b>Green Buildings</b>	   	<ul style="list-style-type: none"> <li>• New and existing residential, commercial or mixed use buildings that meet the minimum external green building certification level including (but not limited to):               <ul style="list-style-type: none"> <li>• LEED, Leadership in Energy and Environment Design ‘Silver’</li> <li>• Mostadam – Silver</li> <li>• Estidama, Pearl Building Rating System in the Emirate of Abu Dhabi ‘2 Pearl Rating’</li> <li>• WELL – Certified</li> </ul> </li> <li>• New and existing residential buildings that are within the top 15% most energy efficient buildings in their respective region, as determined through, for instance, a specialist green building consultant study</li> <li>• Refurbished buildings that achieve a minimum 30% improvement in energy use or carbon emissions</li> </ul>
<b>Renewable Energy</b>	 	<ul style="list-style-type: none"> <li>• Renewable energy generation sources:               <ul style="list-style-type: none"> <li>• Solar: Photovoltaic solar power (PV), concentrated solar power (CSP) and solar thermal</li> <li>• Wind: Onshore and offshore</li> <li>• Green hydrogen: Storage and refuelling infrastructure and fuel production by electrolysis that is 100%</li> <li>• Bioenergy &amp; Biothermal</li> <li>• Hydroelectric</li> </ul> </li> <li>• Infrastructure to support renewable energy</li> </ul>
<b>Energy Efficiency</b>	 	<ul style="list-style-type: none"> <li>• Smart energy grids, energy meters, management systems that promote energy efficiency by carrying information to users for remotely acting on consumption, as well as energy efficiency promotion through battery storage facilities that are connected to renewable energy sources</li> <li>• District cooling systems: Energy efficient air-conditioning systems powered by at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat</li> </ul>
<b>Clean Transportation</b>	 	<ul style="list-style-type: none"> <li>• Zero tailpipe emission vehicles (including hydrogen, fuel cell and electric)</li> <li>• Infrastructure to support electric vehicles including electrified railways and charging stations for electric vehicles</li> </ul>
<b>Pollution Prevention and Control</b>	 	<ul style="list-style-type: none"> <li>• Collection, transport and transfer of non-hazardous waste</li> <li>• Development, construction, installation and/or maintenance of waste sorting and processing (and related infrastructure) linked to recycling projects</li> <li>• Waste prevention, waste reduction and waste recycling</li> <li>• Waste to energy</li> </ul>
<b>Sustainable Water and Waste Water Management</b>		<ul style="list-style-type: none"> <li>• Waste water treatment (including agricultural waste water treatment plants) and water recycling facilities</li> <li>• Improvements to water infrastructure that increase water use efficiency through replacements and upgrading of inefficient systems</li> <li>• Water desalination projects running on reverse osmosis technology with a carbon intensity of less than 100gCO<sub>2</sub>e/kWh over the residual asset life</li> </ul>

# Use of Proceeds

## Social Project Categories

SBP Category	UNSDG Alignment	Eligibility Criteria
<b>Access to Essential Services</b>	 	<ul style="list-style-type: none"> <li>• Financing dedicated to healthcare facilities:</li> <li>• Construction and/or operation of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system</li> </ul> <p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>• General population (UAE), due to these facilities being accessible by general population irrespective of income</li> </ul>
<b>Affordable Housing</b>		<ul style="list-style-type: none"> <li>• Financing dedicated to government schemes for affordable housing and construction of homes for low income individuals</li> </ul> <p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>• Populations meeting the criteria for government-supported affordable housing mortgage financing scheme and with a maximum individual income of AED 25,000</li> </ul>
<b>Employment Generation, and Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing</b>	 	<ul style="list-style-type: none"> <li>• Financing dedicated to MSMEs with an emphasis on employment generation or retention</li> <li>• Financing dedicated to emergency response to a crisis (health crisis, natural disasters and emergency situations) to alleviate unemployment and/or provide financial support for MSMEs</li> </ul> <p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>• MSMEs</li> </ul>



For Full ESG report,  
please visit: 