



ADIA 2016

Abu Dhabi Investment Authority

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

Abu Dhabi Investment Authority (ADIA) is a public institution established in 1976 by the Government of the Emirate of Abu Dhabi as an independent government investment institution.

ADIA is wholly owned and subject to supervision by the Government of the Emirate of Abu Dhabi and has an independent legal identity with full capacity to act in fulfilling its statutory mandate and objectives. ADIA's constitution is set out in Law No.(5) of 1981 Concerning the Re-organisation of the Abu Dhabi Investment Authority ("Law (5)") as amended in 1997, which is its sole constitutive document. Law (5) provides separation of roles and responsibilities of the owner, the governing entity, and the management.

ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or the Government's other "affiliates" that also invest funds on behalf of the Government of the Emirate of Abu Dhabi.

Principle 2

The policy purpose of the SWF should be clearly defined and publicly disclosed.

As defined by Law (5), ADIA's purpose is to receive funds of the Government of the Emirate of Abu Dhabi allocated for investment, and invest and reinvest those funds in the public interest of the Emirate in such a way so as to make available the necessary financial resources to secure and maintain the future welfare of the Emirate

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

As this principle refers to direct domestic macroeconomic implications it does not apply, as ADIA manages a diversified global investment portfolio and its assets are not classified as international reserves. ADIA, as a matter of practice, usually does not invest in the UAE.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

Under the UAE Constitution, the natural resources and wealth of the Emirate of Abu Dhabi are the public property of Abu Dhabi. The Government of the Emirate of Abu Dhabi provides ADIA with funds that are allocated for investment and surplus to its budgetary requirements and its other funding commitments.

ADIA is required to invest and reinvest these funds and make available to the Government of the Emirate of Abu Dhabi, as needed, the financial resources to secure and maintain the future prosperity of the Emirate. In practice, such withdrawals have occurred infrequently.

ADIA's assets are not classified as international reserves.

In accordance with Law (5) ADIA makes available, as needed, to the Government of the Emirate of Abu Dhabi the necessary financial resources to secure and maintain the future welfare of the Emirate.

ADIA is not involved with nor has any visibility on matters relating to the spending requirements of the Government of the Emirate of Abu Dhabi.

At its core, ADIA's approach has always involved closely monitoring market conditions and prudently maintaining appropriate liquidity at different points of the economic cycle. This ensures it is always able to meet its obligations to the Government of Abu Dhabi, if required, without compromising long-term investment goals.

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

The Data & Information Management teams within the Investment Services Department ensures the delivery of timely, accurate data and information across all asset classes, and provides detailed investment performance reports to ADIA's Board of Directors and other key stakeholders.

ADIA produces financial statements in accordance with the IFRS international accounting standards that are delivered to ADIA's Managing Director and the Audit Committee as per ADIA's governance principles.

ADIA is furthermore subject to oversight by the external and independent Abu Dhabi Accountability Authority (the "ADAA"), which was established by the government of Abu Dhabi by Law No. (14) in 2008 ("Law No. (14)"). As per their website, the ADAA was established as an independent body in 2008. It is primarily responsible for enhancing and promoting transparency and accountability across Abu Dhabi government and public entities ensuring that these subject entities are managing and using their resources and funds efficiently, effectively, economically, ethically and in alignment with achieving the overall vision of Abu Dhabi.

ADAA's responsibilities include providing these subject entities with independent and objective assurance and advisory services assisting these entities in obtaining international recognition for applying leading practices and standards.

Law No. (14) of 2008 defines ADAA's responsibilities as:

- Examine the efficiency, effectiveness and economy of the financial and operational activities of Subject Entities.
- Audit the Government consolidated financial statements and Subject Entities' financial statements.
- Review performance and risk; to fulfil this responsibility, ADAA may from time to time:
 - Examine the efficiency, effectiveness and economy of the financial and operational activities of Subject Entities.
 - Ensure compliance of Subject Entities with laws, regulations, and rules and governance guidelines.
 - Examine violations, which are investigated by Subject Entities

The ADAA itself is subject to an external independent auditor as per Law No. (14) and produces an annual accountability report published on their website where it mentions ADIA.

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

Governing body

ADIA's Board of Directors is the supreme body having absolute control over its affairs and the discharge of its business. The Board is composed of a Chairman, Managing Director, and other Board members, all of whom are senior Government officials appointed by a Decree of the Ruler of the Emirate. ADIA's Board of Directors meets periodically, as required for the establishment and review of ADIA's strategic policy, as part of its oversight of ADIA. ADIA's Board does not normally involve itself in ADIA's investment and operational decisions, as the Managing Director is assigned these responsibilities by Law (5).

ADIA's Managing Director, who is appointed by a decree of the Ruler of the Emirate of Abu Dhabi, has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments. Investment decisions are based solely on economic objectives in order to deliver sustained long-term financial returns.

The Managing Director, or those to whom he delegates, act as ADIA's legal representative in dealings with third parties.

A number of key committees support the governance framework:

The Audit Committee is appointed by, and reports to, the Board and provides oversight of the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

The Investment Committee assists the Managing Director and is responsible for managing and overseeing investment-related matters. The Managing Director chairs the Investment Committee, assisted by two Deputy Chairmen, with the participation of the Executive Directors of all investment departments and representatives of some control functions, as required.

The Risk Management Committee reports to the Managing Director and is responsible for overseeing the implementation of ADIA's risk management framework. It comprises members of the Investment Committee.

The Strategy Committee advises the Investment Committee on ADIA's overall investment strategy and the composition of ADIA's long-term policy portfolio.

The Investment Guidelines Committee assists the Investment Committee with achieving consistency and clarity in investment guidelines.

The Management Committee reports to the Managing Director and is responsible for managing and overseeing non-investment and organisational related matters including ADIA-wide planning, department planning and the ADIA budgeting process.

Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

As outlined above in greater detail, ADIA's constitutive document Law No. (5) of 1981 Concerning the Reorganization of the Abu Dhabi Investment Authority ("Law (5)") as amended in 1997 provides separation of roles and responsibilities among the owner, the governing entity, and the management (Principle 1.).

ADIA's purpose is to receive funds of the Government of the Emirate of Abu Dhabi allocated for investment, and invest and reinvest those funds in the public interest of the Emirate in such a way so as to make available the necessary financial resources to secure and maintain the future welfare of the Emirate (Principle 2.).

The Managing Director and all Board members are senior Government officials appointed by a Decree of the Ruler of the Emirate. ADIA's Managing Director is assisted by the Investment Committee established pursuant to Law (5), which is composed mainly of the heads of the several investment departments.

The Data & Information Management teams with the Investment Services Department ensures the delivery of timely, accurate data and information across all asset classes, and provides detailed investment performance reports to ADIA's Board of Directors and key stakeholders.

Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

Management of ADIA is vested in ADIA's Board of Directors, which comprises a Chairman, a Managing Director and Board members who are appointed by a decree of the Ruler of the Emirate of Abu Dhabi. This

ensures that the Board is constituted of people with integrity, who are competent and are trusted to safeguard ADIA's assets. The Board has primary responsibility for the discharge of ADIA's activities and meets periodically for the establishment and review of ADIA's overall strategy but does not involve itself in investment or operational decisions.

ADIA's Managing Director has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments. Investment decisions are based solely on economic objectives in order to deliver sustained long-term financial returns.

Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

As mentioned under Principle 1, ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or the Government's other "affiliates" that also invest funds on behalf of the Government of the Emirate of Abu Dhabi.

Furthermore, ADIA has a disciplined investment process that aims to generate stable returns over the long term within established risk parameters.

The Strategy Unit plays a central role in the investment process, with responsibility for developing, maintaining and periodically reviewing ADIA's policy portfolio mix of more than two dozen asset classes and sub-categories. It also identifies medium-term tactical opportunities for generating returns in excess of those achieved by the long-term policy portfolio while maintaining ADIA's target risk profile.

In accordance with ADIA's prudent governance structure, the Strategy Unit's recommendations are evaluated by the Strategy Committee, before being submitted to the Investment Committee and ultimately the Managing Director. Once approved, funds are allocated to the respective investment departments, which are responsible for implementation in line with their mandates, benchmarks and guidelines.

To achieve its long-term objectives, ADIA must be able to execute on its desired asset allocation in a timely fashion, in size, while minimising transaction costs. It is for this reason that slightly more than half of ADIA's portfolio consists of index-replicating, or passive, strategies within quoted markets. This is offset by actively managed investments across asset classes in areas that have real potential to generate market outperformance, or alpha, over the long term.

We recognise that a structured yet flexible approach is needed to ensure opportunities and trends can be captured as they arise. As a result, ADIA has expanded its in-house capabilities in a number of asset classes and support functions in recent years. On a macro level, this has enhanced the organisation's ability to take a globally strategic view of opportunities, both across and within asset classes. It has also enabled ADIA to become increasingly tactical and opportunistic where potential opportunities and trends arise.

By making continuous enhancements, ADIA has built an investment strategy that is not simply based on asset class or geographic allocations but one that is both robust and increasingly focused on return drivers. This allows for a sophisticated approach that can be more granular in nature and provides us with the ability to focus on sector-based or thematic investments with attractive risk and return characteristics.

Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

ADIA has robust governance standards with clearly defined roles and responsibilities that ensure accountability.

Management of ADIA is vested in ADIA's Board of Directors, which comprises a Chairman, a Managing Director and Board members who are appointed by a decree of the Ruler of the Emirate of Abu Dhabi.

The Board has primary responsibility for the discharge of ADIA's activities and meets periodically for the establishment and review of ADIA's overall strategy but does not involve itself in investment or operational decisions.

ADIA's Managing Director has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments.

ADIA's investment departments are responsible for building and managing investment portfolios within the parameters set for them through the asset allocation process.

These departments, which invest across multiple asset classes and geographies, have discretion over the origination and recommendation of investment proposals.

The Audit Committee is appointed by, and reports to, the Board and provides oversight for the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

ADIA prepares its financial information, including rates of return calculations, using accounting policies that are considered appropriate to the Authority's situation. These policies are in compliance with International Financial Reporting Standards and are consistently applied.

ADIA publishes an annual review including data on its investment strategy, asset allocation by asset class and geography, allocation of assets managed internally and externally as well as the selection process of external managers and third parties. The review also provides detailed information on ADIA's risk management approach, as well as detailed operational and governance aspects.

Annual Reviews dating back to 2009 are publicly available and can be downloaded from this ADIA website: http://www.adia.ae/En/News/media_review.aspx

The Accounts Department is responsible for: Investment accounting and related controls; Valuation oversight and support; Tax reporting and filing oversight; and preparing ADIA's annual financial statements in accordance with International Financial Reporting Standards (IFRS), liaising with the external auditor and reporting to the Audit Committee.

Furthermore, the Data & Information Management of the Investment Services Department ensures the delivery of timely, accurate data and information across all asset classes, and provides detailed investment performance reports to ADIA's Board of Directors and other key stakeholders.

Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

ADIA's Internal Audit Department's mission is to provide assurance to stakeholders that internal controls are operating as prescribed, through the provision of annual independent audits, consultations and advisory activities, delivered by qualified staff in line with ADIA's cultural values and best practice.

The Department reports functionally to the Audit Committee and administratively to the Managing Director.

The Audit Committee is appointed by, and reports to, the Board and provides oversight for the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

Internal Audit is primarily a review function which:

- Independently evaluates ADIA's internal control systems to ensure they adequately safeguard ADIA's assets, activities and interests, and reviews them regularly to ensure they are both efficient and effective; and
- Provides an additional layer of security to ensure all transactions are undertaken in accordance with ADIA's policies and procedures.

The Department's work conforms to the International Standards for the Professional Practice of Internal Auditing.

ADIA's financial statements are audited on an annual basis by the appointed external audit firm in accordance with international standards of auditing (ISA's). The external auditor reports to the Audit Committee.

The external auditor is appointed in accordance with the requirements laid out by Abu Dhabi Accountability Authority in its Statutory Auditors Appointment Rules (SAAR). ADIA has a policy in place to ensure the external auditor remains independent in accordance with the rules set out by the ADAA and in accordance with the IFAC code of ethics (International Federations of Accountants: www.ifac.org).

The ADAA undertakes an annual financial examination review of the work performed by the external auditor to ensure the audit work complies with international standards of auditing and the financial statements are in compliance with IFRS.

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

ADIA, expects its people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA's employees must adhere to a Code of Conduct that sets the standards of behaviour that are expected of them in order to preserve ADIA's integrity and reputation and enable it to fulfil its mission.

ADIA actively supports its employees in their professional and personal development by offering a wide range of targeted development programmes. ADIA is proud to employ the highest number of CFA Charterholders of any organisation in the Middle East. Our emphasis on investment training is complemented by other challenging and rewarding developmental opportunities, with a strong focus on fostering collaboration and innovation

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

As outlined in greater detail under Principle 18, ADIA follows a clearly defined due diligence process in dealing and selecting third parties.

Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

ADIA's Compliance function within the Investment Services Department is dedicated to ensure adherence to host country rules and applicable laws. It supports ADIA as a global investor in any activities related to exercising shareholder ownership rights and obligations, local market disclosure requirements, and any voting rights.

As part of Risk Management, Compliance independently reviews, monitors and provides guidance to relevant stakeholders on ADIA's investment activities and related internal rules and guidelines. It collaborates closely on these aspects primarily with:

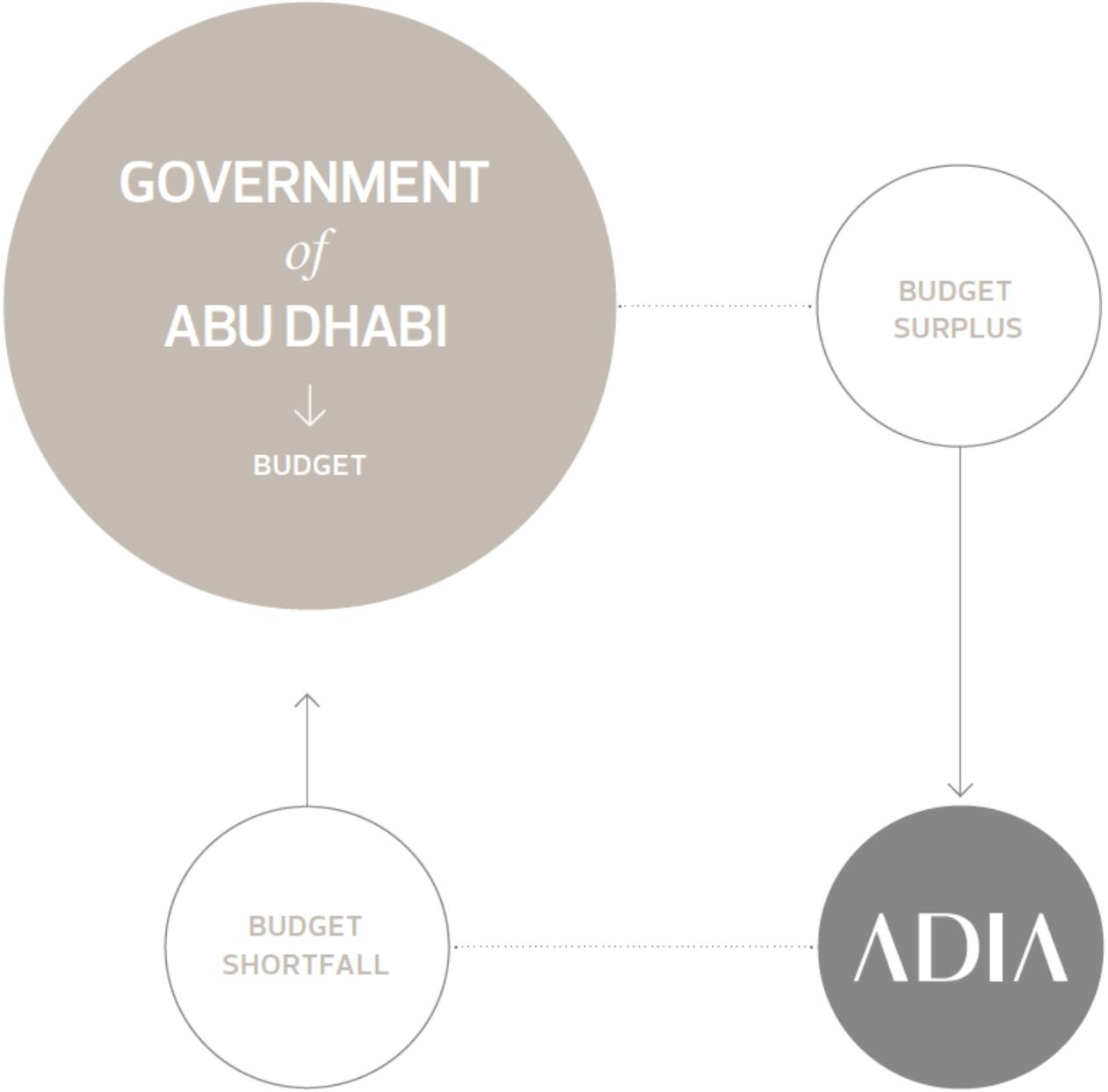
- the Legal Division, which is responsible for identifying and evaluating all legal, regulatory, and tax-related issues and associated risks, and for advising ADIA and its senior management on such matters.
- the Operations Department, which supports ADIA's global investment mandates by maintaining strong technical knowledge of global financial markets and staying up to date with the relevant settlement, regulatory and tax requirements.

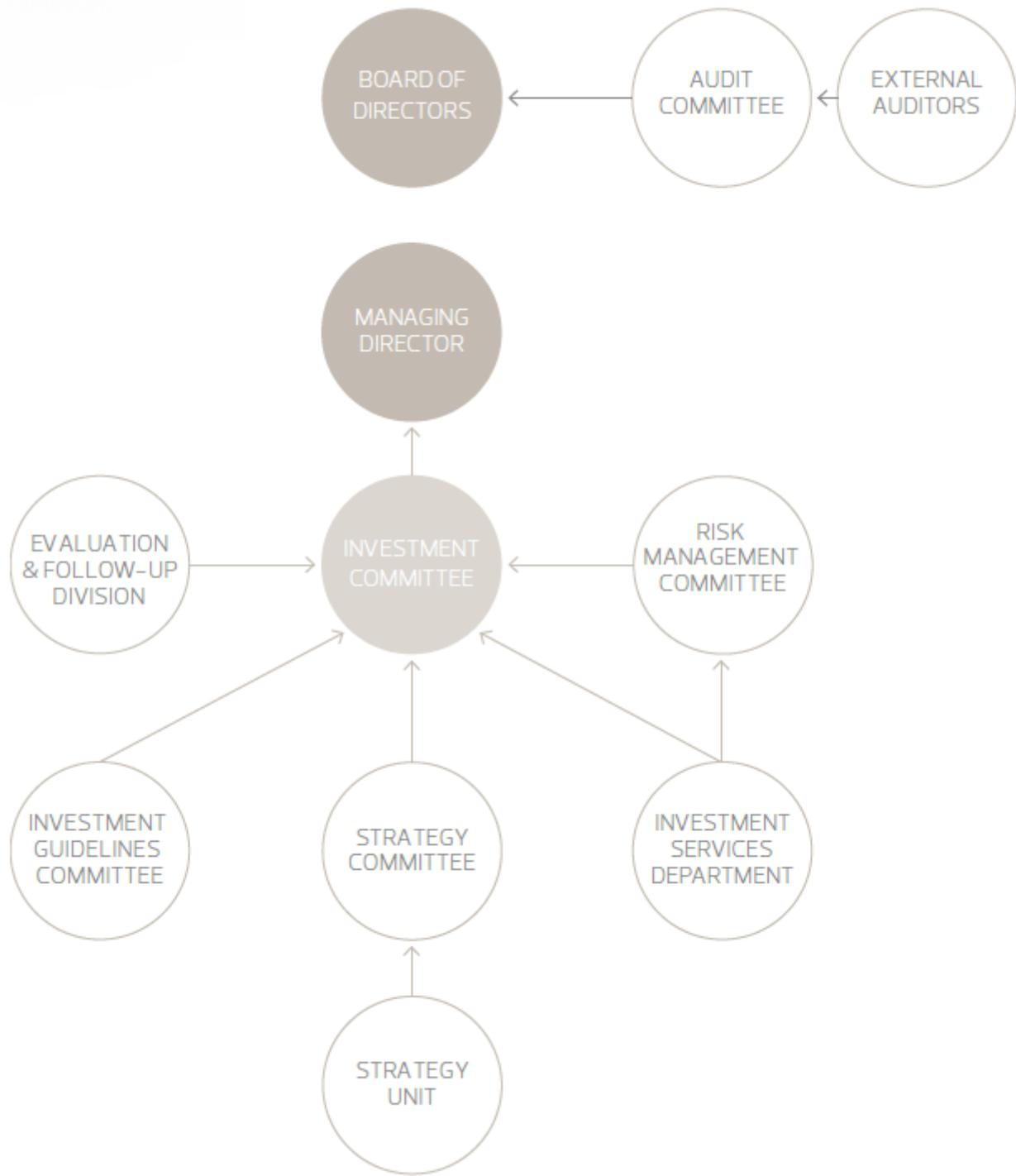
Principle 16

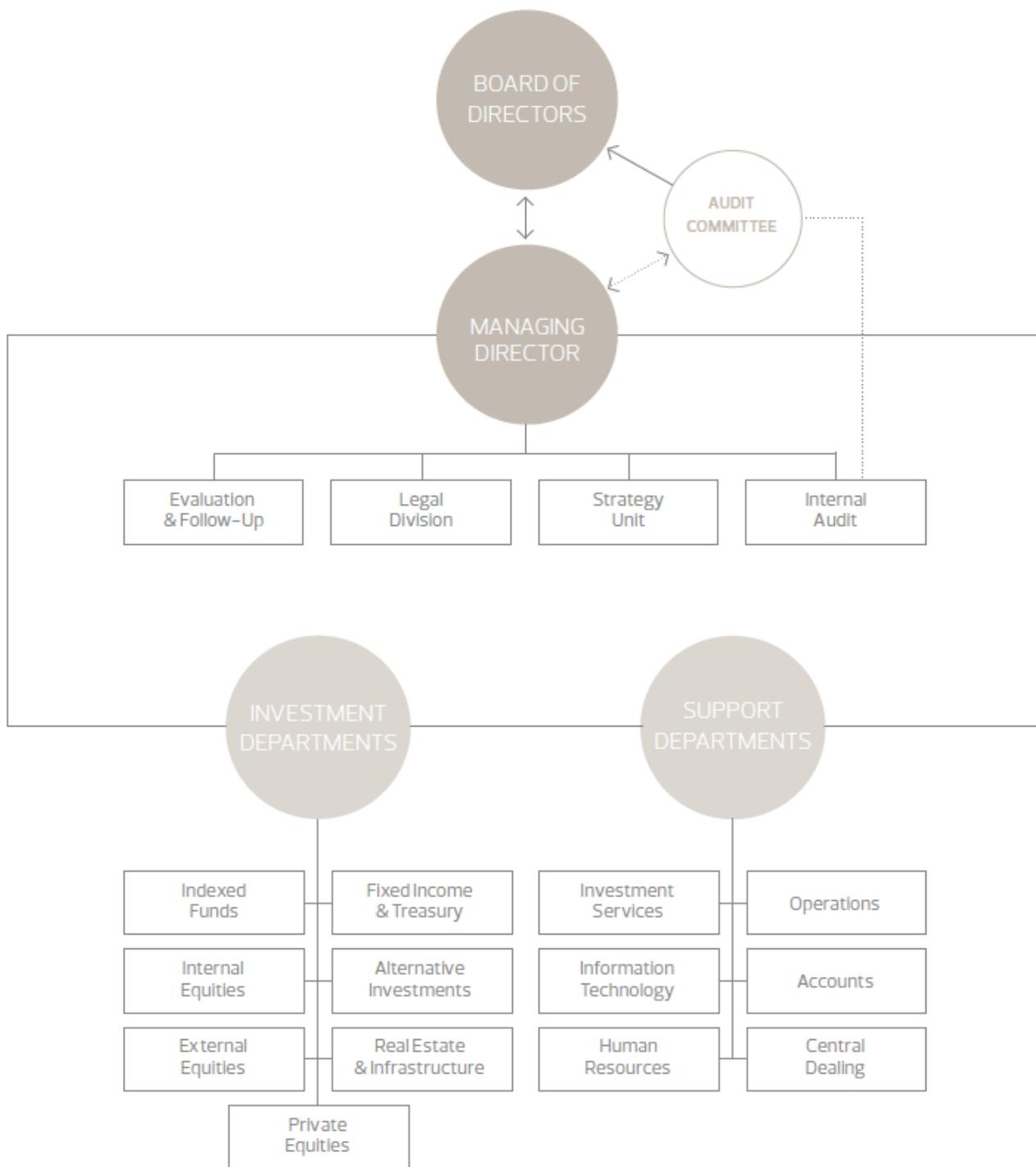
16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

ADIA's annual review and ADIA's website disclose the governance framework of ADIA, the investment objectives of the fund and how ADIA is operationally independent of the owner.

http://www.adia.ae/En/News/media_review.aspx ADIA's governance model is illustrated in the following charts:







Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

ADIA prepares its financial information, including rates of return calculations, using accounting policies that are considered appropriate to the Authority's situation. These policies are in compliance with International Financial Reporting Standards and are consistently applied.

Asset allocation is used to help achieve the risk/return objectives of the total portfolio. The long-term strategic neutral benchmark or policy portfolio is designed to reflect ADIA's vision of the world over the

medium to long term. The on-going asset allocation is reviewed regularly by both the Strategy Committee and the Investment Committee.

ADIA Asset Allocation

By Region	
North America	35.0% to 50.0%
Europe	20.0% to 35.0%
Developed Asia	10.0% to 20%
Emerging Markets	15.0% to 25.0%
By Asset Class	
Developed-Market Equities	32.0% to 42.0%
Emerging-Market Equities	10.0% to 20.0%
Small-Cap Equities	1.0% to 5.0%
Government Bonds	10.0% to 20.0%
Credit	5.0% to 10.0%
Alternative	5.0% to 10.0%
Real Estate	5.0% to 10.0%
Private Equity	2.0% to 8.0%
Infrastructure	1.0% to 5.0%
Cash	0.0% to 10.0%

ADIA uses a number of recognised independent benchmarks for its asset classes. For example:

- Listed Equities: S&P, MSCI and Russell Indices
- Fixed Income: JP Morgan Government Bond, Barclays
- Alternative Investments: BTOP 50, MSCI World plus premia, reg

Annualised Rates of Return (as of 31 December 2015):

- 7.5% (annualised rolling 30-year rate of return)
- 6.5% (annualised rolling 20-year rate of return)

Pillar 3: Investment

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

With a long tradition of prudent investing, ADIA's investment decisions are based solely on its economic objectives of delivering sustained long-term financial returns.

ADIA uses both active and passive/indexed strategies as part of the asset management process. ADIA's assets are managed by internal and external investment managers, who are subject to ADIA's risk and investment guidelines. ADIA regularly reviews the on-going performance of its internal and external managers. Each of the internal and external managers has been selected by ADIA for their experience and track record.

The Strategy Unit plays a central role in the investment process, with responsibility for developing, maintaining and periodically reviewing ADIA's policy portfolio mix of more than two dozen asset classes and sub-categories. It also identifies medium-term tactical opportunities for generating returns in excess of those achieved by the long-term policy portfolio while maintaining ADIA's target risk profile.

In accordance with ADIA's prudent governance structure, the Strategy Unit's recommendations are evaluated by the Strategy Committee, before being submitted to the Investment Committee and ultimately the Managing Director. Once approved, funds are allocated to the respective investment departments, which are responsible for implementation in line with their mandates, benchmarks and guidelines.

To achieve its long-term objectives, ADIA must be able to execute on its desired asset allocation in a timely fashion, in size, while minimising transaction costs. It is for this reason that slightly more than half of ADIA's portfolio consists of index-replicating, or passive, strategies within quoted markets. This is offset by skilfully designed, actively managed investments across asset classes, in areas with the genuine potential to generate market outperformance, or alpha, over the long term.

ADIA's guidelines, which help ensure that investment department's portfolios are diversified, include limits on the size of the investment, the geographical and sector concentrations and what other types of exposures can be taken.

Evaluation & Follow-Up Division advises and supports the Managing Director, the Investment Committee and other committees that support ADIA's governance framework.

The Division provides independent analyses and recommendations on all investment and asset allocation proposals generated by ADIA's investment departments and Strategy Unit prior to their presentation to the Investment Committee. It also evaluates and prepares periodic reports on investment departments' performance, strategies, risk profile, structure and resources, and on ADIA's overall investment performance including the impact of its asset allocation decisions.

Evaluation & Follow-Up's role also involves reviewing and providing recommendations on ADIA-wide strategic, organisational and governance matters.

The Global Research Unit provides the Managing Director and the leadership of ADIA with insights on global economic issues to aid discussion and decision-making across ADIA.

ADIA has a disciplined investment process that aims to generate stable returns over the long term within established risk parameters.

Risk management is embedded in all of ADIA's investment and related activities, from asset allocation to investments in individual asset classes and ultimately to trade execution.

The Investment Services Department, working closely with investment teams, is responsible for protecting ADIA's assets and adding value to the investment process through its core risk management responsibilities. These entail leading the disciplined execution of the risk management framework, advising on and monitoring adherence to risk appetite, supporting the RMC with an independent assessment of ADIA's

concentrations, and promoting a culture of risk awareness.

The Investment Services Department's risk analysis includes:

- Continuously assessing all sources of risk on both an absolute and a relative basis, including through proprietary portfolio modelling;
- Developing a comprehensive risk assessment across all risk types, including “top-down” aggregate portfolio risk, “bottom-up” investment risk by asset class, credit and counterparty risk, operational risk, operational due diligence, business continuity, and compliance risk; and
- Identifying, monitoring, and escalating risk mitigation strategies to address emerging and ongoing risk issues on a timely basis.

In addition, and to ensure connectivity with Investment Services, each investment department has its own departmental-level risk framework.

By cascading down from the ADIA-wide framework, these combine a unity of purpose with the necessary flexibility to capture risks that are unique or specific to each asset class. The Virtual Risk team – a network of risk managers within investment departments and other key functions – is an integral part of the link between the ADIA-wide and the departmental risk management frameworks.

In total, around 60% of ADIA's assets are managed externally in areas including equities, fixed income, money markets, alternative investment, real estate and infrastructure, and private equities. We engage managers across the risk spectrum, from index-replicating to actively managed mandates, and typically tailor each fund to our specific needs and internal guidelines.

ADIA's alpha-seeking managers operate in a wide variety of geographies and asset classes and employ a comprehensive array of strategies to meet their objectives. Our goal is to ensure that we employ only those managers in whom we have the highest level of conviction operating across structurally attractive geographies and asset classes, who combine to produce the levels of alpha we demand from active management.

ADIA uses external managers to complement its internal capabilities in the management of our index-replicating – or “beta” – investments across the various asset classes and geographies.

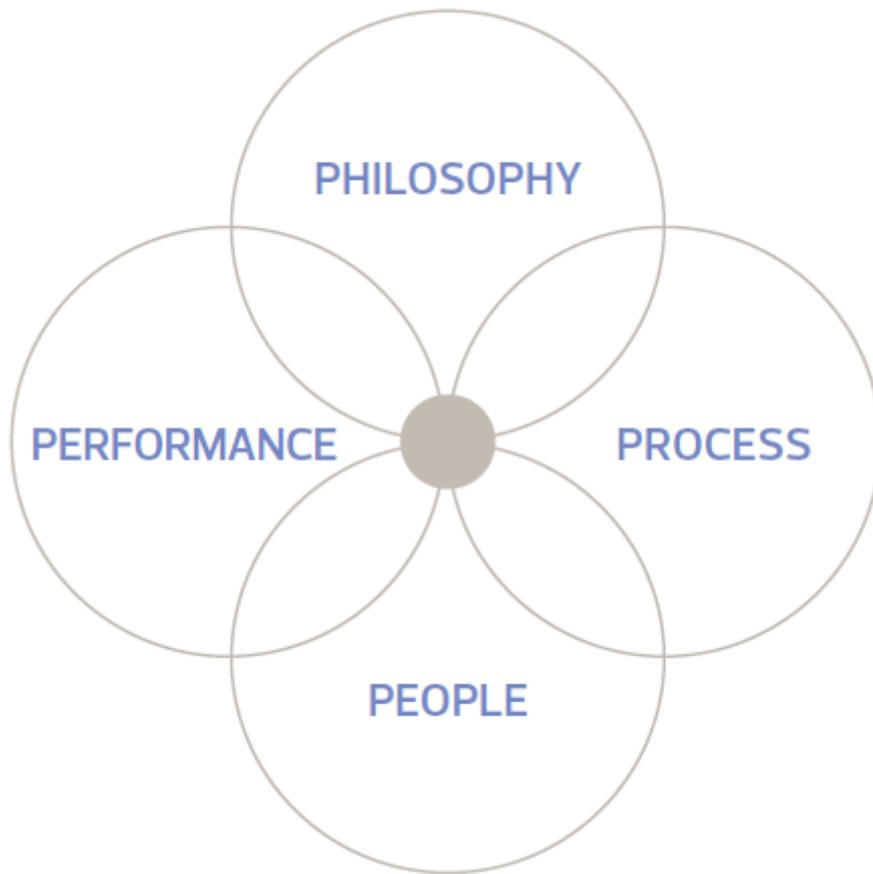
In recognition of the important role they play, we devote time and effort to the process of recruiting and monitoring external managers. Our due diligence teams begin by creating a long list of potential managers in any given asset class and strategy, sourced from extensive internal databases. We then analyse these managers on the basis of ADIA's “Four Ps Framework”.

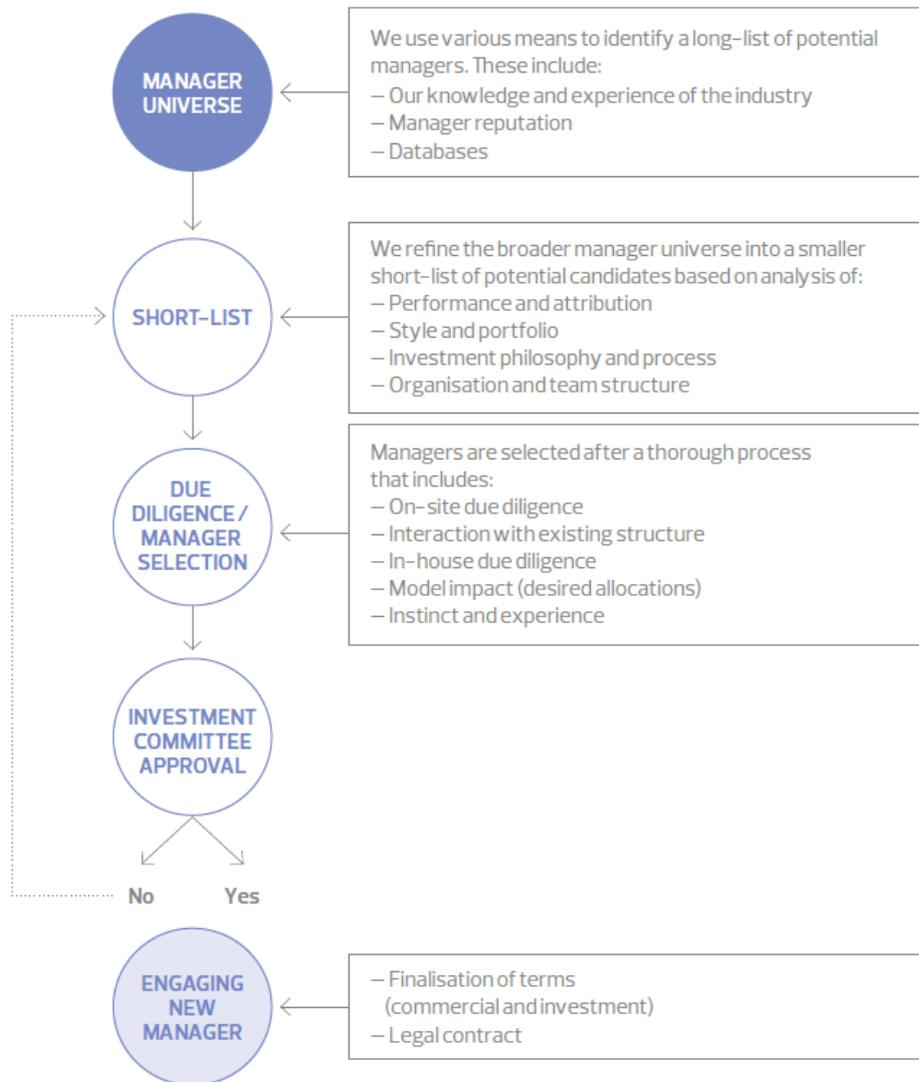
This process involves discussions and face-to-face meetings with managers before we create a short-list, allowing us to build a well-rounded understanding of their backgrounds and potential to deliver sustainable outperformance against their mandates.

The teams then gather and analyse relevant data to back up their qualitative views on the attributes of each manager. In this way, we set clear expectations of the behaviours of each external manager and are able to put their performance in context against differing market conditions.

ADIA has developed robust systems and processes over many years that require our external managers to remain compliant with their agreed investment and operating parameters. Once appointed, teams in each department continuously monitor our managers, analysing portfolio performance, positions, risk exposures and investment styles, and hold regular follow-up meetings with them, both on-site and in their offices. These teams are supported by the Internal Audit Department, Evaluation & Follow-Up Division, Operations Department, Investment Services Department and Accounts Department, in coordination with ADIA's custodian banks.

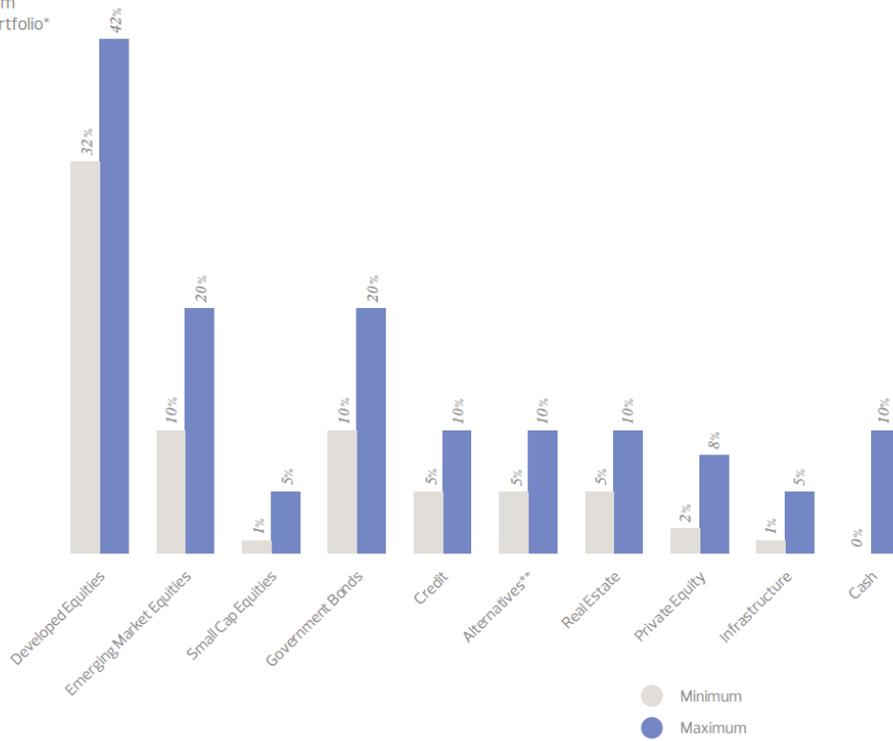
The use of external managers also ensures that ADIA retains up-to-date knowledge and is kept abreast of developments across the investment industry. While we have a clear focus on investment performance, our preference is to have long-term relationships with our external managers.





In addition to the detailed description provided above, the following charts illustrate ADIA’s diversified global investment portfolio across more than two dozen asset classes and sub-categories. We invest directly in global financial markets, alongside trusted partners and through a network of carefully selected external managers.

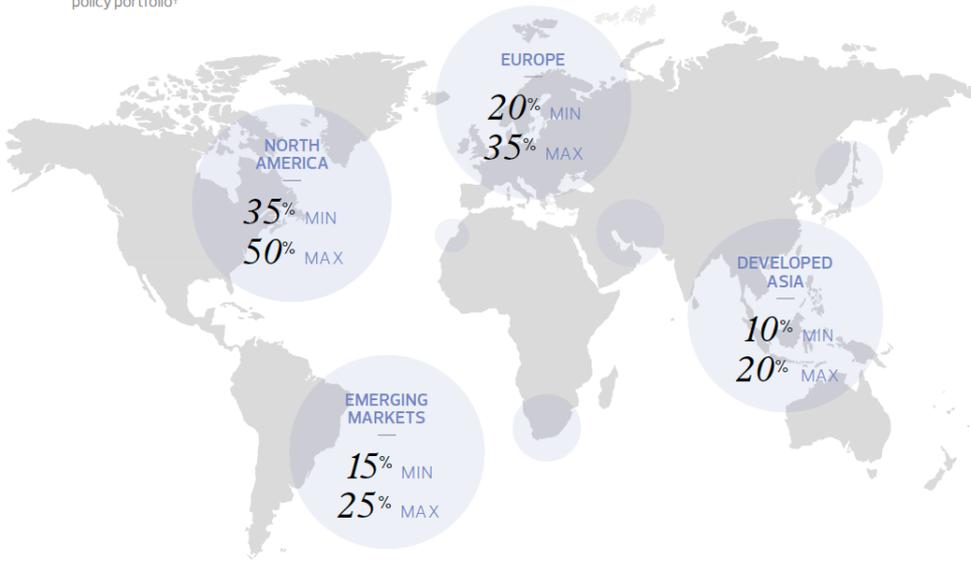
Long-term policy portfolio*



* The above denotes long-term policy portfolio ranges within which allocations can fluctuate; hence they do not total 100%.
 ** Alternatives comprises hedge funds and managed futures.

By region

Long-term policy portfolio*



† ADIA, as a matter of practice, does not invest in the UAE.

Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

ADIA's investment decisions are based solely on its economic objectives of delivering sustained long-term financial returns and aims to maximise risk-adjusted financial returns.

See response in Principle 18 relating to the role of the Strategy Unit.

ADIA understands -- and is committed to fulfilling -- its responsibilities as a global investor and observes international standards of compliance including international sanctions.

ADIA's Compliance function independently reviews, monitors and provides guidance to relevant stakeholders on ADIA's investment activities.

ADIA's Managing Director is assisted by the Investment Committee established pursuant to Law (5), which is composed mainly of the heads of the several investment departments. The Investment Committee assists the Managing Director in the performance of his duties and provides advice in respect of ADIA's investments and the management and coordination of ADIA's affairs and activities (as mentioned in Principle 6.).

In addition to the details outlined above regarding ADIA's asset management approach and selection of external investment managers, ADIA expects its people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA's employees must adhere to a Code of Conduct that sets the standards of behaviour that are expected of them in order to preserve ADIA's integrity and reputation and enable it to fulfil its mission.

Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or the Government's other "affiliates" that also invest funds on behalf of the Government of the Emirate of Abu Dhabi (as mentioned in Principle 1).

ADIA does not have, nor does it seek, access to privileged information or inappropriate influence through the Government. ADIA's compliance function further provides a framework to prevent inappropriate access to and the use of privileged information.

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

ADIA is a leading global institutional investor and endorses the free flow of global capital and investments. ADIA understands -- and is committed to fulfilling -- its responsibilities as a global investor.

As a shareholder, ADIA exercises its voting rights in certain circumstances to protect its interests or to oppose motions that may be detrimental to shareholders as a body. ADIA does not actively seek to manage the public companies in which it invests.

ADIA seeks to apply best practices to all of its disclosure processes and regularly makes disclosures, as required, in relation to its investments in global markets.

This includes ex-ante disclosures for example in compliance with local market rules related to stock trading activities. They also include ex-post disclosures to markets and regulators related for example to investment thresholds.

ADIA is also mindful of its counterparties' obligations with respect to "Know Your Customer" and strives to provide all necessary disclosures to enable them to fulfil those obligations including information on ADIA employees participating as directors in board representation. ADIA recognises the importance of international standards of compliance and risk management and the associated transparency required.

Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

ADIA's assets and investment performance (absolute and relative to benchmarks) are measured and reported to its owner according to clearly defined principles and standards.

The Investment Services Department's Data & Information Management teams ensure the delivery of timely, accurate data and information across all asset classes, and provide detailed investment performance reports to key stakeholders.

The Evaluation & Follow-Up Division advises and supports the Managing Director, the Investment Committee and other committees that support ADIA's governance framework.

The Division provides independent analyses and recommendations on all investment and asset allocation proposals generated by ADIA's investment departments and Strategy Unit prior to their presentation to the Investment Committee. It also evaluates and prepares periodic reports on investment departments' performance, strategies, risk profile, structure and resources, and on ADIA's overall investment performance including the impact of its asset allocation decisions.

ADIA's Internal Audit Department's mission is to provide assurance to stakeholders that internal controls are operating as prescribed, through the provision of independent audits, consultations and advisory activities, delivered by qualified staff in line with ADIA's cultural values and best practice.

The Department reports both to the Audit Committee and to the Managing Director.

The Audit Committee is appointed by, and reports to, the Board and provides oversight for the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

ADIA regularly reviews its implementation of the GAPP and publishes details regarding the implementation of the GAPP in this updated self-assessment report.