This report is Etihad Airways’ first report on its Corporate Social Responsibility performance.

In this document, we outline our policies with regard to the four core areas of our social responsibility efforts - the environment, the workplace, our community and our charitable efforts – and we report on our activities and results in each of these areas.

The formal reporting period is from 1 January 2010 to 31 December 2010; however, as this is our first report, there are a number of elements of our airline’s eight-year history that we also cover.

Etihad has no subsidiaries on which to report, nor do we have joint ventures on which it would be relevant to report.

How we have defined this report's content

Our CSR team members conducted a series of workshops and stakeholder engagement exercises (described in the report) to help define the scope of the report.

Throughout this process, we used the Global Reporting Initiative (GRI) frameworks as a guide. We have recognised a number of principles in doing so:

- Scope: The report aims to cover all relevant aspects of our operations, in the air and on the ground. In this first report, our main focus for the on-the-ground section is the hub of our operations, in Abu Dhabi.

- Materiality: We believe the report’s scope covers the major issues that are recognised as important by our internal and external stakeholders.

- Data collection and publication: We have aimed for accuracy in collection of all relevant data, and we aim to be as transparent as commercial restrictions allow in publishing such data.

- Subsidiaries / joint ventures etc: This report covers the operations of Etihad Airways.

- Reporting cycle: Our intention is to report on an annual basis.

This report has not been externally assured.

For further information on Etihad’s CSR activities, or for questions on this report, please contact: csr@etihad.ae
Welcome to the first Etihad Airways Corporate Social Responsibility Report.

Etihad is a global ambassador for the Emirate of Abu Dhabi, and one of its most visible brands in the international arena. That places a heightened responsibility on our business to engender and promote the government’s well-established sustainability agenda, which affords tremendous value to:

- The preservation of the Emirate’s cultural traditions and natural environment;
- Support for those suffering the effects of disease, poverty or natural disaster around the world;
- The wellbeing and future prospects of the Emirati people and society, and
- The diversification of Abu Dhabi’s economy to be less reliant on hydrocarbons and equipped to prosper in an increasingly energy-scarce world.

Looking back on just our seventh year of operation, we have grown to this point rapidly while maintaining a strong focus on our social and environmental impacts, which we see as inextricably linked with our financial sustainability. The safety and wellbeing of our customers and employees is, at all times, our greatest concern. We allocate enormous resources to maintaining the highest levels of flying safety and we provide state-of-the-art health and wellbeing facilities to our more than 8,000 staff members and their families.

We operate the newest, most environmentally efficient aircraft in the skies, while our operations teams work tirelessly to reduce the airline’s fuel burn and emissions and to identify greener suppliers and partners.

We are founding members of the Masdar Institute’s Sustainable Bioenergy Research Consortium in Abu Dhabi, providing substantial financial and in-kind contributions in support of research into the use of salt water tolerant plants as the basis for alternative aviation fuels.

We are a major employer, directly creating opportunities for employees and their families from more than 120 countries, and indirectly generating thousands of jobs across the UAE and our network.

The airline gives generously to disaster relief efforts and third-world education initiatives while our employees also give generously of their own time and resources to those less fortunate.

Finally, as a driver of tourism to Abu Dhabi we play a critical role in promoting Abu Dhabi’s rich culture and heritage.

Our Emiratisation program is creating a new and indigenous generation of aviation professionals. They receive the industry’s best training, are exposed to all facets of the airline business, are equipped to lead Etihad Airways into its very bright future, and are well-placed to pass on their skills and experiences to future generations of UAE nationals.

The publication of this report is a formalisation of Etihad’s suite of sustainability programs under one banner. This first report focuses on our efforts to date. We are committed to continued an open reporting on an annual basis from now on.

I look forward to a continuing and open dialogue with our stakeholders.

James Hogan
Etihad today

Etihad Airways, the national airline of the United Arab Emirates, is based in its capital Abu Dhabi. Etihad was set up by government decree to be a key driver of the Emirate’s economic diversification and growth program, outlined in the Abu Dhabi 2030 Plan, and is wholly owned by the government of Abu Dhabi.

From 2003 to 2006, Etihad Airways grew faster than any other airline in commercial aviation history, according to a study by Booz & Co. As the three-year start up phase came to an end, the Board appointed a new management team to consolidate the airline’s growth and align its development still more closely with the Emirate’s economic aspirations and development strategy.

We currently serve 72 key business and leisure destinations in Africa, Asia, Australia, Europe, the Middle East and North America, operating a young, safe and fuel-efficient fleet of 61 aircraft comprising five fleet types.

With 68 per cent of destinations served by at least daily frequencies, Etihad carried 7.3 million passengers in 2010 with an average seat load factor of 74 per cent. The network is further enhanced through the airline’s 32 code-share partners. The airline’s average on-time performance is 87 per cent with a track record of 99 per cent dispatch reliability.

In 2010 our revenues rose to USD 2.95 billion. In 2011, we expect continued double-digit revenue growth to reach break-even; a remarkable achievement in just eight years.

Etihad Airways aims to fly 25 million passengers a year to at least 100 destinations by 2020.
Sustainability vision
To be recognised as a sustainable airline that operates to the highest standards of safety, with integrity and transparency.

Objectives
- Drive individual and corporate awareness of the necessity of living and working sustainably.
- Develop capability and capacity in Etihad to manage the ongoing sustainability agenda.
- Meaningfully and regularly consult with and engage all our stakeholders at the hub and across the network to:
  - ascertaining their expectations and needs, and
  - implementing initiatives that show a genuine commitment to meeting those expectations;
- Set and manage meaningful targets to improve continuously our sustainability performance based on globally identified, material criteria, our shareholder mandate and stakeholder expectations.
- Create tools and initiatives that allow our core stakeholders to participate: for example, staff participation (training & reward); customer participation (voluntary carbon offset); and supplier participation (public/website recognition of adherence to Etihad policies).
- Measure and report honestly and transparently our performance in identified and material criteria.
- Promote our CSR activity through the full range of traditional and new communications channels and in effective reporting.
- Continue to align Etihad CSR and sustainability policy and activity with the objectives in the Abu Dhabi 2030 Plan.

Corporate social responsibility at Etihad Airways in 2010
Etihad acknowledges its position as an integral part of society and its potential to have both positive and negative impacts on the communities in which it operates. Aligned with the greater ambitions and vision of the Emirate of Abu Dhabi, the CSR and sustainability policy and supporting strategy is designed to ensure our compliance with all applicable international and local regulations and standards; mitigate any potential risks; and enhance the airline’s reputation through the implementation of industry best practice in the fields of sustainability and social responsibility.
Active and ongoing stakeholder engagement with the broadest range of stakeholders is essential to our CSR strategy and program.

During 2010, our CSR team members conducted a series of workshops and stakeholder engagement exercises to identify our major stakeholders, to begin to understand their concerns and interests, and to help define the scope of the report.

These exercises identified stakeholder audiences which we believed had an interest in and/or a necessity to know about Etihad’s CSR activities. They include:
- Employees
- Our shareholder
- Customers
- Our supply chain, in Abu Dhabi and internationally
- Our business partners
- The local community in Abu Dhabi
- National and international regulatory bodies
- The wider air travel industry
- Channels which reach these audiences, such as the media and non-government organisations.

We conducted our first focus groups in June 2010, covering employees and our customers. The first groups included employees representing all disciplines and levels of staff in London, Mumbai and Abu Dhabi – destinations selected for their importance on the network and for their cultural diversity. We also held one group session with frequent Etihad guests in Abu Dhabi.

The aim of these first discussions was to identify priority areas related to the environment, the workplace, and the community, and to further investigate the best ways of communicating information about CSR activities. Key issues raised included:
- A definition of the scope of the airline’s CSR efforts and activities
- The importance of environmental performance in our operations
- The desire for employee engagement at all levels
- The importance of our contribution to the national and local communities in Abu Dhabi

Further activities to engage with external stakeholders, including the Board of Directors, the Abu Dhabi government, the local community and passengers.

The outcomes of our ongoing stakeholder dialogue will be used in shaping and driving our CSR and sustainability agenda.

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**Stakeholders**

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**Stakeholder relationships**

- **SOCIETY**
  - Corporate social responsibility
  - Environment
  - Alliance/ codeshare partners
  - Manufacturers
  - Travel trade
  - Abu Dhabi service providers
  - Abu Dhabi hub operators
  - Financial institutions

- **PARTNERSHIPS**
  - First class customers
  - Business class customers
  - Economy class customers
  - Transfer customers
  - Family group
  - Worker traffic
  - Ad hoc charters

- **SHAREHOLDERS**
  - Board members
  - His Highness the Crown Prince of Abu Dhabi

- **GUESTS**
  - Employees
  - Our shareholder

- **ETIHAD**
  - Customers
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- **OUR PEOPLE**
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We believe that CSR is a collaborative process, and one that will only succeed in partnership with our broad range of internal and external stakeholders. This is why we have called our CSR and sustainability program Together.

Together provides a four-part policy and communications framework for engagement with all our stakeholders - our staff, the local community and economy, the environment, and the greater communities across our global network.

• Together Greener
• Growing Together
• Working Together
• Giving Together

In these four areas, it is our aim to work collaboratively in:
• Identifying and developing awareness of the issues and challenges;
• Focusing action to address these challenges; and
• Making a difference, through measurable improvement, year on year.

Focusing on priorities
As a leading brand and influential UAE business, and part of an industry with unique environmental and sustainability challenges, it is imperative that our CSR strategy is able to focus on areas of most concern. This needs to take account of opportunities as well as risks, challenges and impacts. With this in mind, materiality is high on the agenda and our strategic programs allow us to look at issues under four areas, and focus on those while continually reviewing the appropriateness of our actions.
Etihad's environmental strategy and program is implemented in conjunction with industry partners, suppliers and customers. While focused primarily on measuring, managing and minimising the environmental impact of our operations, it is linked to broader sustainability goals and includes proactive initiatives to develop cleaner technologies such as biofuels; to encourage environmental improvements across our supply chain; the implement a comprehensive waste management program; and initiatives to engage our customers in positive environmental action.

Carbon management

Aviation features more prominently in the environmental debate than any other form of transport, despite the range and depth of improvement that has been made by the industry in the last 20 years. A key element of this success has been the involvement of a broad range of partners in seeking opportunities and implementing initiatives.

While contributing just two per cent of the world’s man-made carbon emissions, significant attention is focused on aviation’s contribution to the world’s carbon footprint. The basis for this is the increasing global demand for air travel with particularly heavy growth in developing economic regions and in the growth of the low cost airline sector. Demand for air travel has grown on average by five per cent per annum over the past 30 years and airlines now carry 2.2 billion passengers per year.

Measuring emissions and materiality

As a growing international airline, Etihad has many activities and operations that affect and possibly impact negatively upon the environment, most notably through our aircraft operations but also from running our supporting head office, outstation offices, call centres, sales offices, and in the provision of ground transport services for our staff and customers. We outsource many of our essential services, including aircraft maintenance, in-flight catering, ground handling and additional transportation services.

When it comes to measuring our carbon footprint associated with these activities, we need to ensure we do this taking into account relevance, data completeness, consistency, transparency and accuracy. These principles are taken from the Greenhouse Gas (GHG) Protocol, which provides comprehensive guidance on accounting for and reporting on greenhouse gases.

The current scope of our carbon footprinting is based on the direct operations of our aircraft, the electricity, chilled and potable water for our head offices, and our other main facility, Etihad Plaza, which comprises our staff housing and facilities complex, including shops, banks, the medical centre and gymnasium.

“Since 2006, we have achieved a 19 per cent improvement in CO2 emissions per passenger kilometre.”

James Hogan
Chief Executive Officer
In addition, we track fuel use on our own fleet of 40 vehicles, which range from saloon cars to 20-seater buses used primarily for the transportation of our crew to and from the airport. The nature of our business means that the operation of our aircraft represents by far the most material environmental impacts for Etihad, accounting for over 99 per cent of our measured carbon footprint.

As recommended under the GHG protocol we are focused on those areas that are under our control and are measurable. Other areas will be subject to controls, through policies, procedures and best practice guidelines, including the offices across our network.

Our carbon footprint

The carbon emissions associated with material activities both in the air and on the ground are measured according to multipliers available from suppliers and international data publications, such as the Greenhouse Gas Protocol.

We continue to develop the scope of our greenhouse gas measurement and reporting, based on the principles of the Protocol and ensuring that such activities are relevant within the scope of our operations. In particular we are looking at potential ‘Scope 3’ activities, as defined by the Protocol, such as additional transportation services and ground handling activities. While we use a number of large activities such as aircraft catering and maintenance services, we will work with these organisations to ensure environmental best practice.

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Conversion Factor</th>
<th>CO2 total (kg)</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft (1)</td>
<td>3.15 kgCO2</td>
<td>4,504,022,226</td>
<td>97.96%</td>
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<tr>
<td>Ground vehicles (Petrol) (2)</td>
<td>10.4 kgCO2/gal</td>
<td>962,342</td>
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<td>Ground Vehicle (Diesel) (2)</td>
<td>12.2 kgCO2/gal</td>
<td>5,719,539</td>
<td>0.13%</td>
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</table>

<table>
<thead>
<tr>
<th>Scope 2</th>
<th>Conversion Factor</th>
<th>CO2 total (kg)</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EY Complex electricity (3)</td>
<td>0.863 kgCO2/kWh</td>
<td>1,215,852</td>
<td>0.03%</td>
</tr>
<tr>
<td>EY Plaza electricity (3)</td>
<td>0.863 kgCO2/kWh</td>
<td>569,890</td>
<td>0.01%</td>
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<tr>
<td>EY Complex district cooling water (4)</td>
<td>0.674 kgCO2/tonne of cooling</td>
<td>2,937,504</td>
<td>0.06%</td>
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<tr>
<td>EY Plaza district cooling water (4)</td>
<td>0.674 kgCO2/tonne of cooling</td>
<td>2,207,080</td>
<td>0.05%</td>
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<tr>
<td>EY Complex potable water (5) (Excluding residential)</td>
<td>1.68 kgCO2/m3</td>
<td>137,021</td>
<td>0.01%</td>
</tr>
<tr>
<td>EY Plaza potable water (5) (Excluding residential)</td>
<td>1.68 kgCO2/m3</td>
<td>4,949</td>
<td>≥0.01%</td>
</tr>
</tbody>
</table>

TOTAL CO2 emissions = 4,517,776,423 (100.00%) 

Sources:
1. As per EU Emissions Trading Scheme
2. Petrol and diesel: http://timeforchange.org/what-is-a-carbon-footprint-definition
3. Includes electricity used by heat pumps and electricity used by electric buses.
5. Verify the 0.0004 CO2/kWh by multiplying by 1,000 to get CO2/ kWh.

In the air

Aircraft emissions are by far the most material environmental factor for Etihad, accounting for 99.7 per cent of the airline’s currently quantified carbon footprint.

We track the total carbon dioxide (CO2) emissions from our aircraft operations and, to more realistically monitor efficiency improvements, we track emissions per passenger kilometre and per tonne kilometre on all routes. Our comprehensive fuel measuring systems allow us to track and report on specific routes, per aircraft type, or by region.

While the total emissions are growing in line with our fleet expansion, the emissions per Revenue Passenger Kilometre (RPK) show a clear downward trend since the commencement of operations. This is influenced by measures to improve operational efficiency, the introduction of more efficient aircraft, technological improvements to our existing fleet, and improved load factors.

These key areas of investment and technical and operational controls have together led to a significant improvement in fleet efficiency and, since 2006, a 19 per cent improvement in CO2 emissions per passenger kilometre.

Investment

Investment plays an essential role in the sustainability of aviation. Operating new and efficient aircraft directly contributes to managing emissions and provides a long-term win-win situation from both financial and environmental perspectives. Etihad has invested substantially in the development of its fleet and the current fleet has an average aircraft age of 13 years.

Introduction of a new aircraft can result in immediate and substantial emissions reduction. The replacement of the MD11 freighter with our new A330-200F freighter has substantially reduced carbon dioxide emissions. On the Abu Dhabi to Frankfurt flight this has been calculated to result in an average reduction of 14,800 kilograms of CO2 for the entire flight.

Technology and operations

Initiatives such as weight reduction on aircraft, implementing optimal fuel uplift, stringent engine wash scheduling, comprehensive maintenance programs and making full use of the operational ability of our aircraft all contribute to ensuring fuel efficient flights.

At Etihad:

• Using LEQD, our improved flight management system, an estimated 18,000 tonnes of fuel are saved annually, equating to a reduction of 56,000 tonnes of carbon dioxide. These savings are achieved as a result of shortened routes and improved flight fuel calculations.

• The ‘Permagard’ coating on all our aircraft reduces drag and has also led to wash savings in the region of 10 million litres per year as a result of less frequent aircraft wash requirements.

Nitrous Oxide NOx

NOx is a local air pollutant and one of the gases emitted by aircraft engines. Etihad tracks the NOx emissions associated with the landing and take-off (LTO) cycles which cover emissions below 3,000 feet. This can be done with a high degree of accuracy using industry data provided by ICAO for each engine type. Whilst our total NOx emissions have increased in line with airline growth, we have achieved a significant reduction in emissions per LTO cycle.

As we have introduced new aircraft into our fleet with latest technology engines, we have seen a 41 per cent reduction in NOx per LTO on average across our fleet since 2007.

Regulatory compliance - the European Union Emissions Trading Scheme (EUTS)

Etihad has taken steps to ensure its compliance with the requirements of the EU emissions trading scheme, which requires the monitoring and verification of emissions and traffic data for all our flights into and out of Europe. The scheme also required Etihad to submit third party verified emissions and tonne kilometre reports for 2010 to the UK Environment Agency by the end of March 2011.
On the ground

The company’s ground-based energy consumption initiatives are focused on raising staff awareness and encouraging energy-saving initiatives throughout its facilities. Green Office Champions are staff volunteers who help to support and educate staff in best practices such as recycling, switching off office equipment and lighting when not needed, and using office resources wisely.

Electricity consumption is measured and tracked at both headquarters (inclusive of the Etihad Training Academy) and the offices at Etihad Plaza. We use CO₂ conversion factors to track emissions associated with electricity use. The total electricity consumption at Etihad Complex for the year was 1.4 GWh, with a peak in July.

Most of the building’s energy use is from the fan coil units and air handling units associated with the air-conditioning and ventilation systems, and to a lesser extent, the lighting system. The extensive IT and supporting electrical equipment in the office areas and the simulators at the Training Academy are also major contributors to energy consumption. The high summer temperatures result in significantly higher cooling water requirements with almost 50 per cent more energy being consumed in the hottest month compared to the coldest month.

The district cooling system is an energy intensive process resulting in one of the highest energy requirements for our ground facilities in Abu Dhabi.

Noise management

Whilst emissions concerns are high on our environmental agenda, noise affects many communities that live close to airports. The International Civil Aviation Organisation (ICAO) developed a “balanced approach” to control noise for the industry that focuses on four key aspects of noise management namely, reducing the noise at source; controlling land use around airports to prevent noise sensitive development; enforcing noise reducing operational procedures for aircraft; and implementing operational restrictions, such as banning noisier aircraft.

In terms of operational control, our young aircraft are all in compliance with the ICAO Chapter 4 Noise Standards - the highest noise standard currently imposed by ICAO on new engines types.

Waste management

Internally, Etihad has implemented best practices to reduce the amount of waste material sent to landfill with a program in the head office complex to segregate plastics, aluminium, paper and cardboard from the general waste streams for recycling. The ground-based recycling program will be extended to more Etihad facilities in 2011.

Working with Abu Dhabi Airports Company (ADAC) and other airport partners, we are developing a series of tangible waste management initiatives for our airport ground operations and in-flight services.

A total of 731,850 kilograms of waste was collected during 2010. Of this, 2.2 per cent was recycled. In a typical commercial office, paper waste would represent 50 per cent of all waste generated. Our aim during 2011 is to significantly increase the amount of recyclable material segregated for recycling to at least 10 per cent of our total waste.

Etihad co-chairs the waste management taskforce set up by the Abu Dhabi Sustainability Group to improve communication of waste management initiatives in Abu Dhabi, driving best practice and the more effective implementation of waste reduction practices across the Emirate.

Water consumption

Water is a scare resource in the Gulf region, and the widely used desalination method for the production of drinkable water is a highly energy intensive process.

In 2010 the Abu Dhabi Environment Agency (EAD) initiated an Emirate-wide program of fitting water-saving devices to water taps in all domestic and commercial premises. Etihad was one of the first Abu Dhabi companies to support this initiative by instigating the early implementation of water saving devices in Etihad offices and residential premises. Over 14,000 devices were installed between July and September 2010.

The existing water consumption monitoring programs in key Etihad offices allow for the gathering of quantitative data on water savings in order to monitor the effectiveness of the program.

We are able to calculate the carbon emissions associated with the production of potable water using conversion factors from the water providers.

Immediately following the installation of the tap devices in mid 2010, water usage dropped significantly. This may also have been due to heightened staff awareness following the water saving campaign.

We will continue to promote staff water use awareness and will be looking to reduce water consumption further during 2011.

Education and communication

Several ground-based initiatives were implemented towards the end of 2009 and were supported by regular education and awareness campaigns during 2010, including:

• Recycling of paper, aluminium cans, plastic bottles and printer cartridges throughout the Etihad Complex;

Quantitative reduction targets for 2011 compared to 2010

• 5 per cent reduction in potable water consumption at Etihad Complex
• 5 per cent reduction in energy consumption at Etihad Complex and the Etihad Plaza offices
• 10 per cent reduction in the volume of waste to landfill from Etihad Complex
• 10 per cent improvement in waste segregation and recycling in Etihad Complex
• 10 per cent reduction in copy paper use in Etihad Complex and Etihad Plaza offices.
Biofuels

Etihad acknowledges that alternatives to traditional fossil based fuels are fundamental to the sustainable future of aviation. With this in mind, Etihad is demonstrating its support directly through an Abu Dhabi based initiative and by virtue of its commitment to a comprehensive set of sustainability principles for alternative fuels.

The Sustainable Bioenergy Research Consortium

Alongside Boeing and Honeywell subsidiary UOP, Etihad is a founding member of the Masdar Institute Sustainable Bioenergy Research Consortium, a dedicated resource investigating the viability of sustainable biofuels in Abu Dhabi and the potential for wider application and commercialisation.

The consortium is working on an integrated seawater agriculture system, which will use the arid-salwater landscape around Abu Dhabi’s coastline to develop not just aviation fuels but other forms of biofuel and aquaculture products without the need for freshwater. An early sustainability assessment has provided positive indications that this system is feasible and commercially viable on a large scale. The next stage is a pilot study.

Research and development of sustainable biofuels is a priority for Etihad. Not only would biofuels be commercially beneficial as an alternative fuel supply, but the future regulatory landscape for aviation is likely to favour their use.

Sustainable Aviation Fuel Users Group (SAFUG)

SAFUG is an airline-led industry working group established in 2008 to accelerate the commercialisation and availability of sustainable biofuels.

Members are bound by stringent criteria in the development of non-fossil biofuels. The development of plant sources must be undertaken in a manner that is non-competitive with food, minimises biodiversity impacts, and does not jeopardise drinking water supplies. Furthermore, the total lifecycle greenhouse gas emissions from plant growth, harvesting, processing and end-use should be significantly less than those from fossil sources.

In developing economies, projects should include provisions or outcomes that improve socio-economic conditions for small-scale farmers and their families and that do not necessitate the involuntary displacement of local populations. High carbonation value areas and native eco-systems should not be cleared and converted for jet fuel plant source development.

Each SAFUG member has pledged to work through the Roundtable for Sustainable Biofuels (RSB), a global multi-stakeholder initiative consisting of leading environmental organisations, financiers, biofuel developers, petroleum companies, NGOs, research entities and governments.
Growing Together is a collection of initiatives to support the growth and development of Abu Dhabi and its citizens. It demonstrates our ongoing commitment to work as a catalyst for trade and tourism in Abu Dhabi, and support national and regional development initiatives.

**Economic contribution**

Etihad plays a fundamental role in driving the economic diversification and growth envisaged in the Abu Dhabi 2030 Plan.

A study by UK think tank Oxford Economics was commissioned to quantify the overall economic contribution of Etihad Airways to the Emirate of Abu Dhabi now and in the future. The study, which is refreshed annually, uses data from Etihad and the Abu Dhabi government and incorporates the results of a survey of 210 companies in Abu Dhabi, as well as in-depth case study interviews with a number of key business leaders.

Detailed examination of the economic contribution framework shows the airline is playing an increasingly important role in many diverse areas of local economic endeavour, including trade, tourism, location investment, labour supply and productivity.

According to the 2011 study, overall, the airline contributed USD 6.1 billion (9.1 per cent) of Abu Dhabi’s non-oil GDP (3.7 per cent of total GDP) in 2010, and helped generate and support a total of 97,472 non-oil jobs throughout the Emirate, employing 6,631 people directly.

Etihad made a further ‘indirect’ economic contribution of USD 763 million and supported an additional 14,235 jobs in 2010, when taking into account the money spent by the airline through commercial interactions with a wide range of Abu Dhabi businesses, including fuel purchases, maintenance and repairs, airport rental and landing fees, marketing and advertising, IT and communications.

A further ‘induced’ GDP contribution of USD 661 million and 12,339 additional jobs can be attributed to money spent during 2010 by people working for Etihad Airways and its suppliers.

**Travel and tourism**

*Hala Abu Dhabi*

Part of Etihad Holidays, Hala Abu Dhabi, was launched in March 2010 as Etihad’s destination management company. It provides business and leisure visitors to Abu Dhabi and the UAE with a wide range of unrivalled products, services and activities.

Etihad Airways designated 2011 as “the year of Abu Dhabi” and launched its “essential Abu Dhabi” destination marketing campaign to enhance Abu Dhabi’s standing as a top tourist and MICE destination through a range of promotional activities across its network.

A campaign with community stakeholders, the campaign draws together all major tourism operators in the Emirate of Abu Dhabi for the first time to showcase the best the capital has to offer.

The progress the company has achieved since its launch and the projected growth constitute an effective contribution to the growth and boom being witnessed by the UAE. Such contribution will also boost the tourism sector in the country.

HH Shaikh Khalifa bin Zayed Al Nahyan
President of the UAE

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<table>
<thead>
<tr>
<th>Direct (within Etihad)</th>
<th>Indirect (suppliers to Etihad)</th>
<th>Induced (spending of direct and indirect employees)</th>
<th>Catalytic Effects (impacts on other industries)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airline</strong></td>
<td>Suppliers</td>
<td>Suppliers</td>
<td>Trade</td>
</tr>
<tr>
<td></td>
<td>• Fuel on site</td>
<td>• Other fuel suppliers</td>
<td>Tourism</td>
</tr>
<tr>
<td></td>
<td>• Aircraft maintenance</td>
<td>• Manufacturing</td>
<td>Local/investment</td>
</tr>
<tr>
<td></td>
<td>• Air traffic control</td>
<td>• Computers/electronics</td>
<td>Labour supply</td>
</tr>
<tr>
<td></td>
<td>• Broadband using</td>
<td>• Retail goods</td>
<td>Productivity</td>
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<tr>
<td><strong>Passenger services</strong></td>
<td></td>
<td>• Household goods etc.</td>
<td></td>
</tr>
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<td></td>
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<tr>
<td><strong>Air cargo services</strong></td>
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<tr>
<td><strong>Airport services</strong></td>
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<tr>
<td><strong>Maintenance</strong></td>
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<tr>
<td><strong>Hotels</strong></td>
<td>Supplies</td>
<td>Business services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Offsite fuel suppliers</td>
<td>• Call centres</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Manufacturing</td>
<td>• Accountancy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Computer hardware</td>
<td>• Travel agents</td>
<td></td>
</tr>
<tr>
<td><strong>Travel network</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>
“We are proud to support programs that promote the richness and diversity of modern Arabic cultural life.”

Etihad plays a crucial role in bringing visitors to Abu Dhabi, and essential Abu Dhabi is being promoted in all of our overseas destinations, as well as online and in-flight.

A new Etihad Airbus A330 aircraft painted in a striking “Visit Abu Dhabi in 2011” livery is carrying the message to many destinations around the world.

The campaign is supported by the Abu Dhabi Tourism Authority as a major partner, demonstrating the commitment of the entire local tourism industry to work effectively together.

Sougha – embracing our heritage
A unique collaboration with Sougha, a Khalifa Fund initiative, is working with women in the western region to preserve traditional crafts in a range of modern products that are included in the duty free selection on board Etihad flights.

This project supports the economic inclusion and development of an otherwise marginalised rural community, the enhancement and creation of employment opportunities for women, and the Emirate’s overall goal of economic diversification.

Emiratisation
One of our primary contributions to the local economy is through our Emiratisation program. Since its commencement, Etihad has invested a significant amount in the three main streams of the Emiratisation endeavour: the cadet pilot program, the graduate management development program, and the trainee engineering apprenticeship scheme. A total of 100 Emirati nationals have graduated from the programs so far. (See also Working Together)

Sponsorship
Etihad sponsorship covers arts, community, cultural and sporting activities which promote and enhance its brand and profile locally and in key markets across the network. We also engage in strategic regional and national sponsorships which allow for grassroots activities that engage the local community.

Sport in the community
We work with our sports partners to develop Emirati and international sporting talent and support grassroots sport in the UAE.

The inaugural Etihad Airways Manchester City FC Soccer Schools took place in April 2010 following the highly successful Harlequins Rugby Schools and Chelsea FC Soccer Schools held previously. Players and coaches from the club flew to Abu Dhabi and Al Ain to train more than 400 young sportspersons in the Emirate and to help develop youth football in the region.

Etihad picked up top honours at the Arabian Sponsorship Awards 2010 for its partnership with English Premier League team Manchester City Football Club, winning the ‘International Sponsorship’ category. Etihad was credited for its activation of the partnership in areas that included competitions and promotions in the local market as well as the highly popular Etihad Airways Manchester City FC Soccer Schools during the winter months.

Etihad conducted a tour of local schools and malls in the UAE with a giant replica of the Manchester City FC shirt that gained over 5,000 signatures and messages of good luck for the club ahead of the 2010/2011 English Premier League season.

Etihad was also closely involved with the “Our Country versus Our City” match, which saw many of the Manchester City FC star players take on the UAE national team in an exhibition match.

<table>
<thead>
<tr>
<th>PROGRAMS</th>
<th>Graduate</th>
<th>New</th>
<th>Existing</th>
<th>2011 Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cadet pilot</td>
<td>60</td>
<td>80</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Graduate management development</td>
<td>30</td>
<td>30</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Technical engineering</td>
<td>9</td>
<td>17</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Contact centre</td>
<td>-</td>
<td>80</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>VEDC</td>
<td>7</td>
<td>40</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Emirati development career</td>
<td>n/a</td>
<td>30</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Program support and overheads</td>
<td>n/a</td>
<td>15</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>249</td>
<td>328</td>
<td></td>
</tr>
</tbody>
</table>

Emirati percentage of workforce (excluding flight crew)

2009: 16%
2010: 12%

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Our people

Since 2005, the number of Etihad employees has grown fourfold, with the greatest increase occurring in the period from 2007 to 2008.

Finding and attracting talent locally and globally is imperative to the success of our organisation. High calibre candidates are sourced from a range of different professional sectors depending on the nature of the role.

As of December 2010, Etihad employed 7,855 people worldwide, representing 123 different nationalities and creating a unique cultural diversity. UAE nationals currently comprise 13 per cent of the workforce (excluding cabin crew and expatriates).

Emiratisation

The Board’s directive to source and develop young Emirati nationals is seen as a key management priority and Etihad is committed to providing real and meaningful employment opportunities and career paths for Emiratis. An Emiratisation policy and strategy were formally implemented in 2007 when the first programs were launched.

The core initiative comprises three schemes – the cadet pilot program, the graduate management development program and the trainee engineering apprenticeship scheme.

Etihad has invested significantly in the Emiratisation program, which is now in its fourth year, a fact endorsed by the growing number of applicants and the positive market perception of Etihad as an employer.

In September 2010, Etihad’s largest graduate group of 77 received certificates of achievement from the Chief Executive Officer at a ceremony in Abu Dhabi.

Al Ain contact centre

As part of our continuing efforts to focus on opportunities for Emirati women in the workforce, planning began in 2010 for the opening of a unique all-women contact centre at Al Ain. Employment and training of the Emirati staff commenced in the third quarter of 2010 to ensure that the 85 women would be fully equipped to take on their new roles. The contact centre was opened in March 2011.

Internship and mentoring

Etihad offers internships to UAE nationals providing on-the-job opportunities to gain work experience while completing their studies at several tertiary educational institutions in the UAE.

Vocational education

In 2010 Etihad employed the first team of students from the Vocational Educational Development Centre (VEDC). Having gained work experience at Abu Dhabi Airport during the previous year, the 2009 class of 11 students graduated and joined Etihad as permanent employees of the airport services team.

Employee growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total staff</th>
<th>Head office staff - headquarters</th>
<th>Outstation staff</th>
<th>Flight attendants</th>
<th>Flight deck crew</th>
<th>Number of Emiratis</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6,605</td>
<td>6,631</td>
<td>1,223</td>
<td>1,224</td>
<td>2,783</td>
<td>316</td>
</tr>
<tr>
<td>2006</td>
<td>6,605</td>
<td>6,631</td>
<td>1,223</td>
<td>1,224</td>
<td>2,783</td>
<td>316</td>
</tr>
<tr>
<td>2007</td>
<td>7,828</td>
<td>7,855</td>
<td>1,223</td>
<td>1,224</td>
<td>2,783</td>
<td>484</td>
</tr>
<tr>
<td>2008</td>
<td>7,828</td>
<td>7,855</td>
<td>1,223</td>
<td>1,224</td>
<td>2,783</td>
<td>484</td>
</tr>
<tr>
<td>2009</td>
<td>7,828</td>
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<td>7,828</td>
<td>7,855</td>
<td>1,223</td>
<td>1,224</td>
<td>2,783</td>
<td>484</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010 PROGRAM</th>
<th>Places</th>
<th>Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate management program</td>
<td>15</td>
<td>430</td>
</tr>
<tr>
<td>Cadet pilot program</td>
<td>24</td>
<td>449</td>
</tr>
<tr>
<td>Engineering</td>
<td>24</td>
<td>225</td>
</tr>
</tbody>
</table>

We are committed to achieving full sustainable employment and development of the national workforce.
A holistic approach to employee wellbeing

Our main staff accommodation complex, Etihad Plaza, offers a community-based environment with access to grocery shopping, a pharmacy, a medical centre, a spa, banking and money exchange services and restaurants.

Etihad Medical Centre
Opened in May 2010, Etihad’s state-of-the-art medical centre is accredited by the CCOA and the Health Authority of Abu Dhabi. It offers a broad range of medical services free of charge to employees, with plans in place to extend these services to their families. An average of 500 people visit the clinic, which is located in Etihad Plaza, each week.

Fit-2-Fly
All Etihad employees and their families have free access to the airline’s Fit-2-Fly gym and swimming pools in five locations in and around Abu Dhabi. Personal trainers are on hand to guide and support employees with individual nutrition and fitness programs. The facilities record an average of 9,000 visits per month.

Stance conference
Etihad held its Worldwide Staff Conference at the Yas Marina Circuit in January 2011. The two-day conference, attended by over 500 staff from around the world, was addressed by the Chief Executive Officer and Etihad’s senior management team. The Chairman of the airline’s Executive Committee, His Excellency Mubarak Al Mubarak, also made a special address to Etihad staff to thank them for believing in Abu Dhabi and its vision for the future, pointing out that the growth and future success of both Etihad and Abu Dhabi is interwoven.

Health and safety
Safety lies at the heart of our business and is a core value across the company. The statement of commitment, policy and procedures, reinforced by practice and training, demonstrates management’s commitment to safety.

Environment, health and safety legislation
2010 we engaged with authorities in Abu Dhabi to ensure compliance with new environment, health and safety legislation. Internal resources have been put in place to implement the system by the end of 2011.

Safety management system (SMS)
The implementation of a Safety Management System was a major project for the safety and quality team and will allow Etihad to manage safety proactively. The SMS is a comprehensive system designed to manage health, safety and general risks, providing a systematic way of identifying hazards to control and reduce risks to acceptable levels. It enables goal setting, planning and measuring performance; communication with staff, training, safety assurance and safety culture and reporting.

The organisation of the safety action group, accountable for follow up and corrective action, was also improved during the implementation of the SMS, and training in safety management was conducted for the management team. Online courses, available on the intranet, have facilitated a smooth implementation process.

Fit-2-Fly safety manual
In 2010 we published the first safety manual. Structured as a cross-departmental manual, it supports the requirement for a company-wide SMS and helps to embed safety in Etihad’s working procedures and processes.

Training and development
Given the regulated nature of the aviation industry, a high level of technical competency is essential to business operations, delivery and safety. To meet this requirement, Etihad opened its own state-of-the-art training academy in 2008 to offer a positive learning environment and provide classroom-based and technical training.

With the introduction of e-learning in 2010, the training academy has been able to increase its productivity. E-learning now comprises 67 per cent of the total training.

Training on cultural diversity and Islamic culture is embedded in many of the academy’s training programs, including management development, group dynamics, performance feedback communication and coaching.

Induction program
A new, mandatory induction program called ‘Marhaba’ was introduced in September 2010. The program provides all the tools, information and support new joiners need as they take up their roles in Etihad. Marhaba includes all the tools, information and support new joiners need as they take up their roles in Etihad.

Succession planning
A formal methodology for identifying and managing talent, called Talent Watch, was introduced in the first quarter of 2010 with the aim of recognising and developing internal talent; identifying critical roles in the organisation and creating succession plans for those roles.

Productive partnerships
Etihad has an agreement with Zayed University in Abu Dhabi to develop and train Emiratis who want to pursue a career in the airline industry, and works closely with Abu Dhabi University, UAE University, Higher Colleges of Technology, IAT, ILM, the British Council and the Horizon Flight Academy.

We also partner with local institutions such as the Abu Dhabi Tawteen Council, the Abu Dhabi Education Council and the Institute of Applied Technology to broaden and enrich the scope of our Emiratisation program.

In 2010, Etihad’s Emiratisation team participated in the ‘Quadraat’ research project conducted by Hootsitt Associates and Stanford University to improve their understanding of the strengths, capabilities and aspirations of Arab nationals across the region. The survey was open to all Emirati employees during August and September 2010. A total of 80 staff responded and the report has been published.

Remuneration
Etihad offers employees a wide array of financial and non-monetary benefits including a home ownership scheme; living and education allowances; supplementary flight tickets for friends and family, and annual leave tickets for employees and their immediate family members anywhere on the Etihad network.

Liaison and pay for performance
Etihad believes that rewarding organisational and individual performance is crucial in retaining high performing staff, and in ensuring that remuneration is competitive regionally and internationally.

Continuously benchmarked against and informed by market and industry trends, Etihad’s reward approach has evolved from annual cost of living increments to one that links and differentiates pay based on performance.

In 2010, 100 per cent (7,119) of all eligible staff underwent the annual performance appraisal and rating on which the approved range of salary adjustments was based.

<table>
<thead>
<tr>
<th>Academy resources</th>
<th>Number</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classrooms</td>
<td>32</td>
<td>1,907</td>
<td>1,230</td>
</tr>
<tr>
<td>Computer-based training rooms</td>
<td>6</td>
<td>1,907</td>
<td>1,230</td>
</tr>
<tr>
<td>Auditorium</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Flight simulators</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cabin emergency evacuation</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Real fire fighting trainer</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Door trainers (Boeing and Airbus)</td>
<td>4</td>
<td>1,907</td>
<td>1,230</td>
</tr>
<tr>
<td>Pool for emergency training</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

As at 30 December 2010

Total number of courses offered by Etihad: 1,907
Number of training hours: 23,833

2005 2006

1,907 1,230
23,833 27,672

1,907 1,230
23,833 27,672
Corporate and individual philanthropy is an important part of Etihad’s CSR strategy. We enjoy a high degree of recognition among our diverse stakeholders in the UAE and the communities in which we operate. This brings with it a corresponding expectation and responsibility of involvement in these communities through philanthropic and charitable projects and activities that enhance the social and economic wellbeing of the people.

We manage our philanthropic giving and community involvement ethically and transparently to meet our corporate governance criteria and the expectations of our stakeholders.

Crisis and humanitarian aid

Etihad staff responded with compassion and energy to several successive natural disasters in 2010, donating money and crisis aid items for distribution to communities in Haiti, Chile, Pakistan and Australia.

Haiti

In January 2010 Etihad Crystal Cargo operated a special Red Crescent and Khalifa Welfare Foundation charter flight to Haiti carrying more than 80 tonnes of medical and humanitarian supplies, while staff donated money and relief items which were sent to Médecins Sans Frontières and SOS Children’s Villages.

Pakistan

Due to the proximity and scale of the flood disaster in Pakistan, the country’s close ties with the UAE and its importance on our network, we undertook several humanitarian initiatives to assist the affected communities across the country.

Etihad staff and our brand ambassadors in Pakistan, the pop-rock band Strings, visited the Sajawal relief camp and also worked with the Emirates International Mobile Humanitarian Hospital for Children (EIMHH) to distribute more than 1,000 Eid gift packs to displaced children living in the Razakabad relief camp in Karachi.

In August 2010, we launched our new A310 freighter aircraft carrying 59 tonnes of aid to assist the humanitarian effort in Pakistan and also carried medical supplies from Italy to Pakistan for the EIMHH.

Etihad also sponsored volunteers from the Pakistan Flood Relief Dubai (PFRED) agency to visit the north-western regions of Pakistan, where they distributed donated food, clothing, and household items to families that were left destitute by the floods.

In the last quarter of 2010, we took part in H.R.H. The Prince of Wales’ “Seeing is Believing” program, which, following damage and need assessment, is to fund and implement a long-term and holistic reconstruction in the country.

Queensland flood disaster

In response to the devastating flood that engulfed a vast area of Queensland, Australia, and affected at least 200,000 people, companies in Australia and around the world rallied to provide support to the government and affected communities.

With the strong endorsement of our Board, and in addition to initiatives by the UAE government, Etihad pledged AUD 1 million in aid to the Queensland government in recognition of the close ties between Australia and the UAE.

Care by Air

Etihad is a founding signatory and member of Care by Air, a humanitarian and relief aid initiative from Abu Dhabi together with Maximus Air Cargo and Abu Dhabi Airport Services. Care by Air provides cargo space at cost price to deliver relief aid to disaster stricken areas around the world.

Airlink

Etihad is a registered member of the International Society of Transport Aircraft Trading (ISTAT) Airlink, which provides and promotes a free web-based portal aimed at addressing developmental and emergency humanitarian air transportation needs. The system connects charities and non-government organisations with airlines that can provide passenger or cargo transportation for free or at reduced cost to meet humanitarian and emergency relief aid requirements.

Etihad operates in a unique multicultural environment. Promoting cultural exchange and connecting people and places is part of our business as an airline, and an obvious area of focus in our CSR program.
Community engagement

One of our key areas of focus is human empowerment and development. In the workplace this manifests in our Emiratisation program and a range of training and career development programs for all staff. Externally, we work in a variety of communities and with accredited programs to deliver opportunities, education and vocational training that have the potential to drive employment and enhance the quality of life in the community. [See also Working Together.]

Mosaic

Founded by His Royal Highness the Prince of Wales, Mosaic has two key priorities - to create opportunities for young people of all backgrounds, and to promote cultural understanding between different people and groups. Emiratisation offers a multicultural perspective of key global issues and works with students to address these in positive and creative ways.

As the official airline for the Mosaic International Summit, Etihad flies delegates from across the Muslim world to attend the program which, in addition to providing opportunities for delegates to develop leadership skills, offers a multicultural perspective of key global issues and works with students to address those in positive and creative ways.

Three Etihad employees participated in the Mosaic International Summit in 2010. The delegates, members of Etihad’s Emiratisation program, were Aisha Al Ameer, Shaeb Alnajjar and Najla Al Nahdi.

In November 2010, Etihad continued to celebrate the work of young Muslims through its sponsorship of the Mosaic Talent Awards 2010 in London. The International Award recognises a young Muslim individual or group which delivers significant social benefit to their community.

The winner of the International Award for 2010 was Korvi Rakshand Dhrubo, a 25 year old Bangladeshi who was credited by Mosaic for dedicating his life to breaking the cycle of poverty through education in the Dhaka slums.

Summit delegates flew with Etihad from Bahrain, Bangladesh, Indonesia, Malaysia, Oman, Pakistan, Qatar, Saudi Arabia and the UAE to spend two weeks hearing from expert and inspirational speakers, taking part in discussions and debates, and finally, planning how they will put their learning into effect on their return home.

Offscreen

Offscreen is an award-winning social enterprise promoting cross-cultural understanding among young people. This not-for-profit initiative specialises in building creative bridges and improving relations and perceptions across economic and geographical borders, especially between the UK, Middle East and the wider Islamic World.

It covers all forms of artistic expression and endeavour, such as photography, film, fine art and fashion design, and empowers young people to inspire their peers through the creative communication and expression of other cultures, ultimately building an educational legacy that is used in various forums, including schools and public venues such as museums.

Etihad was the official airline for two 2010 Offscreen expeditions that took place in the UK and Pakistan.

Child Welfare Scheme

The Child Welfare Scheme (CWS) is a British charity dedicated to improving the lives of vulnerable children and their families in Nepal. CWS targets the most remote or marginalised children with health, education and protection initiatives. CWS reached in excess of 200,000 people in 2010.

Etihad Airways supported CWS, providing flights and saving the organisation thousands of dollars in airfares. These savings helped CWS to support emergency transport schemes that include cycle ambulances in the Terai region of Nepal. The ambulances help women from remote rural areas to reach hospital safely and ensure they give birth with medical support.

Associations

Abu Dhabi Sustainability Group

The Abu Dhabi Sustainability Group (ADSG) aims to promote sustainability management in Abu Dhabi by providing learning and knowledge-sharing opportunities for government, private companies and not for profit organisations.

All members are required to sign the ADSG Declaration, committing to adopt best practices of sustainability management and reporting and to actively participate in ADSG activities, which focus on achieving economic, environmental and social sustainability, and strengthening inter-cultural dialogue around global and local sustainability trends.

In addition to participation in the quarterly group meetings, Etihad chairs the waste management taskforce and participates in the supply chain and sustainable labour practices taskforce groups.

Business in the Community

In 2010 Etihad signed up to become a member of Business in the Community (BITC), one of the Prince of Wales’ charities. This business-led charity boasts 850 member organisations that work together to define and implement best practice in the workplace while creating a sustainable future for people and the planet and improving business performance.

We work with BITC to implement our sustainability strategy and in finding new ways to play a meaningful and responsible role in the workplace, marketplace, environment and the community.

Looking ahead

While we will continue to sponsor initiatives that empower and develop young and disaffected people in Abu Dhabi and across our network, and provide support for ad hoc philanthropic activities, we will look to select a single philanthropic project that will draw together the efforts of our staff and customers in the provision of financial and other meaningful support.

Other objectives for 2011 include the implementation of a staff volunteer program that will build on the present work of the IFS volunteer group to facilitate and assist voluntary participation in projects with NGOs across our network.
Etihad Airways operates under a rigorous organisational structure, established in 2007 in line with the revised Manual of Authority, which outlines authority limits delegated by the Board to the Executive Committee, management and staff in order to run the company’s affairs and operations.

The organisational structure ensures transparent reporting and sufficient checks and balances. A 2009 report by leading global management consulting firm Oliver Wyman, for the Abu Dhabi Audit Authority, concluded that Etihad had “established strong corporate governance and process redesign”.

Various layers of shareholder, management and regulatory oversight ensure continuous performance review against corporate strategic objectives and external standards.

Etihad’s governance framework is as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Management</th>
<th>Regulatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Meeting – Quarterly</td>
<td>Executive Committee – Monthly</td>
<td>External Audit – KPMG Annual</td>
</tr>
<tr>
<td>Tender Board Meetings</td>
<td>Internal Audits</td>
<td>Financial Review – KPMG Quarterly</td>
</tr>
<tr>
<td>Audit Committee – Quarterly</td>
<td>Government Audit – ADDA Quarterly</td>
<td>Operations Audit – GCAA Annual</td>
</tr>
</tbody>
</table>

Etihad’s management reporting framework is as follows:

<table>
<thead>
<tr>
<th>Name of Meetings</th>
<th>Objective</th>
<th>Frequency</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Meetings</td>
<td>The board meets the management of the company to ensure that shareholder mandates are effectively implemented. The Board receives its authority from the shareholders and effectively delegates that to the management via the manual of authorities.</td>
<td>Quarterly</td>
<td>Board members, CEO, CFO and Chief Officers as required</td>
</tr>
<tr>
<td>Executive Committee Meetings</td>
<td>The Executive Committee meets management to discuss and authorise the carrying out of any activity deemed necessary to enable the company to achieve its commercial objectives and operational activities, and to review risks and formulate actions to address such potential risks.</td>
<td>Monthly</td>
<td>A subcommittee of Board members, CEO, CFO and Chief Officers as required</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>To provide assurance to the Board over the qualification, independence, and performance of the registered public accounting firm (internal auditors), and to seek advice from the company’s internal audit function as to the adherence to relevant governance standards.</td>
<td>At least 5 times a year</td>
<td>Two members of the Board – CEO and CFO Two independent members including representatives of Abu Dhabi Accountability Authority Audit Committee Secretary (VP IA)</td>
</tr>
<tr>
<td>Chief Meetings</td>
<td>The Chief Officers of the company meet to discuss and review performance to ensure the company achieves its commercial objectives. At this meeting the CEO updates his direct reports on issues affecting the company and feedback of Board, Executive Committee and other meetings. The Chief Officers update the CEO on issues and focus areas relating to their divisions.</td>
<td>Monthly</td>
<td>CEO, Chief Officers</td>
</tr>
<tr>
<td>Performance Review Prioritisation Meeting</td>
<td>These meetings focus on the performance of the company including planned initiatives and continuous improvement. Included in this review is the BSC/PMO/CAPEX VMC (Value Management Committee)</td>
<td>Quarterly or as required</td>
<td>CEO, Chief Officers PMO Cross functional VPs, FP</td>
</tr>
<tr>
<td>Divisional Business Review Meetings (BRM)</td>
<td>The CEO meets with the management teams on a monthly basis to ensure the organisation's performance is aligned to strategic objectives and a healthy operational environment exists. This is done through updating the CEO and other members of the BRM on initiatives, projects, risks and critical performance indicators and focus areas of the division.</td>
<td>Monthly</td>
<td>CEO, Chief Officers, VPs, Departments Head and Divisional Financial Controllers</td>
</tr>
<tr>
<td>Divisional Organisational Review Meetings (ORB)</td>
<td>Organisational Review Meetings (ORB) are held to review the divisional organisational structure and identify resource needs, gaps, efficiency measures, career plans and succession planning</td>
<td>Twice Quarterly</td>
<td>CEO, Chief Officers, CPPO and HR Business Partners</td>
</tr>
</tbody>
</table>

In addition to the various layers of shareholder, management and regulatory oversight, Etihad employs a centralised project management office (PMO) and value management committee (VMC), and operates an ethical and objective process for the procurement of goods and services, managed by a tender board.
Global Reporting Initiative cross reference and index

Etihad is fully committed to using the Global Reporting Initiative (GRI) and the application of GRI indicators in developing its CSR report. We have reported on material environmental and social indicators, either fully or partially this year and will look to improve on this as we widen the scope of our reporting in future years.

<table>
<thead>
<tr>
<th>A. Formal CSR reporting</th>
<th>Page</th>
<th>Yes</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of CSR policy</td>
<td>✓</td>
<td>Yes</td>
<td>Sustainability vision</td>
</tr>
<tr>
<td>Formal annual reporting of CSR performance</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

3.1 Description of key impacts, risks and opportunities
2. Organisational profile
6. ✓ Ethical today

3.10 Explanation of effect of any restatements of information from earlier reports Not relevant
3.11 Significant changes from previous reporting periods in scope, boundary, measurement etc
3.12 Table identifying standard disclosures
3.13 Assurance

4.1 Governance structure
4.2 Chair of highest Governance body an executive officer
4.3 # of members of Governance body who are independent
4.4 Mechanisms for shareholders / employees to provide recommendations to Governance body
4.5 Linkage between compensation and organisation's performance (in social and environmental performance)
4.6 Process for Governance body to avoid conflicts of interest
4.7 Process for determining qualifications of highest Governance body
4.8 Internally developed statement of mission or values
4.9 Process for Governance body to identify management of performance
4.10 Process for evaluating Governance body’s own performance
4.11 Explanation of whether and how precautionary approach is addressed
4.12 Internally developed charters, principles etc to which organisation adheres

4.13 Membership in relevant associations
4.14 List of stakeholder groups engaged by organisation
4.15 Basis for identification and selection of stakeholders
4.16 Approaches to stakeholder engagement
4.17 Key topics and concerns raised through stakeholder engagement

Other Performance indicators: Environmental

| EN1 | Materials used by weight or volume | ✓ | |
| EN2 | Percentage of materials used that are recycled input materials | X | |
| EN3 | Direct energy consumption by primary energy source | ✓ | ✓ | Measuring emissions and materiality; In the air |
| EN4 | Indirect energy consumption by primary energy source | ✓ | ✓ | Measuring emissions and materiality; On the ground |
| EN5 | Energy saved due to conservation / efficiency improvements | ✓ | ✓ | Measuring emissions and materiality; In the air; On the ground; Education and communication |
| EN6 | Initiatives to provide energy-efficient products and services | ✓ | ✓ | Working in Partnership; Business |
| EN7 | Initiatives to reduce indirect energy consumption | ✓ | |

Other

| Water | Total water withdrawn by source | ✓ | Water consumption; Education and communication |

Other

| Environmental | | | |

| EN8 | Total water withdrawal by source | ✓ | Water consumption; Education and communication |

Other

| Education and communication | | | |

| EN9 | Total direct and indirect greenhouse gas emissions by weight | ✓ | ✓ | Measuring emissions and materiality; Our carbon footprint |
| EN10 | Other relevant indirect greenhouse gas emissions by weight | ✓ | ✓ | Measuring emissions and materiality; Our carbon footprint |
| EN11 | Actions to reduce greenhouse gas emissions and reductions achieved | ✓ | ✓ | |

Other

| EN12 | Emissions of source depleting substances by weight | ✓ | |
| EN13 | NO, SO and other air emissions by weight | ✓ | ✓ | Measuring emissions and materiality; Our carbon footprint; In the air; Education and communication |
| EN14 | Total number and volume of significant spills | ✓ | |

Other

| Products and services | | | |

| EN15 | Total water discharge by quality and destination | ✓ | |
| EN16 | Total weight of waste by type and disposal method | ✓ | ✓ | Waste management; Education and communication |
| EN17 | Total number and volume of significant spills | ✓ | |

Other

| Compliance | | | |

| EN18 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | ✓ | |

Transport

| | | | |

| | | | |