



بنك الإمارات دبي الوطني
Emirates NBD

Emirates NBD Group

Climate Risk Policy Summary

Friday, 6 September 2024

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1. Introduction

Emirates NBD Bank (P.J.S.C) and its subsidiaries (together referred to as the Group) recognise the impact of climate-related risks on both its operations and the broader financial system. To mitigate these risks, we conduct materiality assessments to understand and assess the exposure to various risk associated with climate change, which includes, among other aspects, stress testing. These assessments guide our risk management strategies, allowing us to proactively address climate-related challenges, support the transition to a low-carbon economy and safeguard our stakeholders' interests while aligning with applicable regulatory frameworks.

2. Purpose

This Climate Risk Policy (the CRP or the Policy) outlines the Group's approach to identifying, assessing, managing, and reporting climate-related risks. The CRP is designed to integrate climate risks within the Group Risk Management framework. It defines policies to enhance the resilience to and management of climate risks through sound risk management practices. The policy serves to inform the Group to integrate climate risk considerations into its overall risk management framework, aligns with regulatory requirements, and contribute to efforts to mitigate climate change.

3. Scope

This policy addresses the material climate risks, and the potential impacts due to the same emanating from the Groups' credit facility counterparties and vendors. The CRP is applicable to all Group entities (Head Office, domestic and international branches, and subsidiaries) across all countries of operations. In accordance with relevant local guidelines and requirements, the international entities of the Group will define specific addendum to address local regulatory and compliance requirements that are not covered by the CRP.

4. Governance

- **Board Oversight:** While the Board of Directors (BoD) has the ultimate responsibility of overseeing the aspects of this Policy, it has delegated the responsibility of governance and oversight to the Board Risk Committee (BRC). At an operational level, the Group Risk Committee (GRC) is responsible for ensuring that the Policy is institutionalised within the Group.
- **Roles and Responsibilities:** The Group will institute a clear three lines of defense (3LOD) risk management model across the climate risk lifecycle.

5. Risk Management

- **Risk Identification and Assessment:** The Group will regularly assess climate-related risks, focusing on both physical risks and transition risks.
- **Stress Testing:** The Group will conduct stress testing to understand the potential impacts of different climate-related scenarios on its credit portfolio. The Group is in the process of developing a framework to assess the impact of acute climate perils on its liquidity soundness.
- **Risk Mitigation:** Depending on the materiality of the climate risk exposure and Environmental and Social (ES) risk rating of the counterparties, business units may, in future, define mitigation plans or consider the use of financing conditions or covenants to reduce the customer's exposures to climate risks. If in place, mitigants will be reviewed and amended based on the changes in the counterparty's climate risk profile.
- **Materiality Assessment:** The Group conducts materiality assessments to understand and assess the exposure to various risk associated with climate change.

6. Reporting and Disclosure

- **Transparency:** The Group commits to transparent reporting of climate risks and related financial impacts in its annual disclosures, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).
- **Regular Updates:** The Group Risk Committee will provide periodic updates to the Board Risk Committee on the Group's adherence to climate risk measures included in the Group's risk appetite.

7. Capacity Building

- **Training:** The Group will ensure that concerned individuals at all levels are adequately trained on climate risk and its implications on the risk profile of the Group. The training will comprise both general awareness training on climate risk targeted at a wider audience and role-specific training targeted at specific business units.
- **Collaboration:** Collaboration with industry peers, regulators, and experts to stay informed about best practices and emerging trends in climate risk management.

8. Monitoring and Review

- **Ongoing Monitoring:** Climate risk measures will be periodically monitored and reported through the Group's risk appetite and quarterly risk reports.
- **Policy Review:** Policy is reviewed annually or more frequently in the event of any significant updates due to regulatory changes or changes to Group's strategy by BRC.

9. Compliance

All employees are expected to comply with this policy.

This policy is a critical component of the Group's commitment to sustainable banking practices and its role in supporting a low-carbon, resilient economy.