بنك الإمارات دبي الوطني
Emirates NBD

Task Force on Climate-Related Financial Disclosures **Report 2023**

Contents


Emirates NBD

1. About Emirates NBD Group

Emirates NBD Bank P.J.S.C. ('Emirates NBD') is a leading Banking Group in the Middle East, North Africa and Türkiye (MENAT) region with a brand value of USD 3.89 billion by Brand Finance. As at 31 December 2023, total assets were AED 863 billion, equivalent to approximately USD 235 billion. The acquisition of DenizBank A.S. in Türkiye in July 2019 represents a significant milestone for Emirates NBD with the Group expanding its presence to 13 countries, servicing over 9 million active customers.

Emirates NBD Group (hereinafter referred to as the "**Group**") serves its customers (individuals, businesses, governments, and institutions) and helps them realise their financial objectives through a range of banking products and services including retail banking, corporate and institutional banking, Islamic banking, investment banking, private banking, asset management, global markets and treasury, and brokerage operations.

Emirates NBD celebrated its 60th anniversary on 19 June 2023 marking the Group's outstanding achievements while highlighting a solid historical and financial foundation which has successfully transformed Emirates NBD into an international banking brand.

Emirates NBD's international markets are key markets for the Group providing network-linked business across different countries. The Group remains focused on optimising network linkages between its markets to diversify business growth streams; as well as to share synergies on controls and best practices. The Group has formed a large international presence with operations across several key markets. The Group has operations in the UAE, Egypt, India, Türkiye, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Russia and Bahrain and representative offices in China and Indonesia.

Emirates NBD won Best Bank in the Middle East and Best Bank in the UAE at the Euromoney Excellence Awards 2023. Emirates NBD was awarded Middle East's Best Private Bank for Digital, and Best Domestic Private Bank in the UAE by Euromoney Global Private Banking Awards 2023.

Additionally, Emirates NBD was also lauded for its strides in the digitisation of banking services within the UAE and wider region and named 'Middle East's Best for Digital' at the Euromoney Global Private Banking Awards 2023. Acknowledging the bank's capabilities in Wealth Management and Private Banking in the UAE, Emirates NBD also received the award for 'Best Domestic Private Bank' for 2023. Emirates NBD ranked 1st in the UAE in Forbes' World's Best Banks for 2023 and 9th in Forbes Middle East's Top 100 Listed Companies for 2023.

Emirates NBD is ranked 85th globally in The Banker's list of the World's Top 1,000 Banks for 2023. In addition, Emirates NBD has been assessed as the 'Strongest Bank in the UAE' and 'Fifth Strongest Bank in the Middle East' by The Asian Banker 500 Largest and Strongest Banks rankings.

Emirates NBD contributes to the construction of a sustainable future as an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial wellness and advocacy for inclusion of people of determination under its #TogetherLimitless platform. Emirates NBD is recognised for the pioneering efforts in employee volunteering and corporate social responsibility by IMPACT2030, the corporate volunteering arm of the United Nations.

Emirates NBD prioritises the alignment with the UAE's national vision, goals, and initiative. It is a participant and a contributor to the UAE's sustainability vision. Emirates NBD's ambition knows no bounds as the bank continually realigns its strategies, and enhances product offerings with the UAE's Net Zero 2050 initiative.

Emirates Islamic (EI)

Emirates Islamic provides Shari'ah-compliant products and services through its financial operations such as personal banking, business banking and corporate banking. Emirates Islamic is a leader when it comes to promoting equitable creation of wealth and prosperity as it displays its commitment to reducing its environmental impacts by aligning with the UAE's 2050 Net Zero strategy. Emirates Islamic is also equally aligned with Emirates NBD's approach to sustainability and responsible business operations. The commitment of Emirates Islamic in sustainability is shown through responsible business by supporting the business growth in a variety of sustainable approaches such as waste management, renewable energy, clean technology, and community development.

DenizBank

DenizBank joined the Group in July 2019 and operates responsibly through their business operations by promoting social development and sustainable consumption. It has implemented numerous innovations that lead the sector in facilitating and adding value to the lives of people. They provide support in strategic areas such as health, municipalities, shipping, tourism, energy, education, infrastructure, and agriculture. DenizBank is also committed to meeting the needs of Small and Medium-sized Enterprises (SMEs) with a strong focus on farmers and agricultural lending, who are at the heart of the nation's economy and continually develops innovative financing models to foster this key segment.

Emirates NBD Asset Management

Emirates NBD Asset Management Limited (Emirates NBD AM) is the dedicated asset management arm of Emirates NBD Group (A2 rated by Moody's). As a 100%-owned subsidiary of Emirates NBD Bank, Emirates NBD AM is one of the largest and longest established asset managers in the Middle East. Emirates NBD AM offers a diverse range of funds and segregated mandate products, catering to all types of clients across the institutional and retail space. While a separate business, Emirates NBD AM is included under the "Wealth Management" pillar of the Group and is one of the main providers of products and services to the captive distribution channels.

Tanfeeth

Established in 2011, Tanfeeth is the Gulf Cooperation Council's (GCC) first large-scale Business Service Partner and fully-owned subsidiary of Emirates NBD. Tanfeeth is dedicated to supporting the Group by delivering regional expertise, cost productivity, and excellence in customer service delivery in terms of quality, consistency, and efficiency, to the Group's growing customer base.
It functions as an operations and service platform with international customer service standards. Its end goal is to continue to raise the benchmark for customer service across the GCC and deliver exceptional customer experience through partnership, passion and people.

2. Our Core Values and ESG

(Environment, Social, and Governance)

At Emirates NBD, our core values act as guiding principles to help us build a strong business foundation through our actions, strategic decisions, and customer service. Our core values, which are Collaboration, Ownership, Drive and Enterprising help us to achieve our targets and commitments to energise our sustainability mission.

Through collaboration we progress together. We have successfully achieved a climate aware business through our commitment to collaborate. Our ESG initiatives are dedicated to maintaining the ongoing collaboration between our internal business stakeholders who securely work hand-in-hand towards embedding climate-consciousness and sustainability in our core operations, management decisions, and risk assessments. We also partner with our clients to raise understanding of Net Zero and collaborate through financing and advisory towards our joint Net Zero journey.

We take ownership by aligning with international standards and committing to climate initiatives. We have ensured that our ESG awareness is all-encompassing starting from the Board of Directors to employees. We intend to gradually integrate ESG factors into investment decisions and ownership practices.

We incorporate the value of drive by setting the pace in ESG through adopting a nationwide approach to consider climate change and the associated risks to measure and manage. We also ensure that we set the pace by leading the climate opportunities within Emirates NBD which enables us to achieve our 2050 Net Zero goal.

Finally, Emirates NBD is a leader when it comes to being enterprising as we strive to make a difference in climate change by being environmentally aware to further embed and improve our ways of handling our environmental impacts. We not only strive to make better informed decisions to achieve our business goals sustainably, but also work hard to maintain our enterprising capabilities by being aware of the associated climate risks and opportunities.

3. Task Force on Climate-Related Financial Disclosures (TCFD): An Introduction

Information in today's world is more essential than it has ever been and publishing a Task Force on Climate-Related Financial Disclosures report is an important step towards understanding market transparency and climate-related risks and opportunities.

As we are committed to the UAE's Net Zero 2050 initiative, it is crucial for us to address climate change as a nationwide risk. Climate change and its impacts are advancing, and we are determined to address the impact of climate change through Task Force on Climate-Related Financial Disclosures.

Disclosing the right information in a timely manner will provide greater market transparency, enabling well-informed decisions to be taken with a correct allocation of capital.

Emirates NBD produces a comprehensive ESG (Environmental, Social, and Governance) Report that provides a detailed overview of the Group's strategies, objectives, risks, and accomplishments. The Corporate Governance Report, in conjunction with the ESG Report, affirm the bank's unwavering commitment to a carbon-neutral economy, aligning with national objectives.

We are proud to play a part in advancing TCFD's goals. Our disclosures and transparency will help the market to view financial risks and opportunities related to climate change as a natural part of the organisation's sustainability journey. The TCFD's recommendations play a crucial role when it comes to managing our environmental impact. The structure of TCFD's recommendations comprise four key areas that can thoroughly represent the organisation's approach towards assessing climate-related risks which are — Governance, Strategy, Risk Management and Metrics and Targets. We consider these four areas as essential functionalities that enable us to disclose correct information in the financial market which we aim to publish publicly to support a more sustainable market for investments.

ESG principles are deeply integrated into the bank's culture, operations, and strategy, serving as a foundation for all pivotal decisions. The Emirates NBD Board bears the responsibility for ESG matters, including the integration of ESG into strategic undertakings, projects, and general operations.

The Group's ESG Head holds a prominent managerial position within Emirates NBD's senior management structure. Emirates NBD's ESG framework is closely aligned with significant global and local commitments, including the United Nations' Sustainable Development Goals and the UAE's Vision 2030.

With the adoption of more nationwide strategic initiatives like the pursuit of Net Zero emissions, and the ongoing evolution of international standards, particularly in domains like sustainability accounting, audit practices, and ethical standards, Emirates NBD methodically enhances its ESG approach to ensure alignment with these dynamic standards.

Governance

Our governance framework provides an overview of our Board and management structure and systems of internal control. This report provides an overview of our approach towards climate change and its impact in our governance model by highlighting the Board's responsibilities and the process of making decisions. We aim to provide clarity and reflect the management of climate related risks and opportunities.

Our governance framework also defines our mechanisms through the management's responsibilities and highlights our policies. The Board responsibilities provide clarity on our approach to managing climate-related risks and opportunities. This report highlights our responsibilities and understanding of climate change and its impact on our governance model.

Strategy

Emirates NBD's strategic approach is to address climate change and how the associated risks are measured and managed. We also highlight how climate risks and opportunities are incorporated into the business strategies. Emirates NBD is aligned with the UAE's Net Zero 2050 initiative as we continue to strive to achieve Net Zero in our own operations.

The risk and management framework outlines how financial and non-financial risks, including climate-related risks are identified, assessed, and managed within the organisation. It also highlights how climate-related risks will be eventually integrated with the organisation's overall risk management approach.

Metrics and Targets

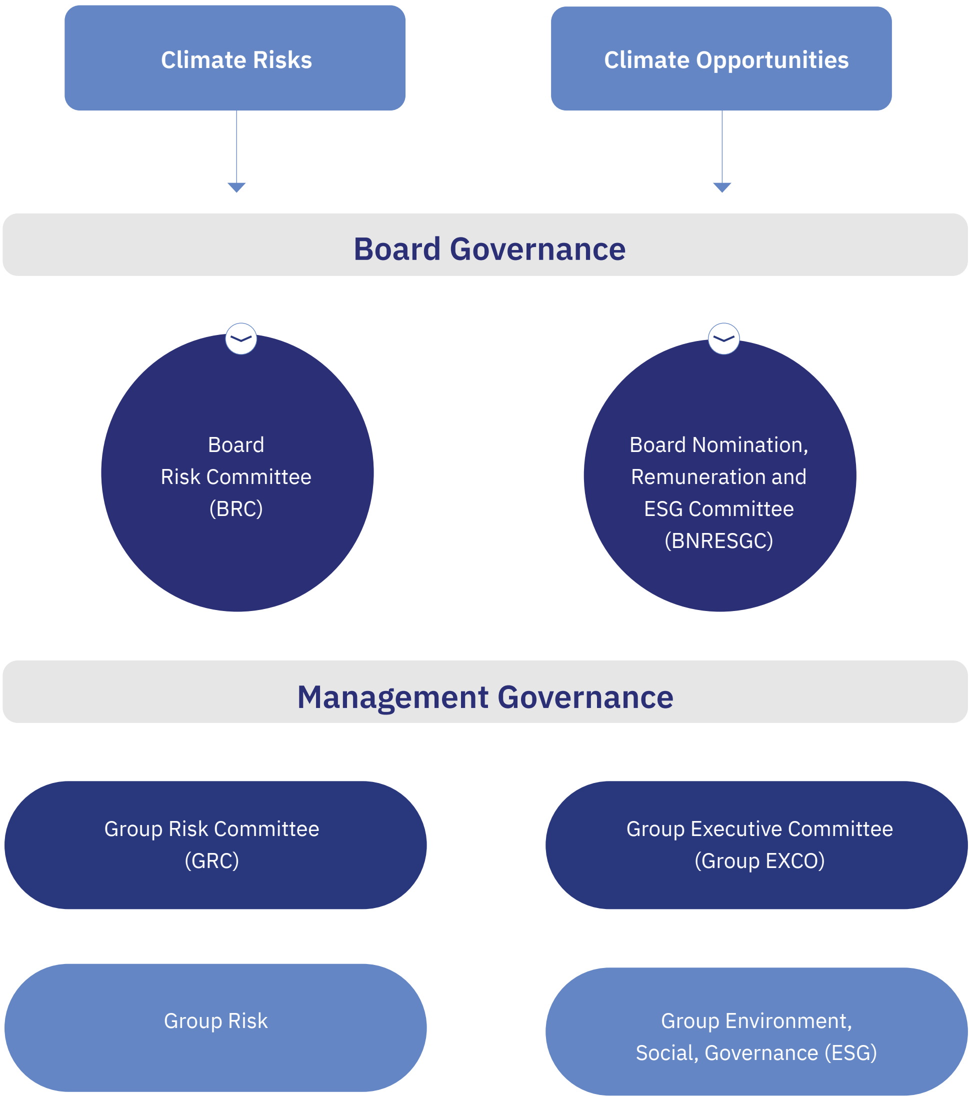
Our metrics and targets are disclosed to assess and monitor our climate risk exposures. We also identify opportunities as targets to support Emirates NBD's alignment of achieving Net Zero by 2050. To support our ambitions and reach our high level of environmental expectations and alignments the Group is committed to identifying its environmental metrics and targets.

4. Governance

The Emirates NBD Governance Framework identifies the responsibilities and accountabilities of the Board and individual Board Directors, Board Committees, and supporting management committees. It also provides an overview of the overall governance approach within Emirates NBD. More information on the Governance Framework is available within our 2023 Corporate Governance Report available on our corporate website at www.emiratesnbd.com.

The Board of Emirates NBD (hereinafter referred to as the "**Board**") bears the final responsibility for all aspects concerning climate change risks. The Board actively participates in shaping our ESG strategy and is regularly briefed on the progress of this strategy by the Group Executive Committee. As part of the yearly strategic and financial planning, the Board assesses our ESG strategy, encompassing climate-related risks and prospects, to ensure that our approach to ESG matters remains aligned with emerging trends and approved strategies.

Climate Change Governance Model



Board Governance

The Board is collectively responsible for driving the sustainability strategy of Emirates NBD.
The Board acknowledges the societal and global economic risks posed by climate change and is aware of the strategic need to facilitate the shift towards a low-carbon economy. The Board recognises climate change as a potential strategic risk to Emirates NBD and is committed to identifying and managing it with the same rigor as any other strategic risk. This proactive approach sets the precedent for the robust risk culture that Emirates NBD upholds.

The Board exercises primary oversight over Emirates NBD's strategic stance on climate change. This includes oversight over Emirates NBD's strategy to manage both risks and opportunities arising from climate-related factors.
This strategy is driven by the Group EXCO, the BRC and the BNRESGC.

Board Risk Committee (BRC)

The BRC sets the overall risk strategy and approves risk-related frameworks and policies. The BRC has oversight of the establishment and operation of risk management systems and receives regular updates on their effectiveness. It reviews risk exposures, risk profiles and risk concentration reports on a regular basis through quarterly risk monitoring supported by the Risk Management Department. BRC provides oversight on risk management as part of its responsibility to advise the Board on the overall risk strategy, risk appetite, risk tolerance along with risks arising from climate change.
The BRC operates to ensure that the objectives of risk management remain aligned and in adherence to established benchmarks and applicable regulations. This dedicated oversight guarantees that the organisations risk management objectives retain their integrity and regulatory conformity along with embracing ESG regulations.

Board Nomination, Remuneration and ESG Committee (BNRESGC)

The BNRESGC ensures that the organisation is committed to Environment, Social, and Governance (ESG) and corporate sustainability strategy. It oversees incentives and other emoluments, which includes consideration of the risk structures for appropriate corporate performance, risk taking and responsibility, and corporate culture.

The BNRESGC ascertains that the Group's Compensation Policy and Framework supports the Group's strategy, objectives, and values, and is creating the desired incentives which are aligned with all applicable regulations. It supports the nomination of female candidates to the Board and reviews gender diversity as part of the Board succession process. The BNRESGC annually reviews the Board training/ awareness programme to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their Board and fiduciary responsibilities.

Management Governance

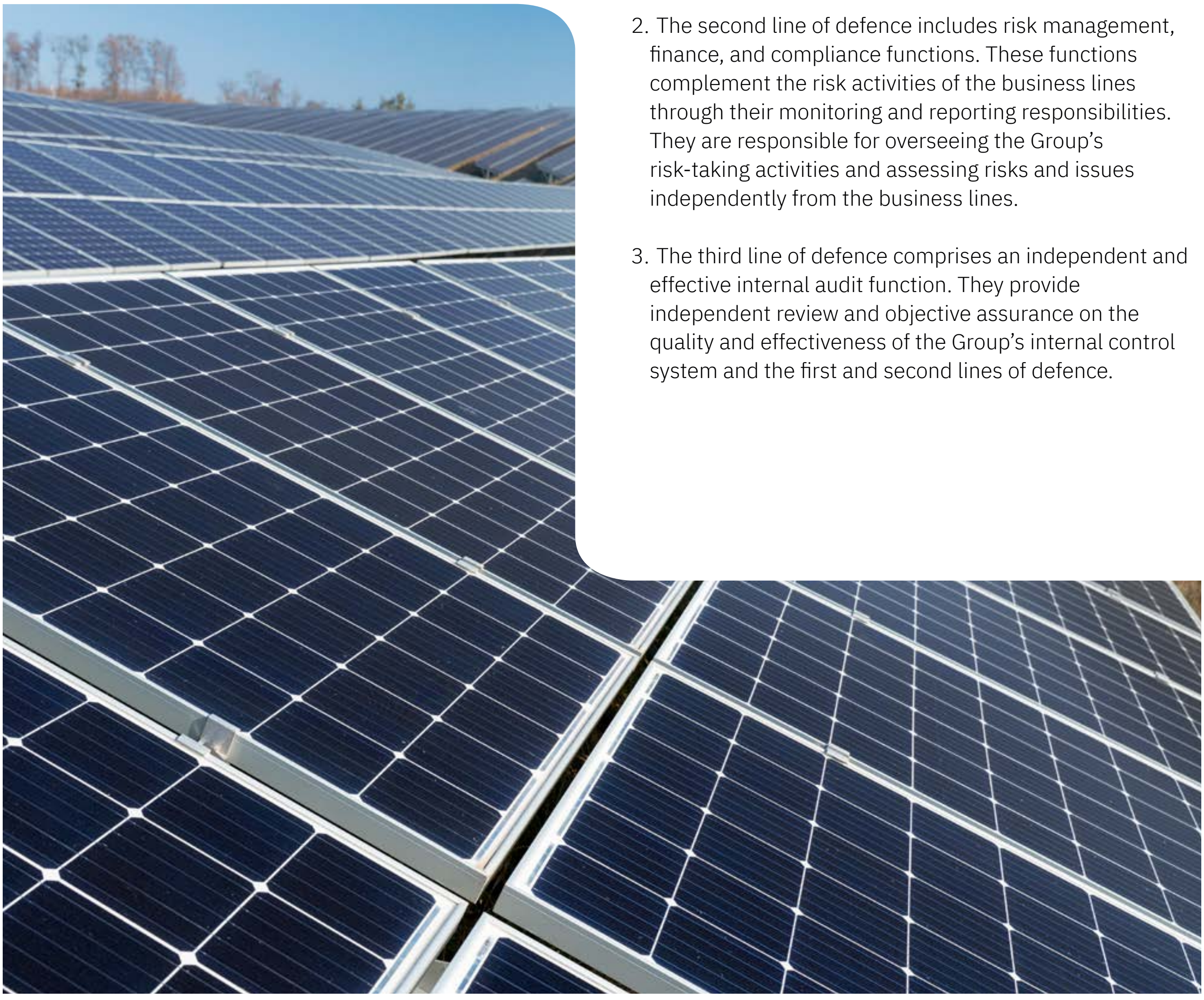
Management responsibilities are aligned to the Group's objectives and operate under the direct authority of the Board. Senior Management helps to drive decision making across several areas of the business, including the management of assets, risk, credit and investment, procurement, information security, and evaluate risks and opportunities arising from climate change.

The Group operates a three-lines of defence risk management model, which incorporates the segregation of responsibility, controls, monitoring and reporting as appropriate for a bank of its size, nature, and regulatory environment. This model provides a strong oversight in managing challenges like climate risks.

1. Business units (Relationship and Product) are the first line of defence. They evaluate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control, and mitigation of risks.

2. The second line of defence includes risk management, finance, and compliance functions. These functions complement the risk activities of the business lines through their monitoring and reporting responsibilities. They are responsible for overseeing the Group's risk-taking activities and assessing risks and issues independently from the business lines.

3. The third line of defence comprises an independent and effective internal audit function. They provide independent review and objective assurance on the quality and effectiveness of the Group's internal control system and the first and second lines of defence.



Group Risk Committee (GRC)

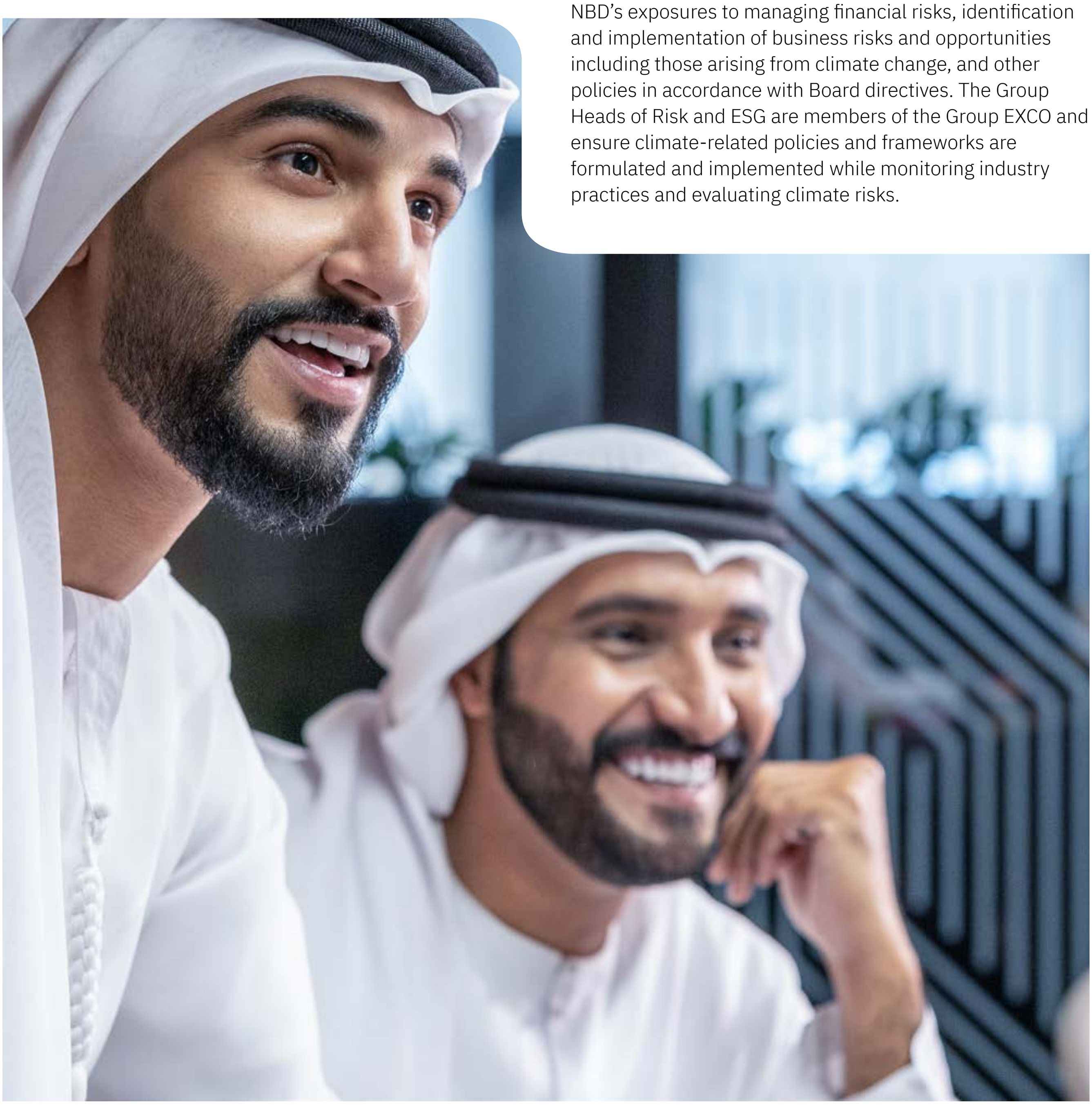
The GRC is responsible for ensuring effective risk oversight across the Group including reviewing and recommending the approval of risk-related policy documents to BRC. The GRC regularly updates the Board, through the Board Risk Committee, on all risk-related matters, both financial and non-financial.

The Group Risk Management Framework (GRMF) defines our approach for the identification, measurement, control, monitoring and reporting of key risks. Key risk types are categorised into financial risks and non-financial risks, which includes climate risk, among other risk types.

Group Executive Committee (Group EXCO)

The Group EXCO collectively monitors the performance of the Group and makes Group-level decisions within authority limits delegated by the Board. Such decisions involve the day to day running of the Group, its strategic growth, and the implementation of any decisions by the Board. This Senior Management team regularly updates the Board on all material matters, including compliance with regulatory requirements. The Group Chief Executive Officer of Emirates NBD chairs the Group EXCO.

The Group EXCO is responsible for overseeing Emirates NBD's exposures to managing financial risks, identification and implementation of business risks and opportunities including those arising from climate change, and other policies in accordance with Board directives. The Group Heads of Risk and ESG are members of the Group EXCO and ensure climate-related policies and frameworks are formulated and implemented while monitoring industry practices and evaluating climate risks.



5. Climate Strategy

Climate-related strategies are embedded into Emirates NBD's Group vision and are aligned to our core values. Our ESG strategy focuses on factoring climate change related risks and opportunities to enable us to provide products and services that benefit the people and the planet. This compels us to take significant steps to better manage the challenges associated with climate change.

We intend to continually realign our strategy with the UAE Net Zero 2050 initiative. We aim to offer a variety of sustainable investment products to our clients including green bonds and provide financing support to companies who commit to environmental, social, and governance principles.

At Emirates NBD, digitisation is an integral part of our climate strategy to not only reduce our carbon footprints but also to create operational efficiency beneficial for our internal and external stakeholders. The adaptation of digitised systems helps us to effectively contribute to the fight against climate change.

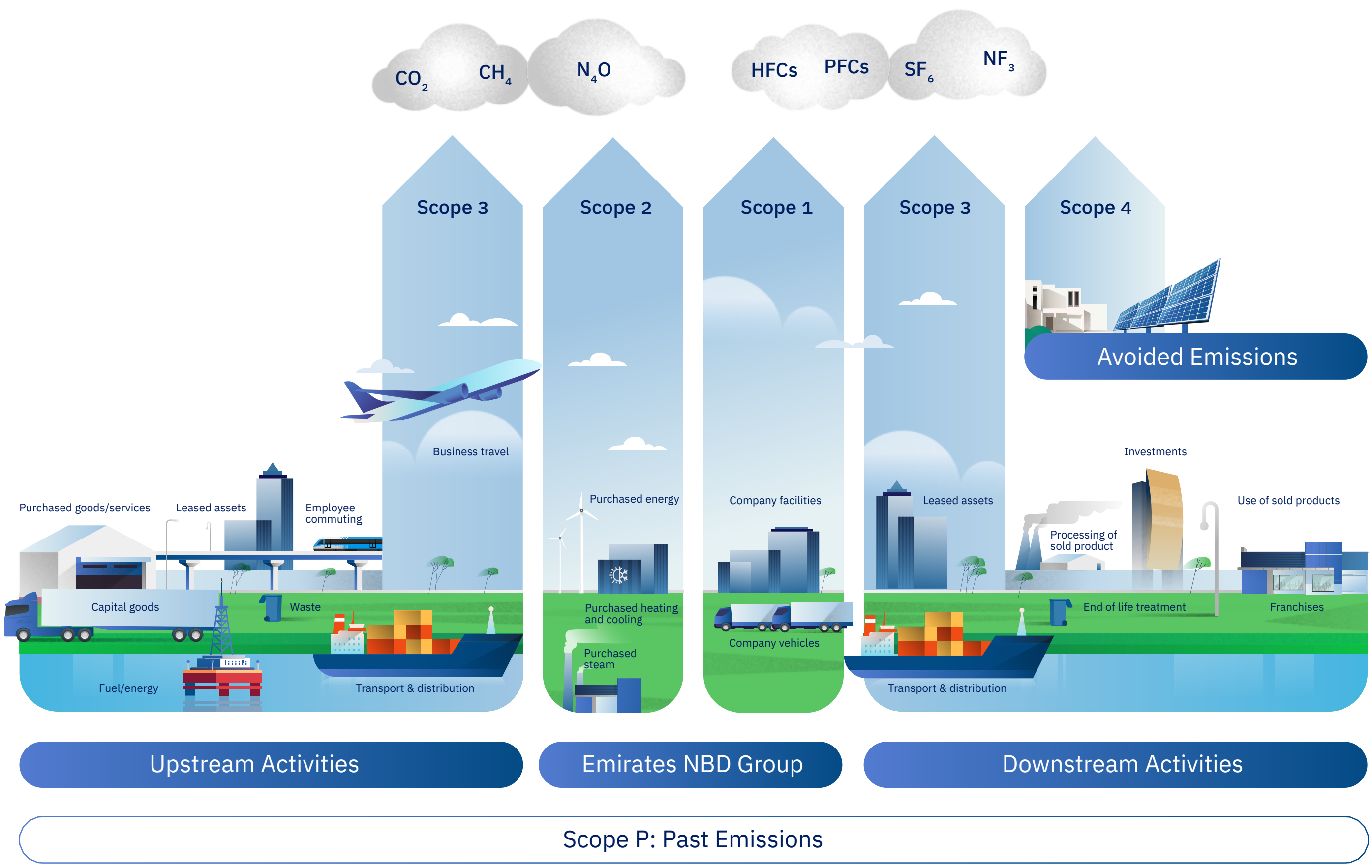
Net Zero

The Group has designed its climate strategy to align with United Nations Sustainable Development Goals and to meet the UAE's Net Zero 2050 target. To attain Net Zero emissions by 2050, the UAE launched a Net Zero 2050 policy in October 2021 and revised its Nationally Determined Contribution, which increases the 2030 climate target of reducing greenhouse gas (GHG) emissions from 23.5% to 40% by the year 2030, and Emirates NBD is keen to play a key role in assisting the UAE in achieving these goals.

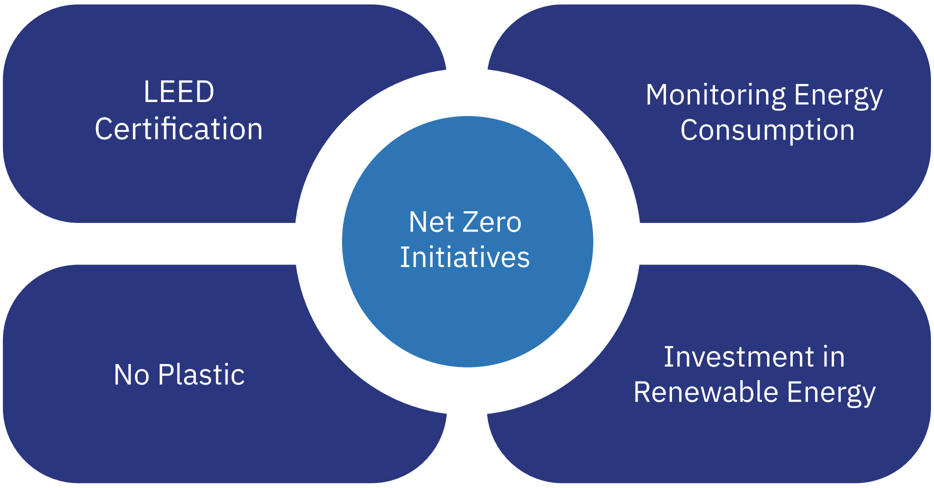
We have tracked CO_2 emissions from our operations each year since 2020. By doing so, we can evaluate our results, spot areas for improvement, and prepare any necessary corrective actions. By adopting cutting-edge technology and creating carbon offset plans for all our lines of business, we intend to reduce carbon emissions as per the country guidelines in our countries of operation. Our ambition is to become Net Zero in our operations, supply chain and achieve emissions reductions by enabling the customers and communities we serve to reduce their carbon footprints as well. This aligns with our rigorous effort to track progress of our direct and indirect greenhouse gas (GHG) emissions across scope 1, 2 and 3 emissions.

We have illustrated below our GHG emissions categories.

GHG Emissions Tracking



We are dedicated to minimising the effects that our operations have on the environment, both directly and indirectly. We are committed to transition to a Net Zero future and are mindful of the impact we cause to the environment in which we operate. We have taken several initiatives to reduce our carbon footprints on the planet.



To better manage and monitor our fuel consumption, we have partnered with the Emirates National Oil Company (ENOC) for Group fleet vehicles. Our consumption is reported through monthly invoices and monitored regularly by the Emirates NBD Transport Desk. To encourage our employees to use shared transport, we enable them to choose free of charge shared transportation services.

The Group is a recognised leader in the development of retail bank branches that have been awarded LEED certifications, with the most recent branches being awarded Platinum Status. This makes the Group the first financial services group in MENAT to be awarded platinum LEED status. In addition, the Group has supported a programme to measure and reduce its Scope 1 and Scope 2 emissions and has invested in solar energy generation at its Meydan offices, Dubai to increase its consumption and usage of renewable energy.

We are dedicated to minimising the effects that our operations have on the environment, both directly and indirectly. We hold an ISO 14001:2015 certification for our environmental management systems, which cover 100% of our operations in the UAE. To maintain this standard, we continually work to enhance our environmental management systems through projects focused on energy and water conservation, the installation of solar energy stations, the reduction of plastic consumption and paper waste, water pressure reduction, and leakage sensor installations.

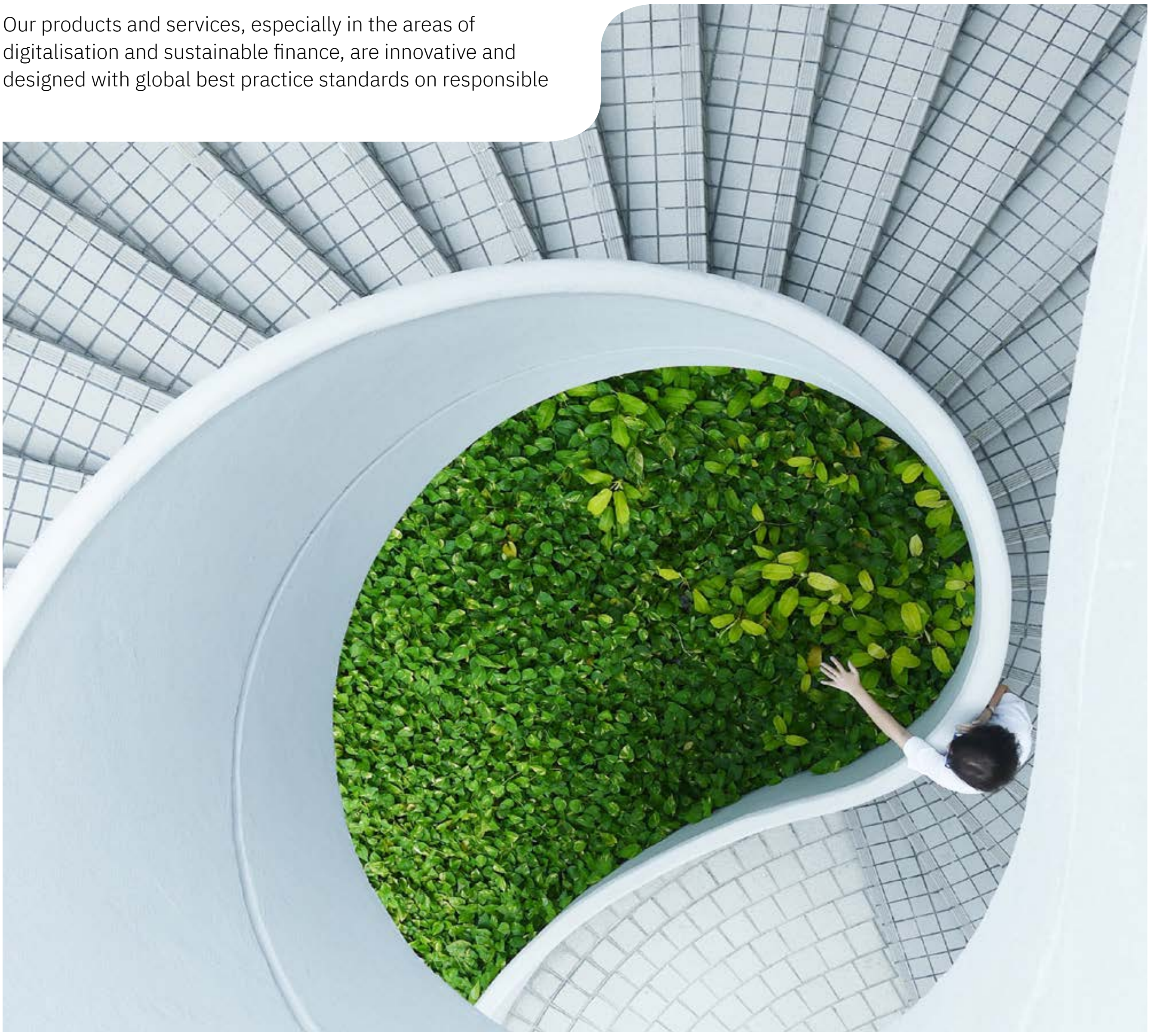
Sustainable Finance

As one of UAE's leading financial institutions, a central tenet of Emirates NBD's corporate mission is to conduct all banking services in a responsible and sustainable manner and in a way which has a positive impact on its customer-base.

Emirates NBD is a regional leader in arranging ESG issuances across conventional and Sukuk format. Emirates NBD sees the ESG bond market as a key solution to guide capital towards sustainable solutions in the countries we are active in. To that end, Emirates NBD has built out a service supporting transition, green and social finance that together support sustainable bond issuers and growing the regional ESG bond market. Emirates NBD is committed to delivering the UAE's broader ESG objectives. Therefore, our sustainability mission is fully aligned to the UAE's sustainability vision.

Our products and services, especially in the areas of digitalisation and sustainable finance, are innovative and designed with global best practice standards on responsible banking in mind. In addition to conventional banking, our services also reflect our local customer base, and we offer Shari'ah compliant financing solutions that are based on Islamic principles. Within the context of the global business environment, Islamic finance concepts are strongly linked to financial stability and corporate social responsibility. They provide mutuality, sustainability, and a stake in the business for all parties involved.

Also, in line with the regional agenda, we intend to play a significant role in growing the Micro, Small and Medium Enterprises (MSME) economy in the UAE. MSMEs receive special focus from the UAE government as they are considered 'vital for the economic diversification and growth and because they help to build national human resources.



Sustainable Finance Framework

As Emirates NBD advances its sustainability journey, we have established a Sustainable Finance Framework (hereinafter referred to as the "**Framework**") to be able to issue Sustainable Finance Instruments to finance and refinance projects which enable the transition to a low carbon and climate resilient economy, and/or provide positive societal impact and to mitigate social problems. By issuing Sustainable Finance Instruments, we will provide additional transparency around funded projects and assets that carry environmental and social benefits. We hope to promote further investments into environmentally and socially sustainable assets that will assist in reaching the targets set by the Paris Climate Agreement and the United Nations Sustainable Development Goals (UN SDGs).

Emirates NBD has established this Sustainable Finance Framework under which Emirates NBD or any of our group subsidiaries (that does not have its own Green, Social or Sustainable Financing Framework) can issue green, social and sustainability finance instruments (such instruments hereinafter referred to as "**Sustainable Finance Instruments**"), which may include senior bonds, subordinated bonds, medium-term notes, sukuks and commercial papers to finance and/or refinance green and/or social loans/investments with a positive environmental and/or social benefit.

The Sustainable Finance instruments that can be issued under this Framework are defined below:

- Green Finance Instruments to finance and/or refinance Eligible Green loans, Shari'ah compliant financings or investments (as defined in the Use of Proceeds section under Green Eligible Categories)

- Social Finance Instruments to finance and/or refinance Eligible Social loans, Shari'ah compliant financings or investments (as defined in the Use of Proceeds section under Social Eligible Categories)

- Sustainable Finance Instruments to finance and/or refinance a mix of Eligible Green and Social loans, Shari'ah compliant financings or investments (as defined in the Use of Proceeds section under Green and Social Eligible Categories)

The Sustainable Finance Framework is based on the recommendations outlined in the following Principles/ Guidelines:

- ICMA Green Bond Principles (GBP) 2021 [1]
- ICMA Social Bond Principles (SBP) 2023 [2]
- ICMA Sustainability Bond Guidelines (SBG) 2021 [3]
- LMA Green Loan Principles (GLP) 2023 [4]
- LMA Social Loan Principles (SLP) 2023 [5]

The Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also follows the recommendations of the ICMA and LMA Principles regarding External Review. The Framework defines the loans and investments (such loans and investments hereinafter defined as "**Eligible Loans/ Financing Portfolio**") eligible to be funded by the proceeds of Sustainable Finance Instruments issued by Emirates NBD. The documentation for any Sustainable Finance Instrument issued shall provide a reference to this Framework under the use of proceeds section.

The Framework may, from time to time, be updated and will be applied to any Sustainable Finance Instrument issued by Emirates NBD. For instance, future changes to the GBP/ SBP/SBG/GLP/SLP may be implemented in future versions of this Framework. Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external consultant. For the avoidance of doubt, any future change to the eligibility criteria may not necessarily apply to Green, Social or Finance Instruments issued under this framework.

1 CMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1)
2 ICMA Social Bond Principles (SBP) 2023
3 ICMA Sustainability Bond Guidelines (SBG) 2021
4 LMA Green Loan Principles (GLP) 2023
5 LMA Social Loan Principles (SLP) 2023

Digitisation

Digitisation is a key component of our strategy for communicating with clients. Through our digital banking platform, we provide a wide range of digital banking solutions. Our online banking approach helps to reduce negative environmental effects.

Within the Bank, we have implemented various initiatives to reduce the printing of paper, a paperless drive, in our own operations but also through digital collection service to convert counter transactions to online collections through the Smart Transaction platform.

Liv, Emirates NBD's digital bank, was established in line with UAE Vision 2021's strategic objectives of creating a smart innovation-driven economy. Liv offers a first-of-its-kind complete digital banking experience, with a mobile only proposition that is completely paperless from account opening to service queries. Over the years Liv has continued to deliver value based on advanced technology and anticipating the needs of a new generation of customers. Liv has no physical locations and is entirely digital and online. To cut down on plastic waste, Liv utilises eco-friendly cards, and has introduced paperless welcome kits. We regard this as one of our flagship products that positions us well for the future banking expectations among consumers.

We equipped over half our sales workforce with tablets to provide our customers with a seamless and instant banking experience. We have further revolutionised customer experience with a new omnichannel CRM platform offering a faster and more intuitive experience to our customers.

As a pioneer in digital banking and payments technologies, we strive to leverage our intellectual and technological assets to innovate and revolutionise the digitisation of banking services in the UAE. Recently an enhanced version of the Bank's mobile banking application ENBD X was launched to deliver a new standard of excellence to customers. Designed according to the latest global design and user experience trends, the app delivers a faster and smoother experience, offers over one hundred simplified services many of which are instant and paperless, and provides users an easy to manage preferences center.

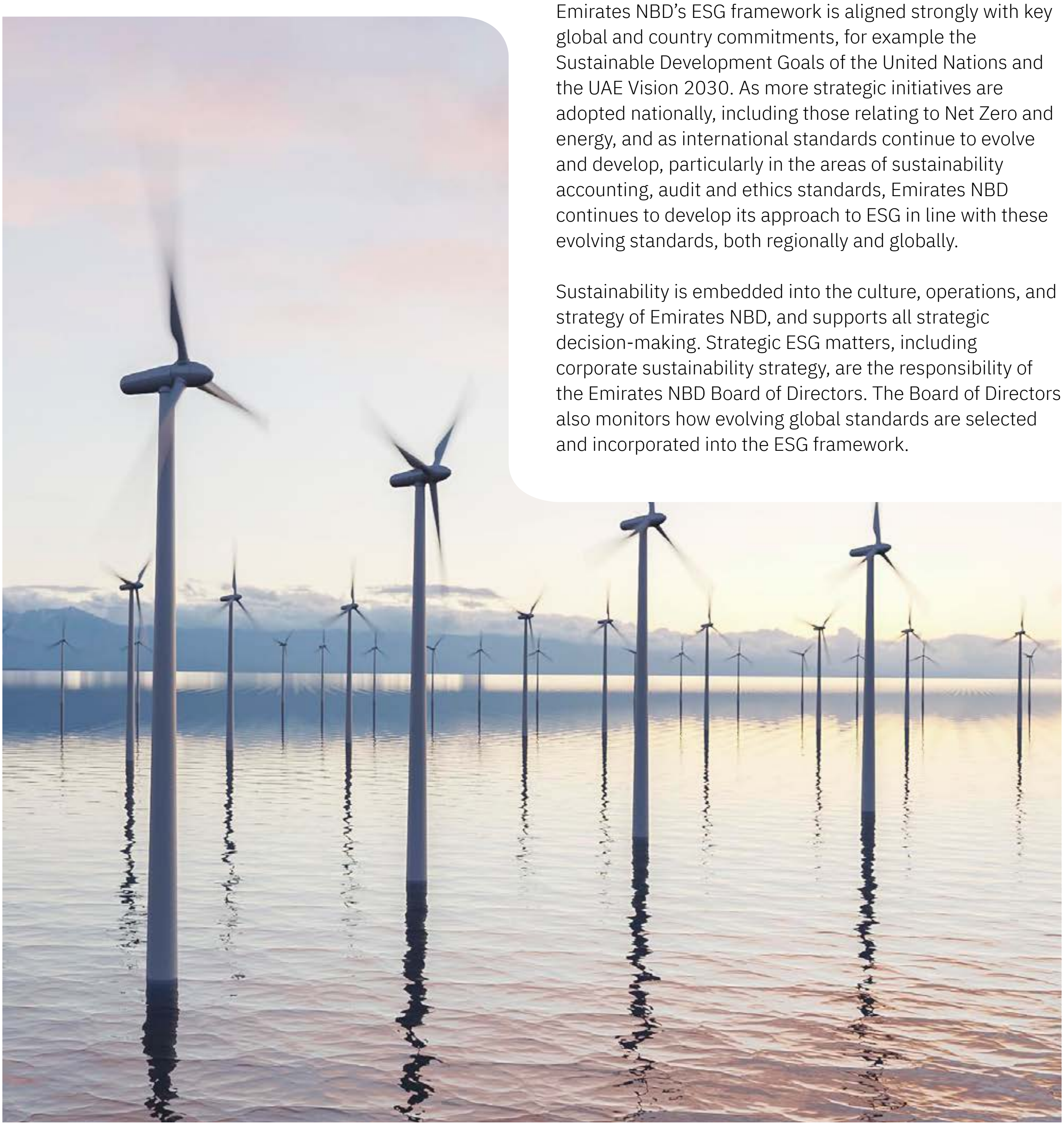
Disclosures

At Emirates NBD, we believe that good governance encourages accountability, transparency, efficiency, and the rule of law at all levels, allowing for effective management of human, environmental, economic, and financial resources for equitable and long-term development. We have a rich history of sturdy governance committees, policies, and practices, which can be understood as the fair distribution of responsibilities, privileges, and powers among organisational hierarchies to ensure compliance with values as well as regulations.

We have an excellent record of adhering to environmental regulations, and Emirates NBD has never faced fines or other non-financial penalties for failing to do so. Our dedication to environmentally friendly practices and policies encompasses both large-scale initiatives to meet highest international standards and local activities to help local ecosystem needs. We also recognise that achievement of environmental efficiencies, especially in areas such as energy and water use, have positive impacts for our business.

Emirates NBD's ESG framework is aligned strongly with key global and country commitments, for example the Sustainable Development Goals of the United Nations and the UAE Vision 2030. As more strategic initiatives are adopted nationally, including those relating to Net Zero and energy, and as international standards continue to evolve and develop, particularly in the areas of sustainability accounting, audit and ethics standards, Emirates NBD continues to develop its approach to ESG in line with these evolving standards, both regionally and globally.

Sustainability is embedded into the culture, operations, and strategy of Emirates NBD, and supports all strategic decision-making. Strategic ESG matters, including corporate sustainability strategy, are the responsibility of the Emirates NBD Board of Directors. The Board of Directors also monitors how evolving global standards are selected and incorporated into the ESG framework.



6. Risk Management

As a financial institution, the Emirates NBD Group faces a broad range of financial and non-financial risks. These risks are managed proactively through various frameworks, policies, standards, organisational structure, approval authorities, measurement, monitoring, reporting and control processes.

The Group has a structured risk governance process in place to identify, measure, manage, control and report risk. In addition to assessing and influencing forward-looking strategy, the Group has been proactive and instrumental to assist in risk-based decision-making as well as oversight across all operations.

Our strategy on climate risk has been incorporated into the Group Risk Management framework and is guided by the three-lines of defence risk approach. The Group considers climate risk as part of broader environmental and social risks.

Our Approach to Climate Risk Management

Emirates NBD Group is determined to make a difference by contributing to finding solutions to risks posed by climate change. We understand our responsibility to mitigate the climate risks in our operations and are also willing to extend our support to help clients and other peer institutions.

To better understand the implications of risks posed by climate change, the Group will systematically apply the principles of materiality and consider climate risk integral to its enterprise-wide risk management framework.

We seek opportunities for investing in clean energy and other sustainable industries, and to assess the influence of climate change on the valuations of different assets. To combat climate associated risks, the Group has implemented several initiatives including climate stress testing, climate related policies and environmental and social risk framework.

Impact Evaluation

In the journey to Net Zero, the Group may face the risk of financial or non-financial impacts related to climate change. The Group is developing a framework which considers both physical and transition risks while assessing potential climate risks. These risks may also impact our clients and we intend to support them to navigate risks through financing and investment.

Managing climate risk is critical in the pursuit of sustainable growth and transitioning towards a low carbon economy. Financial impact on the Group's portfolio and activities from climate change can materialise through various transmission channels. Physical and transition risks can affect households, businesses and the wider macroeconomy and manifest within the Group's principal risks in several ways:

- **Credit Risk:** Defaults by businesses and households
- **Market Risk:** Repricing of equities, fixed income, commodities
- **Liquidity Risk:** Increased demand for liquidity, refinancing risk
- **Operational Risk:** Supply Chain disruption, forced facility closure
- **Underwriting Risk:** Increased insurance losses, increased insurance gap

Climate Risk Transmission Channels

Climate risks – though a separate risk category – are often manifested within the principal risks e.g., credit risk, operational risk, and market risk etc. of a bank. An illustration of the transmission channel through which this manifestation can occur is shown below.[6]

Transmission Channel of Climate Risks

Climate Risks

Transition risks:
Risks arising from the process of adjusting to a low carbon economy

- Policy & regulation
- Technology
- Consumer preferences
- Reputational

Physical risks:
Risks arising from climate and weather-related events

- **Chronic**: Impacts due to slow insidious change such as increasing temperature or water stress (e.g., temp, rainfall, sea levels)
- **Acute**: Short lived extreme weather impacts (e.g., heatwaves, floods, cyclones, wildfires)

Transmission channels

Micro
Affecting businesses and households

Businesses
- Property damage & business disruption from extreme weather
- Stranded assets and new capital expenditure
- Legal liability from failure to mitigate or adapt

Households
- Loss of income (from weather disruption and health impacts)
- Property damage (from severe weather or restrictions, or low-carbon policies) increasing costs and affecting valuations

Micro
Affecting businesses and households

- Capital depreciation & increased investment
- Shifts in prices (from structural changes, supply shocks)
- Productivity changes (from severe heat, diversion of investment, higher risk aversion)
- Labour market frictions
- Socio-economic changes (from migration, conflict, consumption patterns)
- Other impacts on international trade, government revenues, fiscal space, output, interest rates and exchange rates

Financial Risks

Credit Risk
- Defaults by businesses & households
- Collateral depreciation

Market Risk
- Repricing of equities, fixed income, commodities

Liquidity Risk
- Increased demand for liquidity
- Refinancing risk

Operational Risk
- Supply chain disruption
- Forced facility closure

Underwriting Risk
- Increased insurance losses
- Increased insurance gap

6 https://www.ngfs.net/ngfs-scenarios-portal/explore/

Climate Stress Testing

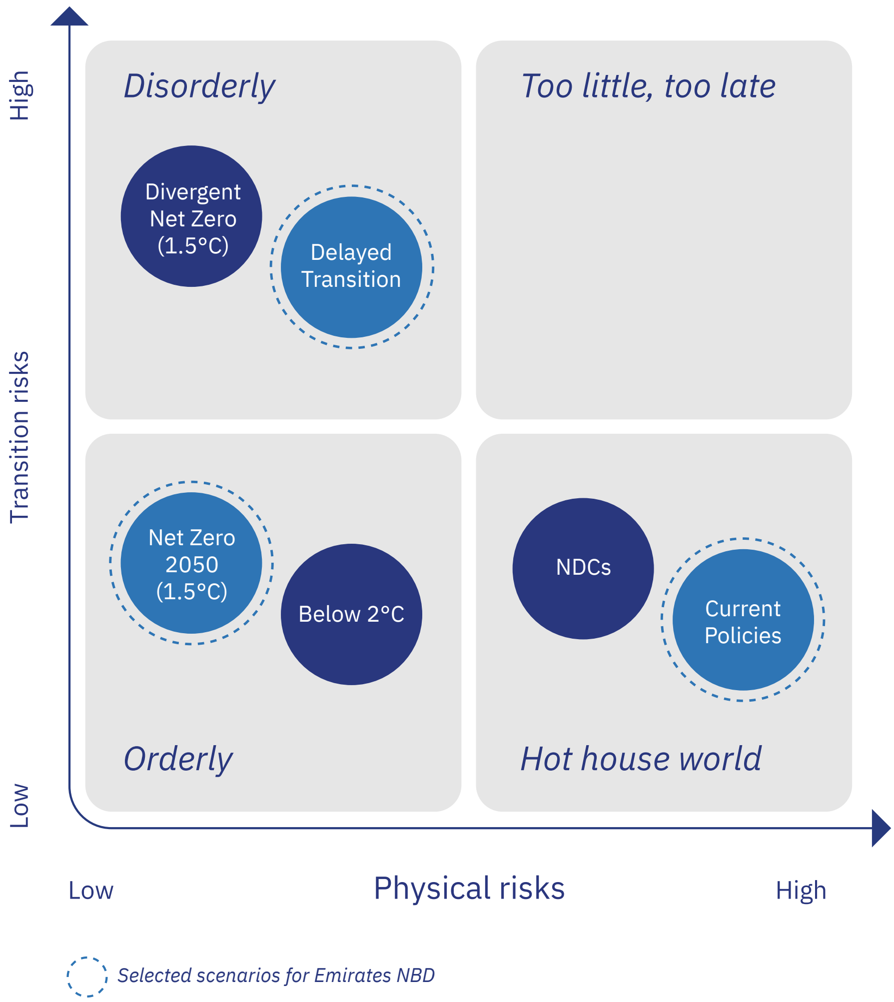
Climate risk can pose significant challenges for banks due to the exposure from financing and investment activities. At Emirates NBD, we are developing a robust plan to mitigate the climate-related risks by effectively executing climate risk testing.

Climate stress tests have emerged as a key tool for banks and supervisors alike, which aims to identify vulnerabilities, best practices, and challenges banks face when managing climate-related risk.

Relative to traditional stress tests, climate stress tests cover a much longer time horizon of up to 30 years. They are usually based on a scenario framework developed by the Network for Greening the Financial System (NGFS). The NGFS provides a set of six scenarios consistent with the wider Intergovernmental Panel on Climate Change (IPCC) framework and covering both physical and transition risks.

NGFS Climate Scenario Framework

Based on whether climate targets are met

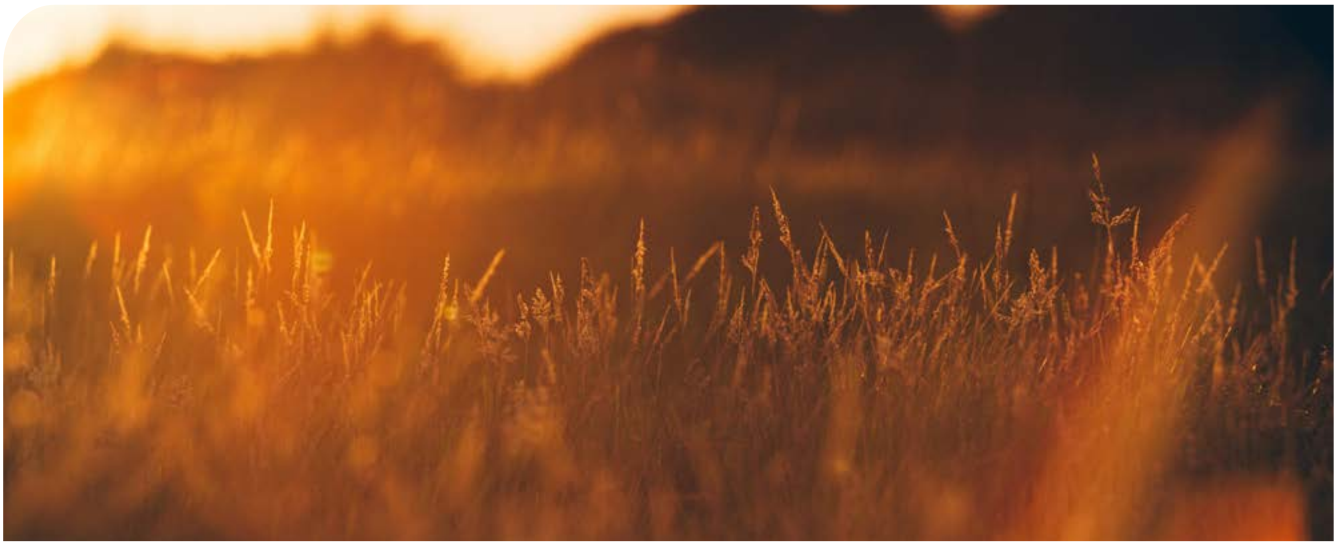


The Group conducted a climate risk stress test in 2023 using NGFS scenarios and assessed the impact on expected credit losses over the long term in line with the regulatory guidelines.

NGFS Scenarios for Stress Testing

Scenario	Scenario Type from Climate Risk perspective	Descriptions
Net Zero 2050	This scenario assumes climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued. This is considered as a short-term risk.	Net Zero 2050 is an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching Net Zero CO_2 emissions around 2050.
Delayed Transition	This scenario explores higher transition risk due to policies being delayed or being divergent across countries and sectors. For example, carbon prices are typically higher for a given temperature outcome. This is considered as a long-term risk.	Delayed Transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2 °C. Negative emissions are limited.
Current Policies	This scenario assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise. This is considered as a long-term risk.	Current Policies assume that only currently implemented policies are preserved, leading to high physical risks. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue our current path to a “hot house world”.

Time Horizons — Short-term: Up to 2030, Medium-term: 2030-2040, Long-term: 2040-2050



Climate Risk Policies and Processes

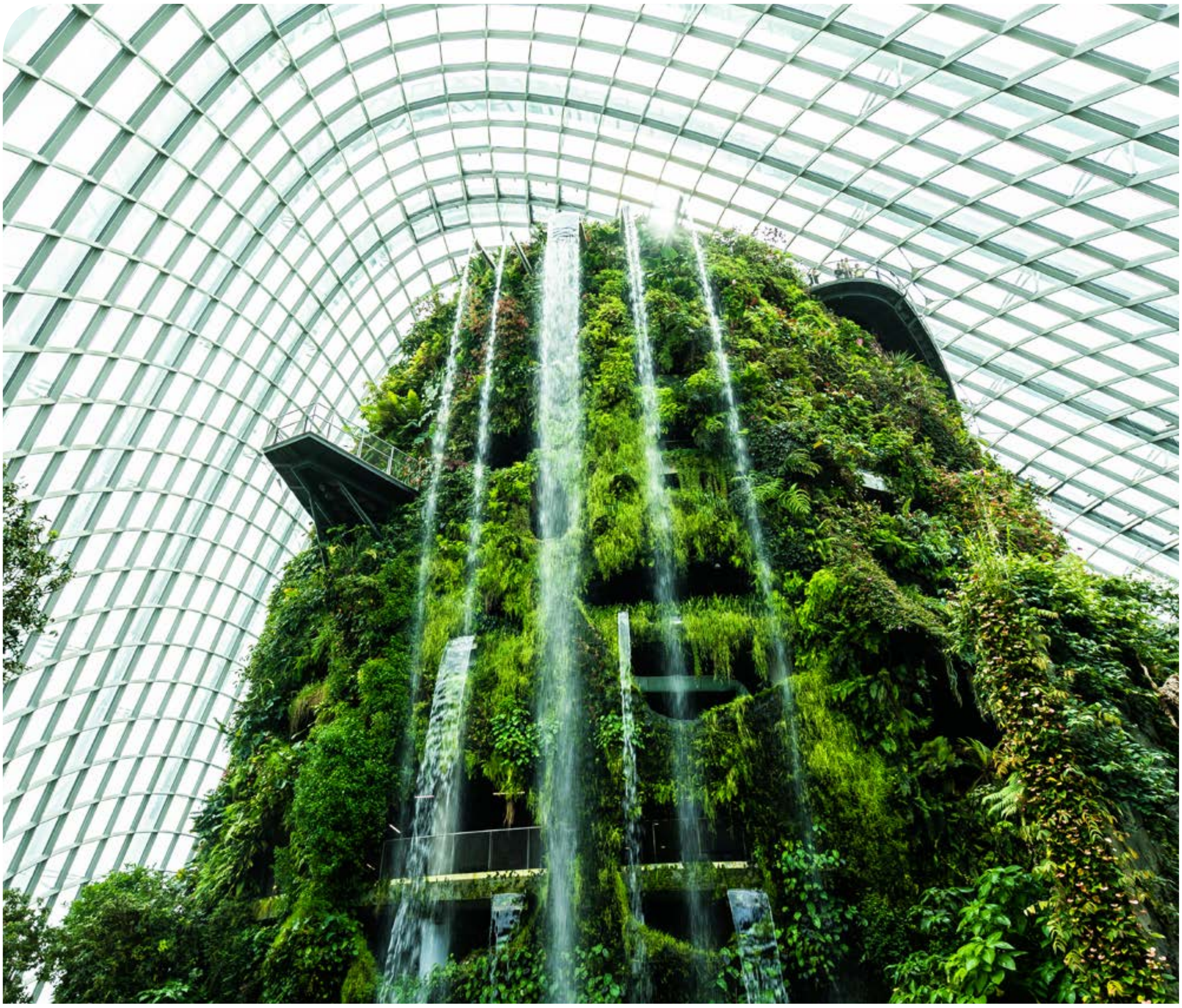
Climate risk is integrated into the existing overarching risk management framework and policies. The Group has a climate risk policy which is updated based on evolving regulatory requirements as well as with the Group's climate risk management capabilities as we mature over time. The key objectives of this policy are the following:

Enhance resilience to and management of climate risk through sound risk management practices

Incorporate material climate risk into the overall risk strategy and risk appetite framework of the Group

Create a common definition for climate risks across the Group

Promote capacity development and develop climate risk awareness and understanding at all levels of the Group



Environment and Social Risk Framework

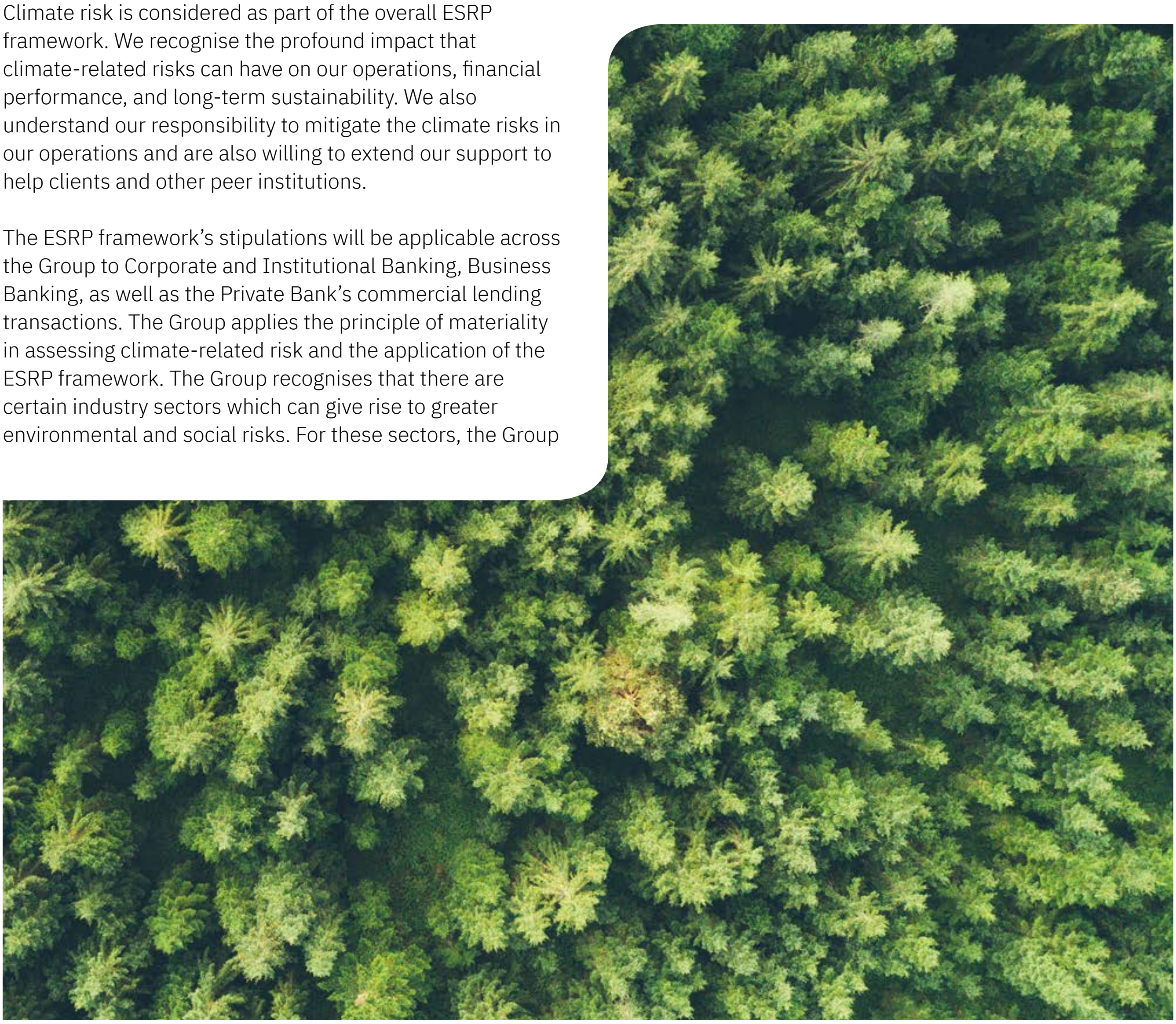
The Emirates NBD Group serves clients from all industries, including those that could be associated with significant environmental and social impacts. The Group has a steadfast dedication to managing environmental and social risks that stem from its commercial lending activities. The Group also holds the conviction that managing the environmental and social repercussions not only reflects responsible corporate citizenship but is also a strategic move that yields business advantage. Thus, it is imperative for the Group to comprehend environmental and social concerns related to an industry, a client, or a transaction.

The Environmental and Social Risk Policy framework (“ESRP framework”) which will be available on our corporate website in 2024 aims to foster decision-making that aligns with our commitment to delivering responsible financial services. Our goal is to collaborate with clients in advancing environmental and social enhancements, while steering clear of business dealings that fail to meet the standards set out in our ESRP framework.

Climate risk is considered as part of the overall ESRP framework. We recognise the profound impact that climate-related risks can have on our operations, financial performance, and long-term sustainability. We also understand our responsibility to mitigate the climate risks in our operations and are also willing to extend our support to help clients and other peer institutions.

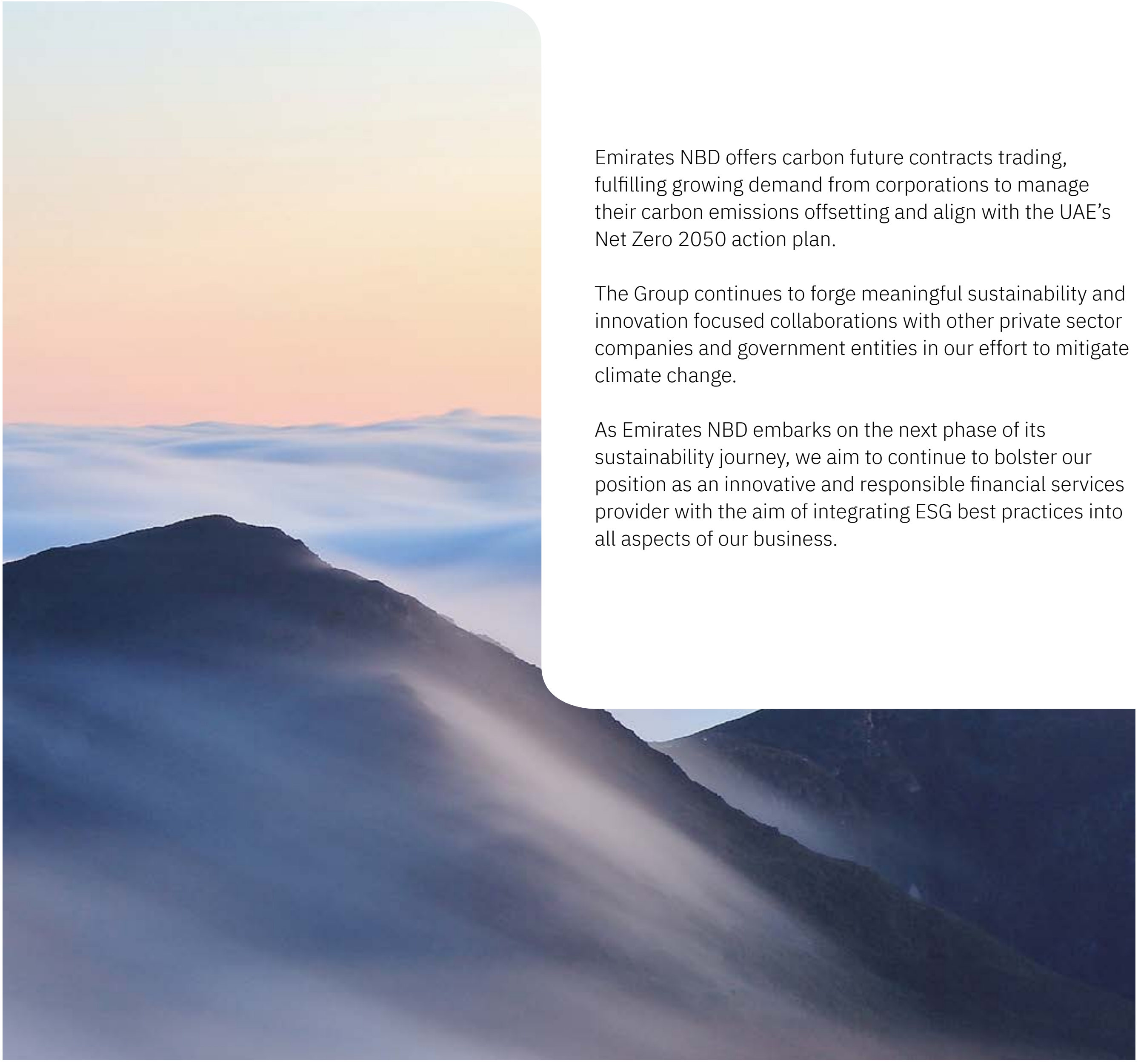
The ESRP framework’s stipulations will be applicable across the Group to Corporate and Institutional Banking, Business Banking, as well as the Private Bank’s commercial lending transactions. The Group applies the principle of materiality in assessing climate-related risk and the application of the ESRP framework. The Group recognises that there are certain industry sectors which can give rise to greater environmental and social risks. For these sectors, the Group will be guided by our sectoral ESRP framework guidelines. The comprehensive guidelines cover cross-sectoral issues including human rights, modern slavery, and biodiversity. The ESRP framework acknowledges that certain industry sectors have the potential for greater environmental and social risks. It outlines targeted guidelines for industries such as utilities, nuclear power, coal, commercial firearms and military equipment, oil and gas, as well as manufacturing, (notably aluminum, iron and steel, and cement), and agriculture.

The Group has also developed a scoring model to assess the ESRP framework profile of its clients. The ESRP framework scoring uses a composite methodology which considers, inter alia, factors such as Scope 1 and Scope 2 greenhouse gas emissions, transition and physical risks, demonstrable commitment to GHG reduction, labour and working conditions, resource efficiency and pollution prevention. Based on the ESRP framework scorecard, climate risk monitoring and reporting will be conducted at both customer and portfolio levels.



7. Metrics and Targets

The banking and financial services sector plays a vital role in supporting the transition to climate neutrality across client sectors and as a leading bank, Emirates NBD is honored to contribute to such a critical global event. Combating climate change is one of the greatest and most urgent challenges the world is currently facing, and we strongly believe that it is only with the collective action of all stakeholders that we will be able to transition to a Net Zero future.



Emirates NBD offers carbon future contracts trading, fulfilling growing demand from corporations to manage their carbon emissions offsetting and align with the UAE's Net Zero 2050 action plan.

The Group continues to forge meaningful sustainability and innovation focused collaborations with other private sector companies and government entities in our effort to mitigate climate change.

As Emirates NBD embarks on the next phase of its sustainability journey, we aim to continue to bolster our position as an innovative and responsible financial services provider with the aim of integrating ESG best practices into all aspects of our business.

Emirates NBD Group signs UAE Climate-Responsible Companies Pledge

Emirates NBD Group is among the seventh cohort of 15 signatories in the UAE to sign the pledge, commit to implementing carbon emission reduction goals, and follow more sustainable methods in managing their operations, according to a timeline compatible with the UAE's national path to climate neutrality by 2050.

We are on the path to realise our sustainability ambitions and aim to provide information on the accomplishment and progress on the goals set by the company to assess climate-related risks and opportunities through the following information.

Goals	Description	Accomplishment/Progress
Net Zero 2050	Net Zero is an integral part of our strategy. We support the UAE Net Zero by 2050 initiative.	We track CO_2 emissions from our operations each year and we are disclosing Scope 1,2,3 emissions since 2020. This is embedded into our annual ESG report. We are looking at potential reduction and elimination of CO_2 emissions related to staff transportation activity to and from work premises. For this purpose, employees are provided an option of free shared transportation while examining route optimisation. We are in the process of developing a framework on Transition Finance to ensure meaningful financing. This highlights our efforts to contribute to global Net Zero targets.
ESG Key Performance Indicators (KPIs) for Group EXCO	ESG linked KPIs form a part of the scorecard for Group EXCO members. This strengthens our commitment to drive climate linked initiatives.	Several ESG linked KPIs , available internally, are incorporated in the leadership scorecard to ensure our financing and investment decisions are aligned with key initiatives like sustainable finance.
Capacity Building	We foster a sustainability-based culture and passionately believe that ESG literacy can be the backbone to mitigate climate related risks.	Emirates NBD has launched a Group wide mandatory ESG training program to enhance environment, social and governance knowledge across the Group. The intent is to bring about a cultural transformation which links to sustainability and the role each one can play to contribute positively to climate change.

GHG Emissions for Emirates NBD

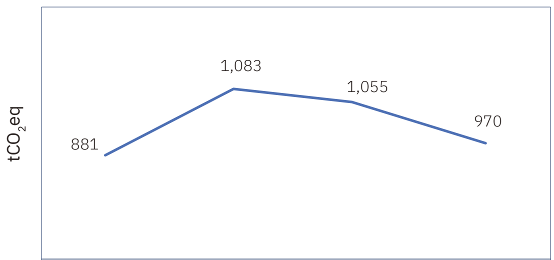
Emirates NBD has tracked GHG emissions every year since 2020. By doing so, we can evaluate the results, spot areas for improvement, and prepare any necessary corrective actions. In terms of Scope 1 emissions, by analysing the results for first half of 2023, we estimate a year on year decrease by approximatively 8% in 2023 compared to 2022. Using the same approach, we estimate that our Scope 2 location-based emissions will decrease by approximatively 20% in 2023 compared to 2022. For Scope 3 emissions, only Business Travel was measured until 2022. Effective 2023, we have increased the coverage of categories for Scope 3 and have tracked GHG emissions for the listed categories. The GHG emissions figures for 2021 and 2022, Scope 1, Scope 2 Location-based are revised to reflect the latest emission factors. The GHG emission figures for Scope 3 are revised for 2021 and 2022 to include the additional categories:

- **Category 1: Purchased goods and services**
- **Category 2: Capital goods**
- **Category 3: Fuel and energy related activity**
- **Category 5: Waste generated in operations**
- **Category 6: Business travel**
- **Category 7: Employee commute**
- **Category 12: End-of-life treatment of sold products**
- **Category 13: Downstream leased assets**

To present a coherent picture of our emissions for the fiscal year 2023 in the following tables we clarify the process we adopted for data estimation. Given the limited scope of data confined to the first half of 2023 (H1 2023), we employed a forward-looking estimation strategy. This involved taking the emissions data from H1 2023 and projecting it across the entire year[7]. This approach assumes steady emissions trends throughout 2023, treating H1 data as a representative sample for the entire year, excluding Egypt and DenizBank. An extrapolation was not utilised for Emirates NBD Egypt for facilities energy consumption and vehicle energy consumption, due to lack of available billing data for energy consumption and limited data availability for fuel rates from which emissions proxy calculations can be derived. In FY 2024 actuals will be tracked and measured using methodologies related to the GHG Accounting Protocol and Partnership for Accounting Financial principles. However, it's important to acknowledge that this method may not account for fluctuations or operational changes that could have occurred in the latter months of the year. To understand the implications of these estimates and get a detailed view of the projected data, we suggest a detailed review of the designated table where we have laid out these figures. This will provide a more comprehensive insight into our projected annual emissions, considering the extrapolation method we have applied for the 2023 emissions data. For future data calculations, Emirates NBD group intends to improve the data quality by using actual data and reducing reliance on proxy calculations and assumptions.

Scope 1

Direct GHG Emissions (Scope 1)

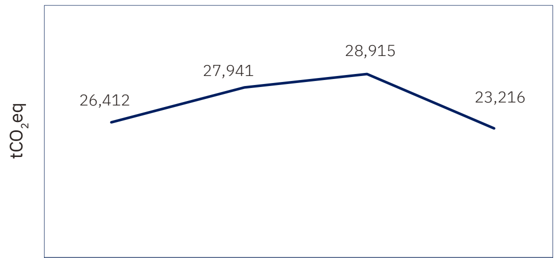


FY 2020	FY 2021	FY 2022	FY 2023
881	1083	1055	970

GHG Emissions

Scope 2

Indirect GHG Emissions (Scope 2)

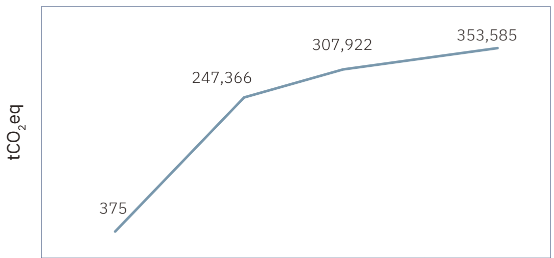


FY 2020	FY 2021	FY 2022	FY 2023
26,412	27,941	28,915	23,216

GHG Emissions

Scope 3

Other indirect GHG Emissions (Scope 3)



FY 2020	FY 2021	FY 2022	FY 2023
375	247,366	307,922	353,585

GHG Emissions

[7] Using HY data to predict full year GHG performance means there is reliance on assumptions in our projections. In particular, a key limitation is that this approach does not incorporate the seasonality of data or any one-off actions that may have occurred in the second half of the year.

Scope 4 (Avoided Emissions):

tCO_2e Emissions Category	FY 2020	FY 2021	FY 2022	FY 2023
Scope 4: Working from Home - Türkiye only	-	2,192	2,248	1,997
Scope 4: Electricity from renewable energy - UAE only	-	-	37,848	129,671

Summary of GHG Emissions:

Emission Category in tCO_2e	FY 2020	FY 2021	FY 2022	H1 FY 2023	Projected Emissions FY2023
Scope 1	881	1,083	1,055	551[8]	970
Scope 2 - Location Based	26,412	27,941	28,915	12,187[8]	23,216
Scope 3	375	247,366	307,922	176,793	353,585
Total Emissions	27,668	276,391	337,892	189,531	377,772

*GHG Intensity (Kilograms of CO_2e/Total Revenue in AED):

FY 2021	FY 2022	FY 2023	H1 FY 2023
0.0017	0.0014	0.0008	0.0008 [8]

*Excluding DenizBank.

[8] We have engaged KPMG with an independent limited assurance opinion over our Scope 1, Scope 2 emissions and GHG Intensity for H1 FY2023 in accordance with ISAE 3000 and ISAE 3410. The limited assurance report is available on our corporate website at www.emiratesnnbd.com; and we recommend that it is read in full.

- For FY 2020, Scope 1, 2 and 3 data is excluding DenizBank emissions. In 2021, Emirates NBD launched a full GHG emissions tracking for all scope and listed categories for the operations in the UAE and its international presence excluding DenizBank. The GHG emissions figures for 2021 and 2022, Scope 1, Scope 2 and Scope 3 are revised to reflect the latest emission factors.
- Scope 4: Work from Home – Figures are only for DenizBank, Türkiye. The emissions are tracked effective 2021. Figures for 2023 are as on 31 December 2023
- Scope 4: Electricity from renewable energy – The solar panels were installed at Meydan in September 2022. The emissions figures are only for Emirates NBD UAE and figures for 2023 are as on 31 December 2023. The carbon intensity is based on DEWA (Dubai Electricity and Water Authority) Grid Emission Factor for Electricity.

Our GHG Emissions Approach

Sr. No.	Focus Area	Operational Boundary
1	**Guidance and Standards**	GHG Protocol - Corporate Accounting and Reporting Standard has been used as the benchmark. Other supporting GHG Protocol documents such as Scope 2 Guidance and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard have been referred for respective scope emission categorisation and calculations. For details on our Reporting Methodology,refer to 'Emirates NBD GHG Reporting Methodology' document on our corporate website www.emiratesnbd.com.
2	**Scope 1**	For the purpose of Scope 1 emissions calculation, the following activities have been taken into consideration: - emissions from owned and controlled properties and facilities with diesel generators - emissions from owned and controlled fleet of cars through consumption of fossil fuel - any intentional or unintentional refrigerant leaks - spend data for countries with unavailable consumption data - emissions from natural gas consumption This approach helps minimise double-counting emissions from certain activities and operations such as those under Scope 3 - Category 8, and such emissions are therefore calculated as part of Scope 1 only. Emirates NBD Group is in the process of setting up a robust measurement system for identifying leakages and calculating fugitive emissions, particularly for UAE and KSA. However, they are not included in the calculation of emissions in the current or previous periods due to a current lack of data availability.
3	**Scope 2 - Location Based[9]**	For the purpose of Scope 2 emissions calculation, the following activities have been taken into consideration: - emissions from electricity consumption across all facilities - electricity consumption from charging of Electric Vehicles (EVs) - electricity consumption from data centers and server room - energy consumption from steam, heating and cooling systems - spend data for countries where consumption data is unavailable This approach helps avoid double-counting the emissions from certain activities and operations such as those under Scope 3 - Category 8, and such emissions are therefore calculated as part of Scope 2 only.
4	**Scope 3: Category 1**	For the purpose of Scope 3 - Category 1 (Purchased goods and services) emissions, the following activities have been taken into consideration: - The key spend categories and subcategories across countries, subject to applicability. - The spend data for all other countries has been mapped to the UAE spend categories to ensure consistency. The transportation and distribution spend amount for all countries are assumed to include both upstream and downstream transportation spend, without any segregation available and hence, the consolidated amount has been considered under Category 1.

[9]An absolute emission factor has been sourced, indicating the amount of GHG emissions produced per unit of a specific activity. This factor is presented as a direct representation of emissions for each unit of the given activity, without any normalisation or relative comparisons. We've adopted an absolute measuring approach in order to provide a clear, unambiguous and comprehensive view on our emissions.

Sr. No.	Focus Area	Operational Boundary
5	**Scope 3: Category 2**	For the purpose of Scope 3 - Category 2 (Capital Goods), the following has been taken into consideration: - Spend data for capital goods considered to be purchased buildings, vehicles and ATM machines, where applicable.
6	**Scope 3: Category 3**	For the purpose of Scope 3 - Category 3 (Fuel and Energy related emissions not included in Scope 1 and Scope 2), the following has been taken into consideration: - Fuel / diesel-based energy consumed by facilities and vehicles - Electricity, steam, heating and cooling based energy consumed by facilities - Transmission and Distribution losses estimated for each energy-type consumed - Generation of purchased electricity that is sold to end users (This sub-category is not applicable to Emirates NBD, since Emirates NBD does not generate and sell electricity) Fuel and electricity consumed across all countries are covered under Scope 1 and Scope 2 for all countries, but upstream emissions before combustion will be calculated with an upstream emissions factor. Transmission and Distribution losses will also be calculated using the same methodology.
7	**Scope 3: Category 4**	For the purpose of Scope 3 - Category 4 (Upstream transportation and distribution) emissions calculation, the following has been taken into consideration: - Transportation and distribution of purchased goods and services - Storage and warehousing of purchased goods and services There is no segregation of upstream transportation and distribution for goods and services purchased. As such, it has been assumed that these emissions have already been covered under Category 1 (transportation/courier spend) emissions. Hence, in order to avoid double counting, no additional proxy calculations are required for this Category.
8	**Scope 3: Category 5**	For the purpose of Scope 3 - Category 5 (Waste generated in operations) emissions calculation, the following has been taken into consideration: - types of waste generated such as paper, cardboard, e-waste, food waste and plastic - waste disposal methods such as recycling, landfill, composting and incineration
9	**Scope 3: Category 6**	For the purpose of Scope 3 - Category 6 (Business Travel) emissions calculation, the following has been taken into consideration: - air travel - car hire - hotel accommodation
10	**Scope 3: Category 7**	For the purpose of Scope 3 - Category 7 (Employee Commute) emissions calculation, the following has been taken into consideration: - employee-owned vehicles - public transport (bus) - public transport (metro, rail) - taxi - company transport (bus)

Sr. No.	Focus Area	Operational Boundary
11	**Scope 3: Category 8**	For the purpose of Scope 3 - Category 8 (Upstream leased assets) emissions calculation, the following has been taken into consideration: - emissions from leased properties and facilities through electricity consumption - emissions from leased fleet of cars through consumption of fossil fuel - related spend data for countries with unavailable electricity or fossil fuel consumption data However, since such upstream activities and related emissions are currently covered under Scope 1 and Scope 2, in-line with GHG guidance, no additional estimations are required for this category.
12	**Scope 3: Category 9**	For the purpose of Scope 3 - Category 9 (Downstream transportation and distribution), the following products have been taken into consideration: - cards - bank statements - cheque books However, it is assumed that downstream emissions for transportation and distribution are currently covered as per spend for transport and storage of cards, bank statements and cheque books under Category 1 (Purchase of goods and services) since the segregation between upstream and downstream activities is not available. Hence, in order to avoid double counting, no additional proxy calculations are required for this category.
13	**Scope 3: Category 10**	For the purpose of Scope 3 - Category 10 (Processing of sold products) emissions calculation, the following products have been taken into consideration: - cards - bank statements - cheque books However, in-line with requirements highlighted in GHG Protocol: Technical Guidance for Calculating Scope 3 Emissions, it has been confirmed that Emirates NBD is not an intermediary for processing of goods or products sold by them across any country. However, since the processing of those goods are outsourced by Emirates NBD, any related emissions are covered in Scope 3 - Category 1 through spend category, as relevant and applicable. Hence, no estimations are separately required for this category for any country.
14	**Scope 3: Category 11**	For the purpose of Scope 3 - Category 11 (Use of sold products) emissions calculation, the following products have been taken into consideration: - cards - bank statements - cheque books However, the products above do not consume fuels, electricity and refrigerants directly, and consume negligible amounts of electricity when used for transactions, as per the requirements and examples cited in GHG Protocol: Technical Guidance for Calculating Scope 3 Emissions. Hence, no estimations are required for this category for any country.

Sr. No.	Focus Area	Operational Boundary
15	**Scope 3: Category 12**	For the purpose of Scope 3 - Category 12 (End-of-life treatment of sold products) emissions calculation, the following has been taken into consideration: - sold products such as cards, bank statements and cheque books - disposal methods such as landfill, recycling and incineration
16	**Scope 3: Category 13**	For the purpose of Scope 3 - Category 13 (Downstream leased assets) emissions calculation, the following has been taken into consideration: - residential spaces leased to occupants and their resulting emissions from electricity and/or fuel consumption
17	**Scope 3: Category 14**	Scope 3 - Category 14 (Franchises) from a GHG Protocol Accounting Standard has been deemed not relevant to Emirates NBD, as Emirates NBD does not have franchises.
18	**Scope 3: Category 15**	Scope 3 - Category 15 (Investments) from the GHG Protocol Accounting Standard is relevant to Emirates NBD and is being covered separately under the topic 'Financed Emissions'.
19	**Scope 3 Data**	Scope 3 emissions calculations have been based on either actual available spend data or proxy data at this point in time, as applicable. No data has been directly gathered from Emirates NBD suppliers or other value chain partners.
20	**Absolute Approach**	For the emission calculations, an absolute approach has been employed. This methodology relies on using unadjusted and direct metrics to quantify greenhouse gas (GHG) emissions. The calculation procedure is outlined as follows: 1. Emission Factor: An absolute emission factor has been sourced, indicating the amount of GHG emissions produced per unit of a specific activity. This factor is presented as a direct representation of emissions for each unit of the given activity, without any normalisation or relative comparisons. 2. Variable (Spend or Consumption): The variable of interest, representing the activity level, is either the financial expenditure (spend) on a particular product or service or the consumption of a specific resource such kWh or liters consumed. 3. Calculation: To ascertain the total GHG emissions, the absolute emission factor is multiplied by the chosen variable (either spend or consumption). The result of this multiplication offers an absolute measure of the emissions without any adjustments or comparisons. By adopting the Absolute measures approach, there's an emphasis on providing a clear, unambiguous, and comprehensive view of emissions. This methodology ensures transparency in reporting and enables straightforward benchmarking against set targets and historical performance

Financed Emissions[10]

The data and information are based on our current methodologies, estimates, assumptions, and available data at the time of reporting. Due to uncertainties, including but not limited to changes in methodologies, updates in emission factors, and gaps in data, the reported emissions may be subject to revisions or adjustments in the future.

The mapping of select obligors for the purpose of this exercise is based on their economic activity, which is then mapped to NACE sectors – utilities, manufacturing, transport and storage, construction, and mining and quarrying. This does not cover the Group's total exposure to the aforementioned sectors and is different to internal and other disclosed industry sectors classification-based exposure used or reported by the Group.

In 2023, for the first time, Emirates NBD has expanded its emission tracking to include financed emissions, a TCFD-recommended measure that seeks to estimate the amount of absolute emissions associated with an investment. Emirates NBD understands the critical role it can play to support in transition financing opportunities and decarbonisation strategies to achieve a low-carbon economy.

Financed emissions connect the funding we offer to our clients with their real-world activities, giving insight into the carbon emissions resulting from these business activities. They are included in our Scope 3 Greenhouse Gasses (GHG) accounting, which relates to emissions from the use of a company's products and services. The Group has followed the methodology as detailed in The Global GHG Accounting and Reporting Standard, Part A, issued by the Partnership for Carbon Accounting Financials[11].

The data and the methodology used for estimating financed emissions are evolving with regulations and industry practices. We will update our approach and methodology in line with these. We will also be working on improving the availability and quality of data used in calculating finance emissions.

Scope of Financed Emissions

The scope includes performing loans and receivables for the baseline year ending December 2022 for the Group. Investment securities, off-balance sheet exposures, due from banks and other forms of deposits such as with central banks are not in scope. The industry sectors for which the financed emissions have been calculated are aligned to PCAF guidance, and are the following:

1. Mining and quarrying (NACE codes from 05 to 09)
2. Manufacturing (NACE codes from 10 to 33)
3. Construction (NACE codes from 41 to 43)
4. Transporting and storage (NACE codes from 49 to 53)
5. Utilities (NACE codes 35 to 39)[12]

For the obligors in above industry sectors, we have reported Scope 1 and Scope 2 emissions. Scope 1 emissions refer to the direct GHG emissions originating from sources owned or managed by an organisation, such as those from burning fuel in boilers, furnaces, or vehicles. On the other hand, Scope 2 emissions pertain to the indirect GHG emissions linked to the acquisition of electricity, steam, heat, or cooling.

10 The calculation of financed emissions provided in this section are based on information and data available at the time of computation. While every effort has been made to ensure accuracy, there could be some errors given the wide range of sources from which the data has been sourced and calculation methodology.

11 PCAF, The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. (2022)

12 Although PCAF does not require Utilities (NACE codes 35 to 39) to be included in 2023, we have done it as the sector constitutes significant exposure and GHG emissions. Not included is Services to buildings and landscape activities (NACE code 81) to which the Group has no material exposure.

Calculation methodology

Emirates NBD has applied the Partnership for Carbon Accounting Financials (PCAF) standards to calculate the financed emissions. It is an industry-led initiative enabling financial institutions to measure and disclose greenhouse gas (GHG) emissions of loans and investments. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach for assessing and disclosing financed emissions.

For loans to private companies:

$$\text{Financed emissions} = \sum_{C} \frac{\text{Outstanding Amount}_c}{\text{Total Equity+Debt}_c} \times \text{Company emissions}_c$$

For loans to listed companies:

$$\text{Financed emissions} = \sum_{C} \frac{\text{Outstanding Amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

Where c is the borrower or investee company

In accordance with PCAF, we have used one of the three options to calculate the financed emissions:

- Option 1: reported emissions
- Option 2: physical activity-based emissions
- Option 3: economic activity-based emissions

PCAF Data Quality Guidance

For each of the borrowers, a determination of data quality score is made based on the following guidance.

Data Quality	Options to estimate the financed emissions		When to use each option
Score 1	**Option 1: Reported emissions**	**1a**	Outstanding amount in the company and total company equity plus debt are known. Verified emissions of the company are available.
Score 2		**1b**	Outstanding amount in the company and total company equity plus debt are known. Unverified emissions calculated by the company are available.
Score 3	**Option 2: Physical activity-based emissions**	**2a**	Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's energy consumption and emission factors specific to that primary data. Relevant process emissions are added.
		2b	Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's production and emission factors specific to that primary data.
Score 4	**Option 3: Economic activity-based emissions**	**3a**	Outstanding amount in the company, total company equity plus debt, and the company's revenues are known. Emission factors for the sector per unit of revenue are known (e.g., tCO_2e per euro or dollar of revenue earned in a sector).
Score 5		**3b**	Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO_2e per euro or dollar of asset in a sector) are known.
		3c	Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO_2e per euro or dollar of revenue earned in a sector) and asset turnover ratios for the sector are known.

PCAF Data Quality based on exposure

PCAF Data Quality Score	Utilities	Manufacturing	Transport and Storage	Construction	Mining and Quarrying	Total
1b	51%	42%	74%	12%	29%	**49%**
2b	40%	7%	7%	0%	56%	**21%**
3a	6%	46%	19%	85%	15%	**27%**
Extrapolated[13]	3%	5%	0%	3%	0%	**3%**
Total	100%	100%	100%	100%	100%	**100%**

Calculation of financed emissions and emission intensities will enable the Group to assess whether the client is on track with the announced intention to reduce emissions and assists us in exploring active financing opportunities through the Sustainable Finance framework that would assist the client in achieving the announced intention to reduce emissions.

The below table provides information on financed emissions by sector and emission intensities of key subsectors. In this table CO_2 should be interpreted as CO_2 equivalent, considering other greenhouse gasses. Given the paucity of information regarding emissions, we have aggregated emissions based on the latest available information. Most of our clients who disclose, report their emissions in CO_2 equivalents, but we have also observed instances where only CO_2 emissions have been provided.

13 Extrapolation based on calculated portfolio emissions done for non-material part of the where financial data could not be obtained. Also, these include clients where Production lines were not operational for the baseline year.

Financed emissions by sector and emission intensities of key subsectors.

Sector	NACE Codes	Financed Emissions (million tonnes of CO_2)	Key subsectors	Emission Intensity measure	Estimated Emission Intensity[14]
Utilities	35 to 39	4.40	Power generation	Tonnes of CO_2 per Megawatt hour	**0.41**
			District cooling	Tonnes of CO_2 per refrigerated ton (RT)	**0.98**
			Water desalination	Tonnes of CO_2 per million liters	**5.89**
Manufacturing	10 to 33	3.97	Aluminum	Tonnes of CO_2 per ton of production	**8.276**
			Steel	Tonnes of CO_2 per ton of production	**2.5**
			Fertiliser	Tonnes of CO_2 per ton of nutrient	**3.03**
Transportation and Storage	49 to 53	2.46	Airline	gCo_2/PK	**137.5**
Construction	41 to 43	0.06			
Mining and Quarrying	05 to 09	0.31	Soda Ash	Tonnes of CO_2 per ton of production	**0.349**
Total		**11.20**			

14 Emission intensity is computed based only on the disclosed information from the clients. This may not represent the carbon intensity of the complete portfolio.

Glossary:

Term	Reference
UAE	United Arab Emirates
Bank, Organisation	Emirates NBD Bank P.J.S.C. and its subsidiaries including international offices
Group	Emirates NBD Bank P.J.S.C. DenizBank, and its subsidiaries including international offices
UN	United Nations
GHG	Greenhouse gasses (GHG) trap heat and make the planet warmer. Human activities are responsible for almost all the increase in greenhouse gasses.
Net Zero	As per UN, Net Zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.
LEED	LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system.
ISO 14001:2015	It is an international standard that sets out the requirements for an environmental management system.
Scope 1	Scope 1 refers to all direct GHG emissions.
Scope 2	Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.
Scope 3	Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include: the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.
Financed Emissions	Financed emissions are the carbon emissions associated with the investments made by an organisation or individual.
Avoided Emissions	Avoided emissions are emission reductions that occur outside of a product’s life cycle or value chain, but as a result of the use of that product.
Sukuk	A sukuk is a Shari’ah-compliant bond-like instrument used in Islamic finance.
ESG bond or Green bonds	ESG bonds/Green bonds are debt instruments used to fund projects with positive environmental, social, and governance impacts.
ICMA	The International Capital Market Association (ICMA) represents financial institutions active in the international capital market worldwide.
LMA	The Loan Market Association (LMA) has the key objective to improve liquidity, efficiency, and transparency in the primary and secondary syndicated loan markets in Europe, the Middle East and Africa (EMEA).
PCAF	The Partnership for Carbon Accounting Financials (PCAF) is an industry-led initiative enabling financial institutions to measure and disclose greenhouse gas (GHG) emissions of loans and investments.

Disclaimer

The disclosures included in this report are being provided to the public to provide transparency into our ESG initiatives to respond to investor and other stakeholder requests. This report may contain statements about future events and expectations that are forward-looking statements. None of the future projections, expectations, estimates or prospects in this report should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the report. The Group has and undertakes no obligation to update, modify, or amend this report, the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any recipient if any information, opinion, projection, forecast, or estimate set forth herein changes or subsequently becomes inaccurate.