Sustainability Report 2014



Success is a journey

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# A Message from our CEO



We are proud to launch our latest sustainability report covering Arab Bank's progress and achievements in the social, environmental and governance fields for the year 2014 in accordance with the updated GRI indicators (G4). This is our fifth report, documenting the Bank's ongoing commitment to build on our positive social and environmental impact as part of an overarching strategy with the ultimate goal of achieving true sustainable development.

The socio-economic and environmental challenges facing our community are growing rapidly, requiring immediate and effective action. With this in mind, our sustainability strategy was developed with a set of primary objectives identified based on stakeholders' priorities, ensuring that we utilize our resources effectively to meet these goals.

While we achieved many of our sustainability objectives in the past, we continued to set the bar higher for ourselves in 2014 and are proud of what we were able to accomplish during that year. We have made considerable gains in our five main focus areas, which include responsible financing, empowered employees, transparent reporting, system optimization and community cooperation. We also established new

commitments within these focus areas to take us further in our sustainability journey.

One of the highlights from our accomplishments in 2014 was the enhancement of our CSR program's donation channels for our participating NGOs, resulting in a 20% increase in total donations from customers to support the local community. We also stepped up efforts to encourage volunteering amongst employees through incorporating more diverse community activities and enhancing internal communication channels. We were pleased to record a 12% increase in the number of volunteers during the year.

The Bank's environmental commitment encompasses a multidimensional approach and we were able to achieve a great deal in this field through several initiatives. We introduced green packages for our customers to encourage them to purchase energy saving products like solar panels or hybrid cars. We also continued financing environmentally friendly infrastructure projects in Jordan while enhancing our internal operations to reduce GHG emissions and consumption of internal resources.

Our sustainability strategy adopts a holistic approach and looks beyond the Bank's operations. That is why, in 2014, we focused our attention on the Bank's suppliers and implemented initiatives to raise awareness on sustainable procurement and responsible supply chain operations through integrating social related aspects into our procurement activities.

We look to the future with a sense of optimism and a firm belief that we can continue building on our sustainability commitments by relying on a comprehensive strategy, the dedication of our employees and the continuous support of our stakeholders. We encourage everyone to review this report and to provide us with their feedback to ensure all of our initiatives, activities and operations are working in unison and with the singular purpose of positively contributing to our community.

7-22

Nemeh Sabbagh Chief Executive Officer

# About this Report [G4-17]

As part of our sustainability strategy, we are committed to issuing an annual sustainability report that follows the Global Reporting Initiative's (GRI) guidelines. This report was prepared 'in accordance' with the updated G4 guidelines and utilizes the 'comprehensive' option of reporting. It provides information on our social, environmental and governance achievements and commitments until December 31, 2014.

This report covers data and activities from Arab Bank's operations in Jordan, the main operational market of Arab Bank PLC. In some cases, Arab Bank Group and PLC data is used in place of Jordan-specific data in compliance with the Bank's reporting policies.

In accordance with the GRI G4 guidelines, our fifth sustainability report highlights progress on the Bank's main material aspects<sup>1</sup> outlined in page 22, which we selected based on our operations, strategy and sector specifications. A comprehensive overview of our impact and engagement across economic, social and environmental sectors is covered in the different chapters of this report, with a special emphasis on the role of stakeholders in our sustainability management program.

In Arab Bank's fifth annual sustainability report, we continue to honor the commitment of our employees and management to be a leader in sustainability in the Arab financial sector. According to a study made by the "CSR Watch – Jordan"<sup>2</sup> on Corporate Responsibility in the Banking Sector 2014, only two of 16 national banks in Jordan report on their social, environmental and economic performance according to international standards.

In accordance with the GRI G4 guidelines, this report highlights progress on the Bank's main material aspects, which we selected based on our operations, strategy and sector specifications.

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1 - Material aspects are those that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders (https://g4.globalreporting.org).

2 - www.csrwatchjordan.com

## Arab Bank at a Glance

#### [G4-17]

Established in 1930, Arab Bank is the largest global Arab banking networl with over 600 branches in 30 countries spanning five continents.

Jordan, Lebanon, Palestine, Qatar, Bahrain, UAE, Yemen, Egypt, Algeria, Libya, Morocco, Sudan, Oman, Saudia Arabia, Tunisia, Kazakhstan, Syria, Switzerland, Germany, Austria, UK, France, Italy, Spain, USA, Singapore, China, South Korea, Australia, Turkey.

#### **Our Values**

True to our history, we will always protect the interest of our customers.

We are fully committed to the region, dedicated to the people and economies.

We strive to deliver world-class service and great customer experience.

Our customers come first and everything is centered on their

needs.

We are active Commitment corporate citizens, Trust fostering the growth and advancement of our communities. Service Citizenship Excellence Customer Transparency Focus **Empowerment** Teamwork We invest in our people and provide We promote teamwork them with the opportuand collaboration nity to grow. within the Group and across businesses.

#### Arab Bank's Mission

"To be the leading financial institution of the Arab world"

We value open and clear communication, earning us confidence and trust from our customers, shareholders and employees.

#### **Arab Bank's Purpose**

"To enable the Arab world to reach preeminence"

# Global Presence [G4-17]

Arab Bank Group is comprised of Arab Bank Public Shareholding Company (PLC), its sister company Arab Bank Switzerland, in addition to subsidiary and affiliate companies. Arab Bank PLC is based in the Middle East, North Africa and Asia with branches in Algeria, Bahrain, Egypt, Lebanon, Morocco, Palestine, Qatar, Singapore, UAE, Yemen and Jordan. The Bank is headquartered in Amman, Jordan with 2,826 employees (making up 44% of total Arab Bank PLC employees) and has a Jordanian network of 75 branches including the Head Office (making up 39% of total Arab Bank PLC branches).



# **Products and Services**

At Arab Bank, our primary focus is to fulfill our clients' evolving needs. We provide a wide variety of financial products and services to individuals, corporations, government agencies and other international financial institutions. Our business lines are divided into the following categories: Consumer Banking, Corporate and Institutional Banking (CIB) and Treasury services. Below is a breakdown of each division's offering:

#### **Consumer Banking**

In addition to the basic type of accounts, the Bank offers a complete suite of programs designed to meet the financial needs of the different individual segments based on their life cycle. The programs cover: Children, youth, salaried employees, executives, self-employed as well as medium and high net-worth individuals. The Bank also offers personal loans, overdraft facilities, home loans, auto loans, credit cards, term deposits, funds transfer, currency exchange and investment opportunities. Several communication channels are open for our customers to meet their financial needs in an easy and convenient way. These channels include: Branches, ATMs, phone banking, online banking, mobile banking, social media, etc. More details on these channels are outlined on page 35.

#### **Corporate and Institutional Banking**

Since its establishment in 1930, Arab Bank has been one of the leading providers of financial solutions for corporate and institutional clients. The range of services includes:

- Commercial Lending Project and Structured Finance
- · Arranging / participating in loan syndications
- Islamic structured financing (through subsidiaries)
- Correspondent banking services
- Trade Finance
- Global Transaction Banking
- Cash Management
- Corporate Finance and Capital Markets

#### **Treasury Services**

With a global network of treasury centers, Arab Bank's teams of highly experienced market specialists provide support to customers across the region with products and services that cover money markets, foreign exchange and capital markets. The Bank also provides hedging solutions that range from conventional foreign exchange transactions, such as swaps and vanilla options, to more hybrid solutions. Additionally, Arab Bank's Treasury division provides yield enhancement products associated to a variety of different asset classes, which are also structured for corporate and private banking customers.

# 2014 Achievements

Arab Bank was able to accomplish much in various fields despite the prevailing conditions in the region and the relatively unstable global economy in 2014.

Arab Bank Group reported net profit after tax and provisions of USD 577.2 million in 2014, a growth of 15% compared to the profit reported in the previous year. To enhance the Bank's capital adequacy ratio and to further expand its business, the Board of Directors recommended distributing dividends of 24.5% for the year 2014, made up of cash dividends of 12% and distribution of two free shares for every sixteen shares.

Despite the challenging environment and the devaluation of several major currencies, customer deposits reached USD 35 billion compared to USD 34.4 billion in 2013, recording a 2% growth at the end of 2014. The Bank's loans and advances reached USD 23.7 billion compared to USD 23.1 billion in 2013, a 3% increase. Adjusting for the impact of exchange rates and extraordinary items, loans and customer deposits grew by 9% and 7% respectively. As part of Arab Bank's strategy to maintain a solid balance sheet and a quality portfolio, loan quality remained very strong with no increase of non performing loans and a provisions' coverage ratio exceeding 100%, excluding the value of collaterals held.

The Bank succeeded in growing its operating income, benefiting from its diversified business model and differences in foreign currencies in addition to maintaining key financial indicators on par with the highest local and global standards. These indicators remain strong as the Bank's liquidity continues to be robust with a loan-to-deposit ratio of 67.7%. Capital adequacy ratio reached 14.8%. Arab Bank also maintained high levels of operational efficiency relying on prudent policies and control of operating expenses.

#### Awards

In 2014, Arab Bank received many awards and recognitions from leading international parties, most notably the award for Best Bank in the Middle East from Global Finance magazine. The Bank also received awards for Best Trade Finance Provider in the Middle East from both Global Finance and EMEA Finance magazines.

As part of the list of awards received in 2014, Arab Bank was recognized as the Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker (published by the Financial Times), the Banker Middle East and Corporate Finance International magazines.

The Bank received many other awards from Global Finance magazine including: Best Trade Finance Provider in Jordan and Yemen, Best Bank in Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Jordan and Lebanon. It also received Best Cash Manager in the Middle East from Global Investor/ISF, which is published by Euromoney. The Bank also received the award for Best Company in Investor Relations from the Middle East Investor Relations Society.

Arab Bank's Shabab Facebook page received the Most Interactive Page in the Region award as part of the banks category from the Pan Arab Excellence Academy. Arab Bank's mobile application for smartphones and tablets, Arabi Mobile, won the gold medal in the Jordan Web Awards ceremony.



Sustainability Management: Creating Value for our Stakeholders

# Sustainability Management: Creating Value for our Stakeholders

## Sustainability Leadership

Arab Bank is continuously working to advance its position as a leader in sustainability in Jordan and the region. This is exemplified by the Bank's comprehensive sustainability strategy including social, environmental and economic aspects. As evidence of our leadership in sustainability, Arab Bank is ranked in the top five organizations in the S&P-Hawkamah Pan Arab ESG Index<sup>3</sup>. The ranking selects the Middle East's top 50 companies on the basis of environmental, social and corporate governance standards.

### Stakeholder Engagement [G4-25], [G4-26]

Stakeholder engagement is a useful tool to improve the way we approach sustainability. Arab Bank ensures to identify internal and external stakeholders, engage and understand their needs and respond to their expectations and priorities. This process adds value to our services and quality by creating a two-way channel for communicating and understanding our impacts and influence as the premiere bank of the Arab world.

We strive to ensure that our products and services meet our customers' primary financial needs while providing adequate financial return for the Bank and its shareholders. At the same time, these products and services should contribute to the social and environmental development in the local community where we operate. Moreover, the Bank strives to adopt new practices that enhance internal operations and employees' satisfaction and therefore increase productivity and operations' efficiency.

#### Stakeholder Mapping [G4-24], [G4-25], [G4-26]

To better understand our stakeholders' needs, we regularly map these needs with the support of the Sustainability Champions (see page 21), which allows us to develop a comprehensive and effective strategy towards meeting these needs. Stakeholder mapping captures specific methods of engagement, identifies priority issues for both the Bank and the stakeholders and tracks the response of the Bank to these issues. The results guide the Bank's efforts in fulfilling stakeholders' needs through the strategic objectives and initiatives we implement. A detailed map of our stakeholders, expectations and engagement channels can be found in Appendix A on page 115.



# **Our Sustainability Strategy**

Stemming from the growing socio-economic challenges at the local, regional and global levels, the Bank realized the importance of integrating sustainability concept into its core business operations. In 2011, the Bank established its Sustainability department with a comprehensive sustainability framework that outlines five main focus areas for the Bank and its stakeholders (see below).



The Sustainability department operates according to a clear strategy and objectives, and supports its stakeholders through a set of values ingrained in its operations. This department falls under the Branding division, whose head reports all progress on sustainability programs and initiatives to the Bank's CEO, who reports directly to the Board of Directors.

#### Sustainability Framework

Our sustainability advantage centers on supporting our customers in achieving their ambitions. As one of the leading customer-driven financial institution in the Arab world, Arab Bank recognizes that understanding and engaging with our stakeholders, specifically our customers, creates long-term business strength. In order to articulate our primary sustainability drivers and focus areas, we have developed a sustainability framework that aligns our sustainability and business foundations into a single, tiered framework.

In our framework, the "Sustainability Advantage" represents our five sustainability focus areas: Responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation. Each focus area supports Arab Bank in the delivery of its founding purpose, which is represented in "Our Impact" as "Supporting our customers in achieving their ambitions."



#### Sustainability Champions [G4-25]

Established in 2012, the Sustainability Champions program fosters better understanding of the business needs and expectations of our internal and external stakeholders. It also aligns our sustainability management program to meet those expectations and needs.

Sustainability Champions involve employees from different divisions including: Procurement, Risk Management, Corporate and Institutional Banking, Consumer Banking, Human Resources, Real Estate and Construction Management, Compliance and Internal Audit. Working closely with the Sustainability department, the team implements the sustainability strategy within their respective divisions. They are also involved in the preparation of the Bank's sustainability reports.

#### **Our Strategy is Moving Forward**

As a result of integrating sustainability into the Bank's culture, and engaging the Sustainability Champions in the implementation process of the strategy, we were able to achieve most of our goals by the end of 2013. Accordingly, new sustainability objectives were identified under each focus area for 2014-2016:

- Implementing financial literacy initiatives with local NGOs.
- Introducing new responsible loans, facilities and services.
- · Spreading the sustainability concepts among our employees through internal awareness campaigns.
- Continuing to adopt internal environmental projects to enhance efficiency.
- Increasing public awareness on sustainability.
- Increasing employee participation in volunteering, and establishing a system to communicate impacts and experiences with staff and stakeholders.

#### **Our Sustainability Approach: Identifying Material Aspects** [G4-19], [G4-21]

Establishing our sustainability strategy based on understanding our stakeholders' needs and priorities helps us identify the most material sustainability aspects. In 2014, we strengthened our process of sustainability materiality assessment to better identify and categorize the sustainability topics that are most relevant to our operations and our stakeholders (see Appendix A – Stakeholder Map). The main material aspects, outlined in the table below are in alignment with our five sustainability focus areas, which are presented in "Our Sustainability Strategy" section (see pages 19-21).

	SUSTAINABILITY PILLARS	MATERIAL	ASPECTS
<b>OUR IMPACT</b>	Supporting our customers in achieving their ambitions	<ul> <li>Product and service innovation</li> <li>Excelling in Customer Service</li> <li>Customer engagement and fair treatment</li> </ul>	<ul> <li>SME support</li> <li>Encourage Entrepenurship</li> <li>Green infrastructure proejcts</li> </ul>
	Responsible Financing	<ul> <li>Responsible lending</li> <li>Integration of ESG aspects into lending criteria</li> <li>Proactive risk management</li> </ul>	
AREAS		<ul><li>Diversity and equal opportunity</li><li>Competitive benefits</li><li>Health, safety and wellbeing</li></ul>	<ul> <li>Employee engagement and transparent communications</li> <li>Employee training and capacity building</li> </ul>
FOCUS		<ul><li>Governance and accountability</li><li>Annual reporting</li><li>Internal policy and code of conduct</li></ul>	<ul> <li>Anti corruption, anti bribary and anti money laundering</li> <li>Compliance</li> </ul>
SUSTAINABLE	System Optimization	<ul> <li>Quality management</li> <li>Responsible Supply Chain</li> <li>Integrate sustainability concept into internal operations</li> </ul>	<ul> <li>Environmental management</li> <li>Procurement Sustainability Strategy</li> </ul>
		<ul> <li>Sponsorships and donations</li> <li>Abdul Hameed Shoman Foundation</li> </ul>	<ul> <li>"Together" - our CSR program</li> <li>Building up NGOs' capacities</li> </ul>

# Measuring our Success and Commitments

Measuring and disclosing our performance is vital for the assessment of our impact and our progress toward our strategy commitments and goals, in addition to holding ourselves accountable.

#### **Performance Snapshot**

Focus Area	Performance Indicator	2012	2013	2014
Responsible Financing	Project financing screened on ESG criteria (%)	100	100	100
	Distributed amount of loans and facilities provided to support environmentally friendly infrastructure projects (JOD)	12.6 million	9.4 million	11.5 million
	Defaulted project loans (%)	0	0	0
	Total workforce	2,754	2,817	2,826
	Females in the workforce (%)	38	38	39
Employee	Females in senior management (%)	14	14	15
Empowerment	Total workforce turnover (%)	7.4	5.9	8.5
	Training opportunities provided	8,343	6,100	5,812
	Amount of support to teach employees' children in Jordanian universities (JOD)	70,284	88,490	101,402
Transparent Reporting	Dividend per share (JOD)	0.30	0.30	0.12
	Independent directors on the board (%)	60	72.7	72.7
	Return on equity (%)	6.7	8.8	8.9
	GRI application level	А	А	'in accordance' to G4 / Comprehensive guidelines

Focus Area	Performance Indicator	2012	2013	2014
	Total greenhouse gas (GHG) emissions (Tons of CO2e)	15,689	16, 638	16,303
System Optimization	Total Greenhouse gas (GHG) emissions per employee (Tons of CO2e/employee)	5.7	5.9	5.7
	Total electricity consumption (kWh)	18,825,999	20,061,921	19,671,084
	Total electricity consumption per employee (kWh/ employee)	6,836	7,122	6,961
	Total water consumption per employee (m <sup>3</sup> /employee)	11.4	13.5	12.8
	Number of sustainability related products and services launched	0	1	1
Community Cooperation	Pre-tax profits invested in the community (%) <sup>4</sup>	3.2	2.8	2.7
	Number of hours for volunteering initiatives	166	171	182
	Number of community initiatives	32	34	39
	Number of beneficiaries	13,342	30,000	85,000
	Number of micro-enterprises supported	147	209	632
	Customers' donations through donation channels (JOD)	107,770	135,954	163,015

#### Progress against our 2014 Commitments

Focus Area	Commitments	Progress	Details
Responsible Financing	Further engage with corporate clients on sustainability issues to find solutions of mutual benefits.	In progress	Page 51
	Launch green package program.	Achieved	Page 47
	<b>Other Achievements:</b> Implemented the risk culture assessment survey to assess the Bank's risk culture (page 52).	and identify areas	s of enhancement

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Focus Area	Commitments	Progress	Details
	Continue to ensure necessary development for staff competencies through regular training sessions.	Achieved	Page 65
Employee	Enhance and support employability of those who are less-able	Achieved	Page 58
Empowerment	<ul> <li>Other Achievements:</li> <li>44 employees with special needs were employed within the Bank's workforce</li> <li>The Occupational Health and Safety Committee (OHSC) handled 56 cases and resulted in serious injuries or fatalities (see page 60).</li> </ul>		lve all of them. None
	Issue yearly sustainability report based on the latest GRI guidelines (G4).	Achieved	
	Continue to raise internal awareness on sustainability issues.	Achieved	Page 86
Reporting	<ul> <li>Released the first edition of the "Ethics Aware" newsletter by the Compliance of Implemented four e-training courses to enhance awareness and a proactive ris 77-78).</li> </ul>		-
System	Introduce paper recycling program.	In progress	The Bank is evaluating recycling companies to dispose its paper and plastic waste
Optimization	Apply new energy saving technologies that are environmentally friendly.	Achieved	Page 90
	<ul> <li>Other Achievements:</li> <li>Reduced total GHG emissions (see page 87).</li> <li>Received the ISO 9001:2008 in recognition for our quality management system</li> <li>Enhanced online banking channel, Arabi Online (see page 81).</li> </ul>	ns (see page 81).	

Focus Area	Commitments	Progress	Details
	Increase total number of employee volunteers.	Achieved	Page 104
	Continue our efforts to reach out to a larger number of beneficiaries.	Achieved	Page 104
Community	Continue our efforts to utilize banking channels to increase donations for the Together NGOs.	Achieved	Page 37
Cooperation	<ul> <li>Other Achievements:</li> <li>Increased total number of training hours provided through NGOs capacity building program by 75% to reach 559 hours (see page 114).</li> <li>Implemented 39 volunteering initiatives engaging 302 volunteers (see page 104).</li> </ul>		

#### 2015 Commitments

Focus Area	Commitment
Responsible	Open new SME centers in the south of Jordan to support locals.
Financing	Increase local community's awareness on financial education and inclusion.
Employee	Invest in employees skills and capacities thorough various training programs and engaging employees in the community.
Empowerment	Improve communication channels with employees to enhance satisfaction and transparency.
Transparent Reporting	Launch a sustainability report for the year 2015 in accordance with the updated GRI G4 guidelines, achieving the 'comprehensive' type of reporting.
	Implement and adopt the new corporate governance code.
<i>c</i> .	Explore opportunities to adopt new initiatives related to energy saving.
System Optimization	Automate internal systems to enhance efficiency and reduce costs.
	Increase stakeholders' awareness on sustainability, focusing on our suppliers and customers.
Community Cooperation	Explore new opportunities to alleviate poverty and enhance the environmental situation in the Kingdom through collaborating with local NGOs.
	Utilize banking channels to increase donations made by our customers for the Together NGOs.
	Explore new opportunities to support entrepreneurs.

Supporting our Customers in Achieving their Ambitions

# Our Impact: Supporting our Customers in Achieving their Ambitions

Our customers represent the core of our business and operational strategy, and we work every day toward aligning our operations to meet their varying needs and expectations. To support their ambitions, we are building a strong network of customers and continuously developing our services in line with our mission of becoming the leading financial institution of the Arab world.

Our sustainability strategy's ultimate impact focuses on strengthening our relationship with customers through fulfilling their banking needs and supporting their socio-economic and environmental ambitions as shown in the diagram below. Innovating our products and services, engaging with customers, financial literacy, financing clean energy projects, supporting SMEs and encouraging entrepreneurship are main material aspects of supporting our customers' ambitions.



# **Product and Service Innovation**

At Arab Bank, we aim to ensure that our clients are satisfied with their banking experience by offering a comprehensive range of products and services to meet their needs throughout the different stages of their life. During 2014, several initiatives took place:

#### **Corporate and Institutional Banking (CIB)**

In 2014, Corporate and Institutional Banking (CIB) continued to build and consolidate an already well-established platform. The CIB Group's strength translated into consistent financial performance, demonstrating healthy and well-diversified revenue growth during the year.

The large investment programs under way in a number of MENA counties have resulted in increased volumes of transactions received from large multinational companies eager to participate in building and supply contracts. In addition, a growing number of our corporate clients are expanding their business reach across geographies.

Arab Bank's highly regarded corporate e-banking solutions, offering clients a comprehensive commercial banking platform that includes cash management and trade finance services. The solutions are tailored specifically to allow clients to efficiently manage transactions from anywhere in the world using state-of-the-art technology and have proven particularly popular with corporations to effectively manage their operations, capital and liquidity.

CIB launched the Star and Star Plus packages with flexible terms to meet the needs of Small and Medium Size Enterprises in Jordan. This initiative comes as part of the Bank's leading role in small and medium projects and to meet the needs of this dynamic and integral sector as part of its corporate services (see page 40).

New solutions continue to be introduced aimed at facilitating the banking experience of our clients. One such solution includes the e-banking channels, but also digitizing other clients' interactions with the Bank. For instance, payments related applications are now available as a link that will allow for automatic transmission of clients' requests via a bar code reader to the processing area. This will eliminate errors and the need for potential multiple visits by clients.

The CIB has also focused on services at our branches, streamlining the process and focusing on quality and efficient services by the Bank to clients.

For more details on the CIB achievements during 2014, please check our annual report.



#### **Consumer Banking**

During 2014, the Consumer Banking division launched many awareness campaigns for Arabi Online. These campaigns also involved promoting Easy Payment Plans through the Arabi Online service in addition to activating and stopping credit cards online. Another awareness campaign was launched to promote Arabi Mobile in the countries where the application is available to promote its many features.

Arab Bank has placed special attention on updating the Bank's customers' information as part of the Know Your Customer program in order to engage with them continuously through various means. Among them, enabling Arab Bank customers to update their information through Arabi Online easily and securely. This initiative was reinforced by enabling customers to update their mobile numbers for the SMS Express service using ATMs in all markets.

As part of our continuous commitment to protect our customers and to enhance security when using Arab Bank cards, Verified by Visa and MasterCard Secure Code were launched in different markets. This service provides added security for customers when shopping online whereby the customer creates a password to verify their identity when conducting any online transaction.

The Jeel Al Arabi program witnessed great demand from our young customers who were able to enjoy many benefits. The program underwent continuous development in Jordan.

For more details about the CB achievements, please review our 2014 Annual Report

#### Treasury

Arab Bank's Treasury in 2014 oversaw a further strengthening of the Bank's liquidity position, and the Bank ended 2014 with a strong liquidity profile.

The foreign exchange markets were extremely volatile in 2014. Despite operating in over 40 currencies, the Bank maintained a low risk position throughout the year, and was able to manage its balance sheet while continuing to deliver stable earnings from foreign exchange activity. This was achieved through maintaining a very carefully matched balance sheet, and by carefully measuring and managing exposures.

There was also continued volatility in interest rates in 2014, and many interest rates fell to historical lows. Through careful interest rate risk management and the prudent use of hedging techniques, Arab Bank was able to maintain net interest income and protect profit from volatility.

In 2014, Arab Bank began work to design and implement its new state-of-the-art Treasury and Risk Management system, which will boost Arab Bank's ability to measure, model and manage risks, and will significantly upgrade our control processes.

Treasury Sales services are available throughout the Arab Bank network, with a full range of products and services available to our customers, whether they are exporters, importers or savers. Arab Bank Treasury further developed its ability to serve these customers during 2014 by increasing the number of staff members serving customers wishing to deal in Treasury products. This played a significant role in increasing the foreign exchange revenues earned by the Bank.

# **Excelling in Customer Service**

We are committed to continually enhancing our performance in all areas that affect our customers' experience by actively monitoring a set of service standards that were created according to industry best practices. In 2014, the Bank continued a range of service monitoring checks such as the "voice of customer" exercise, where we obtained direct feedback from customers on all of our key products, services and processes. "Mystery shopping" and "branch visits" are other exercises that help to better understand customers' perspective on the quality of services we provide, in order to vastly improve retention, sales and business performance.

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#### **Creating Leaders in Branches**

We constantly work to equip frontline employees with the needed skills and capabilities as part of our goal to enable customers to achieve their ambitions. Developing frontline leaders is a focal point that has been reinforced via a tailored training course on Customer Relationship Management implemented in 2014 for 16 of our Customer Relationship Officer (CRO) team. The course aims to measure and enhance competencies that contribute to creating a positive customer experience, such as relationship building with customers and increasing the level of engagement. The following four training modules were delivered during the course: Connect in Business, Customer Service, Communication Skills and Selling Skills.

In addition, the Bank's Service Excellence team implemented a number of monitoring tools such as "product health checks" and "Did you know?" email shots. Both initiatives measure the level of knowledge and awareness of frontline employees on specific products, services, campaigns, policies and procedures. The "camera monitor" exercise is another initiative that aims to remotely monitor branches' operations against certain service excellence policies and standards such as customers' privacy, cash systems' security, clean desk policy and general employee behavior.

These programs will contribute to the development of our future leaders and pave the way for employee career growth and the delivery of service excellence to our customers. In order to ensure that all our employees are aware of the Bank's sustainability-related products, the Bank sent a special email shot to all frontline employees on the **Together Platinum Credit Card** (see page 37), which is the first of its kind engaging customers with the local community.



# **Customer Engagement and Fair Treatment**

Leveraging our largest Arab banking network of branches and state-of-the-art direct banking services, we continually explore new and convenient ways for our customers to meet their banking needs. Our award-winning internet banking service, mobile banking application, 24/7 call center and phone banking service as well as a vast network of ATMs offer customers optimal levels of convenience and flexibility.

Engagement Channels	Engagement Method and Scope
Branches	75 branches (including the Head Office) distributed across Jordan form the core of our direct day-to-day engagement with current and future customers.
ATMs	147 ATMs deliver 24-hour services at accessible locations across Jordan.
SMS Services	Around 17.9 million marketing and transactional alerts were sent to customers in 2014.
Phone Banking or Call Center	+962 6 4600900 is our 24-hours a day, 7 days a week and 365 days a year contact center which handles monthly more than 55,000 incoming and outgoing calls, 3,500 secured and website e-mails, in addition to social media posts. Our service-oriented agents provide full support to our customers on their general inquiries, requests and complaints.
Online Banking	Arabi Online is our dedicated web-based banking portal that gives customers access to their accounts via the Internet. Customers can also reduce their environmental impact through paperless online account management. The percentage of customers subscribed to online banking is 29% out of the total customer base in Jordan; 41% of which are active users of the service.
Mobile Banking	The Arabi Mobile application was launched in December 2013 to give customers the ability to conduct banking transactions via their smart phones wherever they are and whenever they want. It also provides an array of banking transactions along with location services and product offerings. An additional version specifically designed for tablets was launched in June 2014 to add to the convenience factor of banking with a larger interface. As of 2014, 25% of the Arabi Online active users are Arabi Mobile users with a total of 15,500 active customers in Jordan.
Websites	The corporate website (www.arabbank.com) provides information related to the Arab Bank Group. The local website (www.arabbank.jo) includes information related to our products and services as well as promotional campaigns for local customers. It also gives customers the ability to apply online for a range of Arab Bank products. During 2014, the Bank's Jordan website received more than 50 million hits, with a total of distinct visitors reaching over 700,000, representing a 25% and 17% increase respectively compared to 2013.
Social Media	<ul> <li>Over 400,000 people follow the Bank through social media channels. Arab Bank uses these channels to:</li> <li>Introduce new campaigns and service updates.</li> <li>Broadcast the Bank's latest news.</li> <li>Educate customers on services and provide them with tips on convenient banking solutions.</li> <li>Address complaints and handle customer feedback.</li> <li>Cover our CSR initiatives.</li> </ul>

#### **Social Media**

Arab Bank utilizes its social media channels to engage with its stakeholders on all levels. This includes informing them about important updates and news from the Bank, helpful tips about maintaining information security and how to make the most of the Bank's services. The Bank also actively engages with the youth segment from a lifestyle perspective in line with the Bank's commitment to reaching out and engaging with young people in Jordan.

As of December 2014, Arab Bank's social media presence was comprised of Arab Bank's Corporate Facebook page with over 140,000 fans, Shabab Facebook page with over 250,000 fans, Arab Bank's Corporate Twitter account with over 24,000 followers, Shabab Twitter account with over 1,500 followers and a LinkedIn page with over 16,000 followers. Arab Bank also has a YouTube page with regular updates and videos to reach our audience online.




## **Engaging Customers in the Local Community**

We continually engage customers in our efforts to support the local community through several programs and initiatives.

#### **Customers' Donation Channels**

In 2010, the Bank used its service channels to enable customers to donate directly to our partner NGOs, which are outlined on page 105. Donation channels include: Internet banking, phone banking, ATMs, branches and the Together Platinum Credit Card.

In 2014, customer donations reached JOD 163,015, an increase of 20% compared to 2013, indicative of our customers' increasing endorsement of our commitment to the community.



Launched in 2009, the Together Platinum Credit Card is the first of its kind in the Middle East, Africa and Central Europe. The card enables a marginal 0.5% of customers purchase amounts to be donated to the Together program's four NGOs (see page 105). The Bank matches the donations and allocates 50% of the annual fees to support these organizations.

Donation Channels	Donations Received During 2012	Donations Received During 2013	Donations Received During 2014
Internet Banking (JOD)	87,741	113,065	142,976
Phone Banking (JOD)	794	1,563	508
ATM (JOD)	9,634	13,534	11,693
Exercise Together Platinum Credit Card (JOD)	9,600	7,792	7,838
Total (JOD)	107,769	135,954	163,015

Additionally, customers contributed JOD 5,943.5 through the King Hussein Cancer Foundation (KHCF) coin boxes located at branches throughout the Kingdom, representing a 28% increase in the total amount of donations compared to 2013. Another JOD 1,689.8 was contributed through Al Aman Fund for the Future of Orphans coin boxes that were located in a number of branches during 2014.

#### **Health Related Initiatives**

#### Safer Roads Booklet

Our commitment to the health and safety of our employees and customers (see page 60) inspired our sponsorship of a special kids' road safety booklet issued by Family Flavors magazine<sup>5</sup>. The booklet aimed to improve children's knowledge of road safety through fun and interactive tools, and included tips and best practices for safer roads.



5 - Family Flavors magazine is a local monthly magazine committed to providing parents, caregivers and families with information to support healthy family environments

#### Jeel Al Arabi (JAA) Tournament

Supporting community sports, encouraging physical activities and encouraging team spirit among students are important to us (see page 106). In 2014, Arab Bank organized a football tournament for students in Amman, Jordan from 12-13 years old, which comes as part of the activities for the year in support of the Savings Accounts for Kids "Jeel Al Arabi". This tournament witnessed a large number of participating schools and was also attended by parents and faculty members.



#### **Transparency and Dealing with Customers Fairly**

Transparency and fair dealings with customers are bank-wide strategic priorities. During 2014, the Board of Directors endorsed a special policy to ensure that transparent, ethical and fair treatment and engagement with customers is central to the corporate culture. This policy requires us to design products and services in a way that meets the needs of each identified customer group and to provide them with professional advice appropriate to their circumstances. This also involves making information fully and clearly available before, during and after every point of sale.

# **SME Support**

Given the vital role that SMEs play in reducing unemployment rates and fighting poverty in the community, Arab Bank continued its support to the SMEs sector by offering them financial solutions designed to help them achieve their business goals and ambitions.

During 2014, the Bank continued its collaboration with the Overseas Private Investment Corporation (OPIC), which seeks to support SMEs by providing banks with guarantees for loans extended to SMEs. The Bank also expanded its collaboration with the Jordan Loan Guarantee Corporation (JLGC), which supports SMEs through six loan guarantee programs, including: Express Loan, Business Loan, Pharmacy Loan, Car Business Loan, Exports Support Loan and Bonded Loan. These loan guarantee programs opened new prospects for SMEs to obtain financing from Arab Bank to expand and grow their businesses.

Moreover, in August 2014, the Bank launched SME Bundles in collaboration with the JLGC. This program entails three main bundles: Star Plus, Star and Upper Mass Bundles. These Bundles are designed to provide value-added benefits, and they feature multiple products in order to meet the varying business activities and operations of SMEs.

During 2014, the Bank also collaborated with the Central Bank of Jordan to support SMEs by signing two loan agreements. The first one was for JOD 4 million as part of an agreement with the International Bank for Reconstruction and Development, and a second agreement for JOD 2.8 million with the Arab Fund for Economic and Social Development. Both agreements aim to re-lend funds to SMEs at preferential interest rates.



#### Arab Bank Sponsors Jordan Loan Guarantee Corporation's SME Financing and Loan Guarantee Programs Conference

Arab Bank was the sole sponsor for the Jordan Loan Guarantee Corporation's SME Financing and Loan Guarantee Programs Conference which was held under the patronage of the Prime Minister of Jordan in Amman. The conference was the first regional forum to discuss funding programs and special guarantees for SMEs as a platform to present and discuss the different experiences in the region and build greater cooperation between public and private sectors to support SMEs.

The participants of the conference included all Jordanian banks, financial institutions involved in the financing of SMEs, public institutions and regional loan guarantee institutions operating in the Middle East and North Africa.

# **Encouraging Entrepreneurship**

The importance of job creation as a means to alleviate poverty is a serious concern given that approximately 70%<sup>6</sup> of the population is under 30 years old and the unemployment rate stands at approximately 12%<sup>7</sup>. The Bank is committed to fostering entrepreneurship and innovation in order to achieve a tangible and long-term solution to the demand for jobs by a new generation of young Jordanians.

### Sherkitna (Our Company) Program

As part of the Bank's vision to help develop the Jordanian community and expand students' future opportunities, the Bank collaborated with Al Jude Foundation for Scientific Care and sponsored Sherkitna (Our Company) program during the year. This program aims at planting the seeds of entrepreneurship in students by providing them with the vital skills required to find proper jobs in the future. This program's ultimate goal is to reduce poverty levels and shift towards an innovation-driven economy.



6 - www.dos.gov.jo

7 - www.ilo.org

The Sherkitna program exposes students during the academic year to the world of business startups and takes them through their own startup experience. The program entails investing JOD 200 in students' start up ideas, providing them with engaging training videos and assigning mentors to support them with sales and marketing channels.

In 2014, 632 projects were implemented in 609 public schools benefiting more than 6,290 students. Their startups achieved exceptional profits, which reached over JOD 300,450. Besides the financial success, the program created a unique impact on the community by spreading the entrepreneurship concept amongst classmates, friends and family members.

The winning school, Maimoona Um Al Momeneen school for girls, achieved 4,000 JOD in profit from their startup. Ten students and two teachers worked on several projects including handmade accessories, food preparation and paper recycling.

The below chart shows the schools' achievement during 2014:



## **Green Infrastructure Projects**

Supporting environmentally friendly and renewable energy infrastructure projects is one of the main strategic goals of our sustainability strategy. During 2014, the total amount of distributed loans and facilities provided for these projects reached approximately JOD 11.5 million.

The Bank ensures that all other projects financed through our Project Finance department are in line with prevailing Jordanian environmental laws. However, if multilateral financiers are involved, projects are required to follow the standards and requirements that are more conservative and often stricter than local regulations.

During 2014, the Bank pursued several opportunities closely with companies involved in solar and wind power generation projects, as outlined below:

#### **Supporting Solar Power Projects**

To meet Jordan's rapidly increasing demand for a secure and stable source of electricity, Arab Bank, together with other financiers, finalized a debt package agreement to fund the construction of six solar photovoltaic plants. These projects are part of 12 solar projects selected by the Ministry of Energy and Mineral Resources for first round renewable energy projects in the Kingdom, which will help meet the growing demand for electricity in a costeffective and environmentally friendly way. Moreover, Arab Bank will provide "Onshore Account Bank" and "Onshore Security Agent" services for these projects.

The six plants have a combined capacity of 81 megawatts and will become Jordan's first private utility-scale solar photovoltaic facilities. Combined, they will generate around 94 gigawatt hours of non-polluting, sustainable power and cut carbon dioxide emissions by an estimated 100,000 ton annually. Four of the plants will be built near the city of Ma`an in southcentral Jordan, while the remaining two will be located near Aqaba



in the south and near Mafraq in the north. The projects are being developed and built by various consortia of Jordanian and international investors through six independent private sector companies:

- Shamsuna Power Company (Aqaba)
- Falcon Ma`an for Solar Energy
- Al Ward Al Joury for Energy Generation
- Zahrat Al Salam for Energy Generation
- Al Zanbaq for Energy Generation
- Jordan Solar One (Mafraq)

#### **Supporting Wind Power Projects**

During 2014, Arab Bank entered into an agreement with the Jordan Wind Project Company (JWPC). Arab Bank Group participated in financing and Arab Bank in Jordan acted as the Onshore Account Bank and Onshore Security Agent. The JWPC is developing a 117 MW greenfield wind farm Independent Power Producer (IPP) in Tafila, the first utility-scale renewable-energy project in Jordan.

The JWPC will start delivering power in 2015 and will produce approximately 400 GWh of electricity annually with an associated 235,000 ton annual reduction in CO2 emissions. The IPP in Tafila is the first wind-power project to be developed under Jordan's Renewable and Energy Efficiency Law passed in 2012. The Government of Jordan's energy strategy targets the generation of 7% of the Kingdom's energy from renewable energy sources by 2015, rising to 10% by 2020. When the Tafila project is fully developed, it will account for nearly 10% of Jordan's 2020 renewable energy target.



#### As-Samra Wastewater Treatment Plant

Arab Bank's continuous efforts in leading and arranging the financing of the expansion project of As-Samra Wastewater Treatment Plant, the Bank continued to follow up and monitor the expansion process during 2014. The financing was made through a JOD 105 million local syndicated loan, constituting 47% of the total project cost, with a tenor of up to 20 years.

This project will increase the existing capacity of the plant by 100,000 cubic meters per day (to reach 367,000 cubic meters per day) in order to treat growing volumes of wastewater from Amman and Zarqa governorates. When complete in 2015, the plant will boost the amount of treated water released into the Zarqa River, providing additional water for irrigation while simultaneously helping restore the river's environmental integrity, which has been severely degraded by industrial and other activities over the years. Further detail on this plant's impacts on the existing wildlife, biodiversity and air quality is outlined on page 34 of our 2012 sustainability report.



#### **Green Products**

In 2014, we launched a new Green Package campaign for our customers in Jordan to introduce easy methods of integrating environmentally responsible practices into their lives. Green Package offers new products and services that include:

**Support environmental friendly products:** Through our Easy Payment Program (EPPs) for credit cards, customers can purchase renewable energy equipment and environmentally friendly products with repayment period up to 12 months with 0% interest rate when using a credit card in selected outlets, and repayment period up to 24 months at a 1% interest rate when using a credit card in any outlet inside or outside Jordan.

**Preferential terms for hybrid cars loans:** The Bank offers special terms for hybrid cars loans including reduced loan fees and other benefits to enable customers purchase hybrid cars.

**eStatements:** Our eStatement service is an electronic method of receiving and viewing account and credit card statements through the Bank's online service, Arabi Online. Over 26% of the Internet banking users subscribed to eStatement services in 2014, compared to 23% in 2013.



**Support for local environmental NGOs:** The Bank continues to support local NGOs that aim to improve the environmental situation in Jordan through managing local natural reserves and biodiversity. More details are outlined on page 108.



#### Internet Banking "Arabi Online" and Mobile Banking Application " Arabi Mobile" Activation Campaigns

In December 2014, the Bank launched a campaign across all branches in Jordan, Palestine and Egypt to encourage the use of our electronic banking channels, "Arabi Mobile" and "Arabi Online".

The campaign focused on raising customers' awareness about these services and how they could conduct many of their banking transactions easily and securely anywhere at anytime without the need to visit the branch. These services offer more convenience to the customers and allowed the Bank and its customers to move beyond traditional paper transactions. The Bank will monitor paper usage to measure resulting reductions in consumption and report on final outcomes. Online banking will also enhance our appeal to a younger generation of customers while aligning our efforts to improve environmental performance across the Bank's operations.

Responsible Financing

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# **Responsible Financing**

In response to stakeholders' increased attention toward environmental, social and governance (ESG) impacts of the financial sector, Arab Bank integrated specific social and environmental aspects into its risk management operations. Accordingly, the Bank has identified responsible financing as a main focus area of its sustainability strategy, focusing on responsible lending and integrating ESG aspects into projects' screening criteria as main material aspects.



# **Responsible Lending**

Arab Bank follows comprehensive credit policy to ensure responsible lending operations that guarantee the customers' ability to repay in a manner that reduces risk to the individual and the Bank. This policy, which was updated in 2013 and renewed in 2014, reinforces the Bank's responsible lending approach by focusing on maintaining the Debt Burden Ratio (DBR) and minimum required salary at acceptable thresholds. Moreover, emerging from the Transparency and Dealing with Customers Fairly policy outlined on page 39, the Bank's products and services, including loans and facilities, are built to cater to the needs and reasonable expectations of customers. The Bank applies a quality assurance process to ensure that lending products and services do what they are intended to do. As a result, the Bank ensures that:

- New products are appropriate for their target audience.
- New products are thoroughly "test-driven" through development.
- Customer feedback is taken into account where appropriate.
- Adequate resources are in place prior to distribution.

The above practices reinforce our commitment to ensure responsible consumer lending operations.

# **Integration of ESG Aspects into Lending Criteria**

Emerging from the Bank's commitment to ensure long-term secure project financing, the Bank integrates a range of environmental and social criteria into its project appraisal process. These criteria involve the inclusion of environmental risk revisions, traffic impact assessments, environmental impact assessments, compliance to applicable environmental laws and other social risks such as: Health and safety, local employment and child labor, which are studied and mitigated with their respective measures. The criteria followed are in line with a number of principles stated by the Equator Principles<sup>8</sup>. In 2014, 100% of the projects financed by the Bank were assessed based on these standards and have provided special Environmental Impact Assessment studies. None of these loans were defaulted.

Furthermore, and as part of the Bank's sustainability strategy, our Project Finance department engages with corporate clients to raise their awareness on environmental and social risks and opportunities. This is done through sharing our sustainability report with clients and participating in local and regional events and meetings related to sustainable finance and sustainable development. Group Internal Audit has also adopted measures to assess effectiveness of implementing environmental and social issues. Furthermore, a new risk category labeled as "Sustainability Risk" has been added to the types of risks captured within the internal audit activity.

8 - The "Equator Principles" is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

# Proactive Risk Management

Proactive risk management is an essential component of successful and responsible banking. As a multinational bank, Arab Bank operates within the strong regulatory environment of international financial institutions. Within this context, establishing and maintaining strong risk management policies and procedures are critical to ensure successful operations. In addition, Arab Bank is investing heavily in building a culture of risk management to guide the actions and approach of all employees.

Arab Bank has a renewed focus on implementing proactive risk management to mitigate and minimize the Bank's various risks. Below are some of the major proactive measures that took place during 2014:

Market and Liquidity Risk Department The Market and Liquidity Risk Management department is responsible for the establishment of a comprehensive market and liquidity risk policy framework, independent measurement, monitoring and control of market and liquidity risk, definition, approval and monitoring of limits, performance of stress testing, value-at risk and qualitative risk assessments.

The department's major initiative for the year 2014 includes the implementation of the new Global Treasury system. The new system will bring the different areas where the bank operates into one integrated platform, which will support straight-through processing and best-in-class deal processing. Moreover, we will be able to aggregate, analyze and manage risk positions, whether they were FX, interest rate or liquidity risk, more effectively and better than ever before.

Operational Risk Department The Operational Risk department's focus of regulators and industry leaders has been shifted from detailed conduct rules to the culture and behavior of banks. This has been evidenced by the recent releases from Financial Stability Board (FSB) and the Basel Committee related to risk culture and governance. The Basel Committee defined risk culture as: "A bank's norms, attitudes and behaviors related to risk awareness, risk taking and risk management and controls that shape decisions on risks. Risk culture influences the decisions of management and employees during the day-to-day activities and has an impact on the risks they assume".

In response to the above, Arab Bank took the initiative and assessed its risk culture through a survey during 2014 to identify areas of enhancement. This survey covered all PLC employees.

Corporate Credit Risk Management Department The Credit Risk Management department is responsible for the centralized reporting of Credit Risk, policy review, and the internal risk rating systems. These rating systems are designed to improve "probability of default" measurements and to lead to the implementation of the Bank's risk-adjusted return-on-capital model. The department is also responsible for the implementation of the Basel II and III requirements and any amendments thereof.

Business Risk Review Department The Business Risk Review department conducts comprehensive individual, portfolio and business risk reviews. It ensures that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action where necessary. The department also assesses the quality of the loan portfolio, lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, size and the sectoral nature of portfolios. In specific instances, such reviews are supported by tailored stress testing scenarios where a more strict "regulatory requirement" exists. Stress Tests conducted on semiannual basis with the related ICAAP (Internal Capital Adequacy Assessment Process) in coordination with other parties at the Bank.

Employee Empowerment

# **Employee Empowerment**

Our human capital drives our success through its engagement with customers, shareholders, the community and other stakeholders. Our sustainability strategy prioritizes empowering our employees through focusing on a number of material aspects, which are integrated into our sustainability strategy.



		T	
Region		Female	Male
Ajloun	•••••	2	3
Amman	•••••	1,000	1,634
Aqaba	•••••	11	6
Balqa'a	•••••	8	18
Jerash	•••••	1	4
Karak	•••••	6	3
Ma'an	•••••	4	6
Madaba		4	4
Mafraq	•••••	3	4
Tafileh		3	4
Zerqa	•••••	28	33
Irbid	•••••	19	18



## **Diversity and Equal Opportunity**

For over 84 years, Arab Bank has built a diverse and loyal workforce that is committed to our vision of serving our customers' needs. We propel the success of our employees by providing them with equal opportunities, competitive benefit packages and a safe and nurturing work environment. In 2014, the Bank's total workforce reached 2,826 in Jordan, representing 44.4% of the total PLC employees.

The Bank favors local talent, 99.3% of the entire workforce in Jordan is of Jordanian nationality. Also, 73.2% of our senior management<sup>9</sup> team and 100% of our branch and district managers are Jordanians. This represents the Bank's strong commitment to invest and develop national talent.

9 - Senior management refers to Senior Vice President (SVP) positions and above.

## **Equal Opportunity**

The Bank strives to provide equal opportunities for growth and development for all employees regardless of age, gender or other factors, as shown in the below tables.

	Total workforce by Age and Gender		Number of New Hires by Age and Gender			
Age Group	Male	Female	Total	Male	Female	Total
18-30	555	502	1057	156	80	236
31-40	636	407	1043	35	17	52
41-50	415	159	574	4	1	5
51-60	128	21	149	3	0	3
Above 60	3	0	3	0	0	0

2014			
Workforce By Employee Level	Male	Female	Total
Total Workforce	1,737	1,089	2,826
Number of Senior Level Employees	35	6	41
Number of Middle Management Employees	587	269	856
Number of Non-Management Employees	843	814	1,657
Number of Non-Clerical Employees	272	0	272

#### **Supporting Females in the Workplace**

Arab Bank aims to foster a culture that is supportive of females in the workplace. In 2014, females comprised 39% of our employees in Jordan, compared to 47% in all of Arab Bank PLC. The ratio of the basic salary for men to women per employee category remains 1:1 during 2014 in alignment with the Bank's commitment to gender equality.

The Bank cultivates an inclusive environment where female employees are challenged to take on managerial roles with 31% of the middle management and 15% of the senior management teams being female<sup>10</sup>

Women in the Workforce	2012	2013	2014
Women in the workforce (%)	38	38	39
Women in senior management (%)	14	14	15
Women in middle management (%)	30	30	31

In line with local laws offering maternity leave for female employees, in 2014, 99 out of 101 female employees returned to work after maternity leave, leading to a retention rate of 98%. The remaining two employees decided to leave the Bank due to personal reasons.

#### **Employees with Physical Disabilities**



Our sustainability strategy includes a review of our accessibility strategy to support the employability and integration of those who are less-abled. The recruitment of physically disabled employees requires evaluation of each individual's type of disability, skills and competencies to meet job requirements. As a result, some of the existing branches and all new branches will be designed with accessibility for employees and customers with physical disabilities. In 2014, the total number of employees with physical disabilities was 44 compared to 14 last year<sup>11</sup>, noting that special ramps and parking areas were established in branches to facilitate accessibility for disabled people.

<sup>10 -</sup> The total number of supervised employees is 2,803; 38.7% of which is female. The total number of Senior Management is 23 employees; 8.7% of which is female

<sup>11 -</sup> This increase in number is due to re-categorizing the criteria of identifying employees with physical disabilities, which entailed including wider range of disabilities

# **Competitive Benefits**

The Bank provides highly competitive salary packages and benefits, with a standard entry wage significantly above the Jordanian minimum wage. This places Arab Bank in the 75<sup>th</sup> percentile for salaries in the Jordanian employment market for 2014. Salary packages are commensurate with experience and are independent of gender, with pay scales based on market studies conducted by Arab Bank on a regular basis. The Bank also grants its employees annual increases and performance bonuses in appreciation of their efforts.

Having 100% of employees working on a full time basis<sup>12</sup>, the Bank constantly introduces additional benefits including, but not limited to, upgrading the health insurance coverage, maternity coverage, life insurance, educational loans and loans for employees with preferential interest rates. In 2013, the Bank commenced the provision of financial compensation for female employees who have children under four years old, and continued its support during 2014 with the objective of helping them to secure proper childcare while they are at work during the day. The Bank also continues to provide scholarships to educate employees' children at Jordanian universities, where the total amount of support increased by around 15% to reach JOD 101,402 in 2014, compared to JOD 88,490 in 2013. This amount enabled 88 employees to benefit from the program resulting in the enrolment of 111 students into universities during the year.

The total amount of support provided to educate employees' children at Jordanian universities increased by around 15% during 2014.



12 - The Bank doesn't have self-employed workers



# Health, Safety and Wellbeing

Arab Bank is committed to providing a work environment that is safe, secure and productive and that all employees are treated fairly and with respect, upholding the highest standards of integrity and trust, with an ultimate objective of achieving high levels of satisfaction.

While the risk of major health and safety incidents is relatively low in the service industry, Arab Bank is committed to continuously minimizing this risk to ensure zero workplace-related injuries and fatalities. The Occupational Health and Safety Committee, established in 2012, looks at advancing health and safety systems and plans and to ensure proper tracking of the Bank's performance on a wide range of health and safety indicators. In 2014, the committee handled 56 cases and they were classified into seven main categories: Suggestions, complaints, procedures, work incidents, notifications, inquiries and initiatives. In general, there were 17 work-related incidents that were resolved promptly by the committee and none resulted in

serious injury. All other complaints were either resolved directly by the committee or sent to relevant departments for action. All these incidents were documented highlighting actions taken, incident status and follow up plans.

To ensure that all employees are aware of vital health and safety aspects, a total of seven courses were conducted with the participation of 280 employees in Jordan. Courses covered the subjects of Distress Events Response and Handling and Fire Fighting, First Aid, CPR (Cardiopulmonary Resuscitation) and evacuation. Moreover, three evacuation fire drills were conducted at three main branches in Jordan along with other branches that fall under the Arab Bank Group. These drills are part of the Bank's yearly training plan for the evacuation team, who are trained regularly to stay updated with the best possible evacuation and emergency management procedures.

Arab Bank also encourages employees to maintain a balanced and healthy lifestyle. During 2014, and for the sixth consecutive year, the Bank was the golden sponsor for the Amman International Marathon and encouraged its employees, their families and friends to participate in this event and in the Dead Sea Marathon (see page 107 for more details). In addition, an early detection examination took place this year for 71 female employees, which comes as part of our plan to raise their awareness on breast cancer and how it can be treated.

Only 17 work related incidents took place during 2014, none of which resulted in serious injury and all of them were resolved.

# **Employee Engagement and Transparent Communications**

Arab Bank believes that proactive engagement with all employees contributes to enhanced productivity, creativity and satisfaction and reduces turnover rates. During 2014, the total turnover rate increased to 8.5%, where number of new employees hired during 2014 is 296 (see page 57), representing 10.5% of the total workforce.

Turnover rate	2012	2013	2014
Total workforce turnover (%)	7.4	5.9	8.5
Total workface turnover by employee level (%)			
Turnover in senior management	8.9	4.9	9.7
Turnover in middle management	6.9	4.8	8.3
Turnover in non-management clerical positions	8.6	7.2	9.6
Turnover in non-clerical positions	1.7	1.8	2.2
Total workforce turnover by gender (%)			
Turnover in female employees	2.3	2.2	2.6
Turnover in male employees	5.1	3.7	5.9
Total workforce turnover by age (%)			
18-30	4.5	3.8	4.8
31-40	2.1	1.5	2.9
41-50	0.7	0.5	0.7
51-60	0.04	0.1	0.1

#### **Transparent Communication Channels**

The Bank continues to develop its communication channels to enhance dialogue with employees. Engagement tools include:

Annual Performance Reviews: 100% of Arab Bank employees receive annual performance reviews as well as a career development plan with their supervisor or line manager to identify personal achievements and areas for improvement. This facilitates openness and dialogue between employees and their supervisors, and allows for the Bank to provide appropriate and targeted training opportunities.

**Internal Newsletter (In the Circle):** Since 2010, the Bank continues to publish an electronic internal newsletter to keep employees updated with the Bank's latest news and programs. In order to raise employees' awareness in the sustainability field, the newsletter includes a special section called "sustainability focus" that sheds light on the latest CSR initiatives and sustainability related articles.



Arabina: This internal communication portal (intranet) includes the Bank's information, news, circulars, divisions, phone directory, special offers for employees and the Bank's policy center. In 2014, to increase visibility of the volunteering initiatives implemented under the Bank's CSR program, Together, special banners that included volunteers' photos were added at the home page of Arabina, which is linked to activities' announcements and other information. Statistics showed that 98.9% of employees in Jordan visited Arabina more than 12



times a month to check topics such as: Bank news, circulars, special offers, policy center and the HR Management System (HRMS). Around 25% of them visited the Sustainability tab which includes information on the Bank's sustainability strategy and reporting and the Together program, the Bank's CSR program (see page 103).







**Engage Newsletter:** As part of the Consumer Banking division's efforts to bolster communication and build team spirit across its network, the Bank continued to issue its quarterly newsletter "Engage." The newsletter, which was first launched in 2012, highlights new projects, sales strategies, sales performance and individuals' achievements in all PLC countries. It aims to give insights for employees on what they have achieved and what to expect in the near future from each department, helping them spur creativity and apply successful campaigns with their respective country.

Volunteers' Blog: As part of our plans to continuously enhance the Bank's CSR program "Together", and with the objective of opening an interactive communication channel with our volunteers, a volunteers' blog was launched during 2014 to give employees the chance to share their thoughts, feedback and suggestions on volunteering initiatives and activities.

**Employees in the Community:** At Arab Bank, we believe that engaging our employees in the community through volunteering initiatives has a great positive impact on our employees by



increasing their loyalty, motivation and productivity. In 2014, a total of 2,159 hours were invested into the community through 302 volunteering employees (see page 104). Our voluntary activities are a strategic component of the Together program, an integrated CSR platform that addresses four key environmental and social development areas. Further information on the Together program and how our employees have contributed can be found on pages 104-113.

#### **Employee Relations**

Arab Bank's internal regulations abide by Jordanian labor laws. The Bank operates under a set of internal policies that ensure a respectful work environment that does not tolerate any form of discrimination, bullying or harassment. In alignment with Jordanian Labor Laws, the Bank only employs individuals who are 18 years and above and does not withhold employees' travel documents.

Employees' feedback, including complaints, is gathered through exit interviews, along with the Employee Relations Committee that is dedicated to processing internal grievances. During 2014, there were no incidents or complaints escalated to the Employee Relations Committee related to discrimination or human rights. Only three complaints related to labor practices were received regarding annual leave consumption. All these complaints were resolved and addressed with employees during the reporting period.

No incidents or complaints related to discrimination or human rights were escalated to the Employee Relations Committee.

# Training and Capacity Building

Empowering employees by providing technical and soft skills training courses is one of the main strategic objectives that fall under our sustainability strategy. Aiming to enhance operations and achieve service excellence, a total of 5,812 employees (3,407 males and 2,405 females) attended 452 training courses with the total training hours for all employees reaching 49,878 (31,706 hours completed by males and 18,172 hours completed by females).

	Number	of Sessions	Number of Trainees	
Training Program Type	2013	2014	2013	2014
Scheduled Training Agenda	116	143	2,311	2,581
Unscheduled Programs	69	90	1,651	1,907
Middle Management Programs <sup>13</sup>	48	9	788	54
External Courses and Conferences	100	94	313	249
Internet Courses	2	24	48	120
Courses attended at Head Office	13	18	295	413
English and Computer Courses	44	37	147	155
Sponsored Professional Certificates	28	18	98	85
Ruwad (Pioneers Program)	15	19	182	248
Specialized Departmental Courses14	15	NA	267	NA
Total	450	452	6,100	5,812

Training courses are selected based on assessment of employees' performance. The goal of our training program is to provide employees with skills and capacity building opportunities that meet the needs and expectations of our operations. Our training and development program includes internal and external training opportunities. Moreover, career path development plans are also ensured through several methods including: Talent management, succession planning and bridging competency gaps, which also help in identifying the most needed training courses according to the employees' needs and performance.

13 - Middle management category is included in most of the above mentioned training programs types.

14 - All specialized courses were integrated into the different type of trainings.

## **Induction Training**

Induction training is provided to new employees in order to ensure that they are fully aware of the Bank's history, internal organizational structure, management approach, HR policies and regulations, health and safety issues, products and services, communication tools, commitments to stakeholders and social and environmental responsibilities. 122 employees attended this training, which was implemented five times during the year.

#### **Internship Program**

With the objective of investing in local youth learning and development, in 2014, the Bank hosted 149 students in several branches and the Head Office through the internship program. The program was streamlined to provide them with a comprehensive and interactive learning experience from which they can gain new skills and competencies that are needed to succeed in any career, especially in the banking sector.

Transparent Reporting

# **Transparent Reporting**

Since its establishment, Arab Bank has built a strong corporate governance system to ensure that ethics, accountability and transparency are integrated into its operations at all levels. Building on this solid experience in good governance operations, transparent reporting is integrated as a main focus area to better engage with all internal and external stakeholders and to strengthen trust, reputation and accountability.



# **Governance and Accountability**

Strong governance and accountability are essential to our continued growth and development. Relying on over 84 years of success, Arab Bank continues to develop its corporate governance program to ensure that every decision at every level is conducted with due diligence, transparency, respect and accountability.

In 2014, Arab Bank focused on building capacity and awareness of governance and accountability topics through employee training, educational programs and dedicated communications campaigns. These efforts supplemented the Bank's established governance and accountability frameworks, which include policies, procedures and governance frameworks.

Acting with integrity is an overriding principle that should govern all our actions and decisions.

Sabih Masri, Chairman

## **Board of Directors**

The Board of Directors is the highest governance body responsible for corporate governance including setting the strategy of the Bank and the goals of the executive management, along with overseeing the implementation and internal operations to achieve these goals. It ensures that interests of shareholders, depositors, creditors, employees and other stakeholders are met, and certifies that internal control systems are effective and that the Bank's activities comply with laws and regulations in jurisdictions in which the Bank operates.

The Board, which held seven meetings in 2014, is comprised of eleven members, eight of whom are independent<sup>15</sup>. All members are non-executive and includes one female board member. The



members of the Board of Directors, which are all shareholders, are elected by the general assembly in its ordinary meeting for a term of four years, and the members are selected on the basis of skills, competencies and experience relevant to the Bank. Further details and information about each member's position, commitments and competencies are outlined in our 2014 Annual Report.

The roles of the Chairman and the Chief Executive Officer (CEO) are separated in line with best practices of corporate governance and the Corporate Governance Instructions for Banks issued by the Central Bank of Jordan. Overall board performance is assessed on an annual basis and individual board members can be nominated for additional terms. All directors receive remuneration for their service with the amount agreed upon collectively by the board to a maximum of JOD 5,000 annually, as stipulated in the Companies Law (No. 22, 1997), and is not linked with the Bank's performance or revenues. Moreover, and according to the Bank's policy, all members receive JOD 2,000 covering their transportation on a monthly basis.

The board delivers on its responsibilities in part through its specialized committees, which include:

- The Corporate Governance Committee
- The Audit Committee
- The Selection and Remuneration Committee
- The Risk Management Committee
- The Corporate Strategy Committee

All details related to the committees' tasks, members, competencies and stakeholder representations are outlined in our 2014 Annual Report which is published on our corporate website "www.arabbank.com".

### **Auditing Operations**

The Group Internal Audit department, through its mission statement, provides the Board Audit Committee with independent assurance that the Bank's policies and procedures have been effectively implemented, and that controls, risk management and governance processes are effective to mitigate significant risk. Towards that end, the Group Internal Audit reports audit outcome during the regular meetings held with the Board Audit Committee in an objective and timely manner, and presents dashboards that illustrate the number and criticality of raised audit observations with a focus on critical concerns. Action plans established to address concerns are regularly tracked, and updates over their progress status are also reported to the Board Audit Committee with a trend and an aging analysis that describes their standing.

### **Ethics Committee**

The establishment of the Ethics Committee in 2013 is consistent with Arab Bank's ongoing commitment to conduct its business with the highest ethical standards across the jurisdictions in which it operates. The purpose of the committee is to interpret and enforce the Bank's Code of Conduct and to investigate potential legal and regulatory violations, in addition to whistleblowing incidents across the PLC network. This executive committee is chaired by the Head of Group Regulatory Compliance and includes the heads of HR Division and the Legal Affairs division and reports directly to the Bank's CEO.

# **Annual Reporting**

Emerging from our foundation of proper governance and accountable operations, along with the Bank's response to its varying stakeholders' needs, transparent reporting is a fundamental focus area integrated within our sustainability strategy that entails strategic objectives related to preparing annual sustainability reports and increasing awareness on sustainability issues.

### **Sustainability Reporting**

Since establishing the Bank's sustainability strategy in 2010, the Bank has been committed to launching yearly sustainability reports, highlighting main challenges, achievements and updates on our sustainability strategy. Throughout the years, the Bank has been preparing the reports using the Global Reporting Initiative (GRI) guidelines, the most recognized and used guidelines for sustainability reporting globally. The diagram highlights the level of GRI application within each of our reports, showing the Bank's progress in widening the scope of disclosure and transparency in each sustainability report.

It is important to note that the Bank's CEO reviews and approves these reports before launching them, ensuring the integration of all social, environmental and economic achievements and commitments on a yearly basis.



This year's report is aligned with the updated G4 guidelines, highlighting main material aspects that the Bank implements through its operations, with special focus on our response to our stakeholders' needs. Appendix F of this report outlines the GRI indicators covered in this report.

## **Financial Reporting**

The Bank issues annual and semi-annual reports on its financial performance and is constantly introducing higher levels of transparency and disclosure through its reporting, enabling both shareholders and customers to appreciate its ever-growing earning power, its prudent risk approach and its strong financial position.

As part of its commitment to transparency and full disclosure, the Bank includes the following information in its annual report:

- 1. Corporate Governance Code, and annual details of its compliance,
- 2. Information on each individual Director, including: Qualifications and experience, shareholding in the Bank, whether an independent, nonexecutive, or executive Director, the membership of Board Committees, dates of appointment to the Board, attendance at Board and Board Committee meetings, remuneration and other transactions between the Bank and the Director or his companies or other related parties;
- 3. Summary organization chart;
- 4. Summaries of the terms of reference of Board Committees, and any authorities delegated by the Board to Board Committees;
- 5. The frequency of Board and Board Committee meetings;
- 6. Summary of the remuneration policy including remuneration of highest paid members of the executive management;
- 7. Statement by the Board of the adequacy of internal controls;
- 8. A description of the structure and activities of the risk management department;
- 9. A list of the largest shareholders of the Bank (for example, individual or related parties holding or controlling more than 10% of shares), identifying the ultimate beneficiaries of such interests, if this is needed for explanation.

Our 2014 Annual Report is available on our website: www.arabbank.com
# **Internal Policy and Code of Conduct**

Arab Bank's operational accountability and integrity is achieved through strict compliance with local laws and regulations, and the monitoring of operations to ensure safe and sound systems. All of Arab Bank's divisions develop, implement and update a set of customized policies enforcing Bank-wide accountability. To ensure proper implementation of these policies, the Bank regularly updates the policy center, which was established in 2011 on our intranet. The center allows the Bank to centrally manage all policies from their development phase through to their implementation. To reinforce transparency, the policy center is available to employees, granting them access to the tools and information needed to perform at their full potential in compliance with the governance framework.



## **Code of Conduct**

Arab Bank's Code of Conduct (CoC), which is applicable to all Arab Bank PLC employees, serves as the guidelines according to which all parties are held accountable to carrying out their responsibilities, while adhering to legal and ethical obligations. During 2014, the Code of Conduct was reviewed by the Board of Directors and was approved and endorsed during October of the same year. The CoC manual is accessible to all employees on our internal communication portal, Arabina, and focuses on several topics, including:

- Compliance with legal and regulatory requirements, including: Anti-money laundering, privacy and information security, corrupt practices, fraud, theft and embezzlement, fair competition and treating customers fairly.
- Conflict of Interest and Information Barriers.
- Handling Confidential Information.
- Information Security.
- Record Keeping and Reporting.
- Social and Charitable Activities.
- Public Statements and Advertisements.
- Social Media.
- Employee Complaints.
- Arab Bank Employee Code of Conduct Reporting Matrix.

All employees should sign an acknowledgement letter to ensure their compliance with all aspects mentioned in the CoC.

### Whistle-blowing

Arab Bank's Code of Conduct designates a clear reporting process in case of unethical or unlawful behavior via an Employees Reporting Matrix. Incidents include: Potential legal and regulatory violations, suspicious activities related to Anti-Money Laundering/Combating Terrorist Financing (AML/CTF), potential conflict of interest and information security. The matrix includes actions required in each case along with relevant departments/ personnel to report these issues to.

Consistent with Arab Bank's risk management operations, employees are required to promptly report any potential violations of the Code of Conduct, Arab Bank policies, and/or applicable laws and regulations to the Ethics Committee (see page 70). In the event that it may be unclear whether a violation has occurred, employees are encouraged to send their inquiries to Group Regulatory Compliance at Head Office using the following email: whistleblowing@arabbank.com.jo.

# Anti-Corruption, Anti-Bribery and Anti-Money Laundering

## **Anti-Corruption and Anti-Bribery**

Arab Bank has a formal anti-corruption and anti-bribery policy which enforces controls to combat bribery and defines restricted activities. To ensure proper implementation of this policy, it is communicated to all PLC employees through our established internal communications channel, Arabina. Furthermore, this policy is communicated to our suppliers, contractors, business partners and the wider stakeholders' group, on a risk-based approach basis.

Consistent with the Bank's values and Code of Conduct, employees must promptly report any violations of this policy as well as potential violations of applicable laws and regulations in accordance with the Bank's whistle-blowing policy (see page 74).

## Anti-Money Laundering (AML) Policy

A special policy related to AML and CTF was endorsed by the Risk Management Committee<sup>16</sup> in 2014. The policy ensures meeting all legal requirements and that all employees must exercise the required due diligence to determine the true identity of Arab Bank customers and beneficial owners, develop and maintain a clear understanding of Arab Bank customers' practices, screen customers' names against blacklists and report activities identified as unusual and/or suspicious.

16 - The Risk Management Committee is one of the board's committees comprised of three board members in addition to the Chief Executive Officer and the Chief Risk Officer. The committee reviews and approves the risk management strategies and policies of the Bank. On the other hand, the executive management is responsible for implementing the strategies that have been approved by the board, and for developing the related policies and procedures for managing and mitigating the various types of risks.



Through the Group Regulatory Compliance (GRC) division, the Bank adopts a robust system for the identification and management of regulatory compliance requirements in all jurisdictions in which it operates. Our enterprise compliance program enhances Arab Bank's "reputational capital" through leadership commitment and adequate resource allocation to ensure consistent risk-based education, prevention, detection and reporting. Our approach balances our business practices, revenue growth, customer experience and risk management, so that the risk taken is the risk intended.

A comprehensive screening process is implemented as part of employee recruitment and cooperation procedures via "Safe-Watch", which holds the Bank's internal blacklist databases and sanctions, ensuring that the Bank only deals with accountable and reliable individuals and institutions. The system is comprised of blacklists administered by various regulatory authorities and internationally recognized organizations (e.g. United Nations Security Council Lists, Office of Foreign Assets Control Lists).

Arab Bank recognizes the continuous need to build employees' understanding and awareness of governance aspects and internal policies in order to ensure full compliance and accountability. During 2014, Arab Bank implemented a number of initiatives that aim to develop the capacity of its employees on compliance and governance issues. These initiatives include the release of specialized internal newsletters and developing an e-training on treating customers fairly.

### **Internal Newsletters**

### "Ethics Aware" Newsletter

During November 2014, the first edition of the Ethics Aware was released by the Group Regulatory Compliance (GRC) division. This quarterly newsletter is designed to help all PLC employees put Arab Bank's standards and core values into practice. It provides general guidelines on how to integrate ethical practices in business operations along with general expectations for employee conduct.

### "Compliance Aware" Newsletter

"Compliance Aware" is a regular release issued by the GRC targeting all PLC employees. The first edition was issued during April 2014 with four other editions issued during the year. The newsletter is intended to cover both financial crime and prudential matters, and aims to foster an enhanced culture of compliance to better enable employees to understand and exercise their compliance related responsibilities

## **Specialized Training Courses**

With the objective of enhancing internal awareness and a proactive risk management approach, the following e-training courses were delivered to our new hires as outlined below:

- Code of Conduct E-Learning: The course aims to enhance staff understanding of the importance of ethical behavior and provides them with guidance to recognize and prevent questionable conduct.
- KYC, AML, and CTF E-Learning: The course aims to enhance staff understanding of the issues of anti-money laundering and combating terrorist financing. It provides an overview of customer due diligence requirements as well as sanctions and interdiction guidelines.
- Advanced KYC, AML and CTF E-Learning: The course, delivered based on job responsibilities, addresses vulnerabilities of various products and services (e.g. cash deposits, trade finance, foreign exchange) that can be misused by criminals, the controls developed to mitigate the risks, as well as red flags and case studies.
- Anti-Corruption and Anti-Bribery E-Learning: The course is intended to make clear expected staff behavior highlighting Arab Bank's zero tolerance towards bribery and corrupt practices as they destroy trust in the institution and result in a tarnished reputation.

A total of 693 employees took special e-training courses on topics related to proper corporate governance practices in 2014.

System Optimization

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# **System Optimization**

It is our commitment to a quality approach that calls for a continued focus on refining our management systems across the business to include sustainability considerations. This enables us to identify synergies and opportunities for increased efficiency. Ultimately, managing our resources effectively helps optimize our systems and thus reduces costs.



# **Quality Management**

Arab Bank has a number of management systems in place to ensure quality of its internal operations, development of products and services, business relationships and environmental impact. This quality approach is clearly demonstrated in our Bank's fundamental practices, allowing us to build on this foundation to create our sustainable advantage.

## **Develop Internal Systems**

Arab Bank invests in systems aimed at customer interactions, environmental management and supplier oversight as part of its commitment to improving the value and impact of the services it offers. In 2014, we focused on improving banking channels, increasing awareness of the environmental impact of our practices and screening the suppliers conducting business with Arab Bank.

### Receive ISO 9001:2008 Accreditation

In 2014, Arab Bank's Group Internal Audit (GIA) department received the ISO 9001:2008 accreditation, in recognition for its Quality Management System that ensures a high standard of quality and consistency in auditing the Bank's activities. The system has been assessed by Lloyd's Register Quality Assurance Limited (LRQA), a leading international accreditation body, and was found to be in compliance with ISO 9001:2008 standards.

The certification is a testimony that the Internal Audit's activities are capable of providing high level of services that meet the expectations of its customers and stakeholders.



## Enhancement of Online Banking Channel (Arabi Online)

As part of the Bank's efforts to enhance its online banking services to better serve customers' ambitions, several enhancements were made to our online banking channel, Arabi Online. These enhancements will not only improve our customer services, but also reduce paper consumption, customers' transportation to and from branches and other resources such as electricity and employee's time. These enhancements include:



### FAWATEER.com Introduce the eFAWATEER.com service:

In 2014, Arab Bank in Jordan launched the eFAWATEERcom service, a nationwide bill payment service supported by the Central Bank of Jordan. This service enables customers in Jordan to inquire and pay their due bills through both our online and mobile banking channels to a wide range of billers, including: Telecom companies, utilities, NGOs, the Social Security Corporation, the Jordan Engineers' Association and many more.

### Credit Card Activation/ Cancellation:

To enhance customer privacy and information security, this service allows customers to deactivate their lost/stolen credit cards and to activate new/renewed cards instantly through Internet banking without the need to call the contact center or to visit any of the Bank's branches.

# **Responsible Supply Chain**

The Arab Bank Global Procurement Division is responsible for managing the complete process of acquiring goods and services, starting from the identification of needs and ordering relevant products/services (based on quality, lead time and cost), and ending with receipt of items and processing vendors' payments. The Global Procurement policy sets forth the standards of selection, qualification and evaluation of suppliers, and establishes the approved suppliers list as a reference to increase the efficiency of the suppliers' selection process; this includes:

- Quality of purchased material.
- Record of the supplier's performance history with the Bank.
- History of sales.
- Previous and current customer accounts.
- Credit flexibility.
- After-sales warranties/service.
- Financial stability.

# Integrating Sustainability Concept into Internal Operations

## **Adhering to Global Best Practices**

Arab Bank is continuously working to maintain and advance its position as a leader in sustainability in Jordan and the region. This is exemplified by following a comprehensive sustainability strategy including social, environmental and economic aspects. This strategy is aligned with the ten principles of the UN Global Compact (UNGC) covering aspects related to human rights, labor standards, the environment and anti-corruption. The Bank's achievements in these aspects are demonstrated transparently by issuing annual sustainability reports based on the Global Reporting Initiative (GRI) guidelines.

To ensure proper monitoring and implementation of the Bank's sustainability strategy, the Group Internal Audit has also adopted measures to assess the effectiveness of implementing environmental and social issues. Furthermore, a new risk category labeled as "Sustainability Risk" has been added to the types of risks captured within the internal audit activity. Further information on this issue will be reported in our 2015 sustainability report.

### Sustainability Champions [G4-25]

The Bank's sustainability strategy was created by involving divisions across the Bank in order to collaboratively identify a number of strategic objectives and action plans that support the sustainability framework. Embedding these objectives within the strategic plan of the Bank is a requirement for each of the divisions involved. To ensure implementation of the objectives, the Sustainability Champions program was launched in 2012, bringing together employees from different divisions to drive the strategy forward. The champions play essential roles in preparing the Bank's yearly sustainability reports and in analyzing our stakeholders' needs and priorities, which helps identify relevant sustainability objectives accordingly.



## **Increasing Awareness of Sustainability**

### Sponsoring a Dedicated CSR Column

Since 2012, the Bank has been sponsoring a dedicated CSR column in Al Ghad, a major daily Jordanian newspaper. Through monthly articles, the column focuses on raising awareness and building knowledge on the latest efforts by the private and public sectors to engage in sustainability. This initiative encourages other entities to become active corporate citizens and to transparently communicate their achievements through this column and eventually their own sustainability reporting.



# Integrating Sustainability into our Internal Newsletter

Another tool to enhance internal awareness on sustainability issues is our dedicated Sustainability Corner within the Bank's internal quarterly newsletter, "In the Circle". The Sustainability Corner includes updates on sustainability and CSR-related programs and initiatives implemented during each quarter, in addition to helpful tips related to employees' health and environmental awareness.

# Integrating Sustainability within the Induction Training Program

Our sustainability approach and strategy, as well as CSR initiatives, are a key part of the induction training provided to all new employees. This comes as part of the Bank's commitment to ensure that the employees are sustainability ambassadors within their divisions and can perform their duties ethically, responsibly and with excellence.



#### Ramadan Volunteering Initiatives in Jordan

Under the unitentia of Arab Banki CBR program Togethee, and as part of our continuous efforts to support different community initiatives, the Bank collaborated with several NGOs to implement valuationing achietise during the hole month of Banadan. The Banki implemented these achietise with this good of supporting the local community and engaging employees from all around cordan in initiatives that mach underprefixed our firms and copdans.

In collaboration with Tokyat Um AR, the Charity Clothing Bank and the Children's Munaxim, alght activities were implemented during the Hoyl month. One 120 employees voluntament to reach to more than 4,100 Beneficianies. Here are some highlights of the Bank's activities:

#### Food Packaging Activities

In collaboration with Tkiyot Um AE, 57 employees and their family methoes participated in three food packaging activities and prepared 440 food packages that were distributed to 2,800 underprivileged people.

#### Food Serving Activities

Two food serving activities were hald at the Tkiyet Um Ali premises



in Al Mahata, where 47 employees and their family members volunteered to serve litter meals for 2,600 underprivileged people.

#### Packages Distribution Activity

Arring to engage employees from different governorates, six employees from the north of lorden participated in distributing 87 food packages in libid to 82 families, benefiting more than 435 individual.

#### Shopping with Orphans Activity

In collaboration with the Charley Clothing Bank, Acta Bank hold a unique volunteering activity with the participation of 10 employees to hole more share 150 copherer, from offluent governments in choosing their field cathes. Employees also had the chance to pend some time and engage with comparison for Minimum age groups.

#### Ramadan Charity Ifter with Orphans

In collaboration with the Childran's Museum, the Bank held a charity fiftar hosting 185 orphans between the space of 7 and 13. Eighteen employees participated in the educational and entertainment activities during the Itsc.



#### In Collaboration with Injaz, Arab Bank Sponsors Three Public Schools as part of the Enhancing Educational Environment Project in Palestine

In collaboration with Ingr in Palestine, Arab Bank insugurated the snoppring of threes schools which were relativabilited during 2014 as part of the findancing Educational Environment project recently. The Bank's Sponsorbiol of the project in the adocation succes, an integral pallar of the Bank's Togenstrip the compression of UED 100,000, aims to develop the impriser of the spote of uED 100,000, aims to develop the inference of the State of th

There were reopening ceremonies at the Bahtiri school in Jaricho,

Grift Primary School in Qubateis and Boys Primary school in Helbran. The infrastructure project included mare paint, mare parsument and flooring, cleaning the outer walk, lowering classnorm' cellings, window maintenance, proparing student resource zooms, new Jubelws and storege for the library parchaining me chars, new Jubelws grint storege for the library parchaining me chars, new Jubelws grint storege for the library parchaining me chars, new Jubelws grint storege for the library parchaining me chars, new Jubelws grint storege for the library parchaining me chars, new Jubelw grint storege for the library parchaining me chars, new Jubelw grint storege for the library parchaining me chars, new



# **Environmental Management**

While the Bank's direct environmental impacts may be limited due to the nature of our business, we continue to invest in environmental management as a means to conserve precious energy and environmental resources, and engage customers and employees on the importance of environmental responsibility. Ultimately, we adopt several initiatives to optimize internal operational systems in an effort to enhance efficiency and reduce costs.

### **GHG Emissions**

Greenhouse Gas (GHG) emissions are created directly as a result of the Bank's fleet of vehicles consuming diesel and gasoline, as well as burning diesel fuel for heating buildings. The Bank also accounts for its indirect GHG emissions produced as a result of consuming electricity from the Jordanian national grid. Due to the Bank's continuous efforts to reduce its negative environmental impacts and emissions, the Bank achieved a slight decrease in total GHG<sup>17</sup> emissions as shown in the below table, which compares total emissions over the years:

Total GHG Emissions (Tons CO2e)	2012	2013	2014
Direct Emissions: Vehicles	281	381	490
Direct Emissions: Heating and Generators	758	645	506
Indirect Emissions: Electricity	14,650	15,612	15,307
Total GHG Emissions	15,689	16,638	16,303
Total GHG Emissions per Employee	5.7	5.9	5.7

The Bank reduced its total Greenhouse Gas emissions by 3.4% in 2014.

17 - GHG emissions were calculate using a GHG calculator adjusted for Jordan specific emissions factors and global warming potentials that are in line with the Intergovernmental Panel for Climate Change (IPCC) 4th Assessment Report.

## **Resource Consumption**

The Bank currently tracks the most significant areas of resource consumption in the forms of electricity, heating fuel, vehicle fuel and water for its head office and all branches across Jordan. In line with last year's records, we also calculated consumption per employee to better track our efficiency as the Bank grows and expands.



Vehicle Fleet Fuel Consumption	2012	2013	2014
Diesel Consumption (Liters)	50,000	60,000	79,471
Gasoline Consumption (Liters)	60,000	90,000	113,102
Total Consumption Liters	110,000	150,000	192,573
Diesel Consumption in Gigajoules (GJ)	1,650	1,980	2,623
Gasoline Consumption in Gigajoules (GJ)	2,160	3,240	4,072
Total Consumption in Gigajoules (GJ)	3,810	5,220	6,695

In 2014, the Bank recorded a 28% increase in total vehicle fuel consumption despite the reduction in total vehicle fleet to reach 48 cars compared to 67 in 2013. This increase in consumption is due to adding six armored cars to our fleet, which are required to meet the Bank's security standards for money transfer. As shown in the above table, these cars consume larger amounts of fuel as they have a large motor capacity (5,300cc - 5,800cc).

### Heating and Generators Fuel Consumption

Heating and Generator Fuel Consumption at Branches, HO and the COU	2012	2013	2014
Heating Diesel and Standby Electricity Generators (Liters)	281,101	239,000	187,725
Total Consumption in Gigajoules (GJ)	9,276	7,888	6,196
Total Consumption per Employee (Liters/Employee)	102	84.8	66.4

In 2014, the Real Estate and Construction Management (RCM) department continued its efforts to enhance its internal systems, thus reducing total energy consumption and environmental impacts. As outlined in the table above, Arab Bank achieved a remarkable decrease in heating fuel consumption in 2014 by 21.4%. These enhancements mainly focused on the installation of a Variable Refrigerant Volume (VRV) system to better control heating and cooling demands and consumption. Further enhancements to these systems are due to take place in 2015, which will be outlined in next year's report.

## Electricity Consumption

Electricity Consumption at Branches, HO and the COU	2012	2013	2014
Total Consumption (kWh)	18,825,999	20,061,921	19,671,084
Total Consumption in Gigajoules (GJ)	67,773	72,223	70,816
Total Consumption per Employee (kWh/employee)	6,836	7,122	6,961

Despite the increase in the Bank's operational space that reached around 150 m<sup>2</sup> at the head office and the COU, and the increase in total electricity consumption in 2013, Arab Bank achieved a slight 2% decrease in electricity consumption in 2014. This decrease is due to implementing an internal plan that entails using Light Emitting Diode (LED) lighting in main areas at the head office, COU and branches.

The main initiatives implemented are:

Using Light Emitting Diode (LED) lighting in one of the floors at the head office and in one of our new branches, reducing total light consumption in this area and the branch by 70% and 8% respectively compared to last year.

- Using Light Emitting Diode (LED) lighting of the elevators' lobbies at all of the head office buildings, reducing total light consumption by 88% compared to last year.
- Switching off some of the neon lights in the offices and pools at the head office building, reducing total light consumption by 5% compared to last year.

It is important to note that the Bank's total expenditure to implement these initiatives reached around 157,000 JOD. This amount was invested to reduce internal electricity consumption and enhance efficiency.

The main advantages of implementing the VRV/VRF system verses the traditional chiller/boiler system are:

1. Energy saving due to an automatic sequential start function and capacity control via the inverter compressor, which lead to energy saving by more than 30%.

2. Faster reaction times, which is very important for part load operation.

3. Smooth changeover of operation mode.

4. Space saving impact as there is no longer a need for plant room (1 m<sup>2</sup> for 500 m<sup>2</sup> of office area).



Water Consumption at Branches, HO and the COU	2012	2013	2014
Total Utility Water Consumption (m <sup>3</sup> )	31,500	34,700	36,289
Total Consumption per Employee (m <sup>3</sup> )	11.4	13.5	12.8

Despite the Bank's efforts to reduce water consumption, total utility water consumption slightly increased by 4.5% in 2014 due to the increase in total number of employees. The Bank aims to reduce its water consumption in 2015 through implementing a new management plan and installing water saving devices.

## **Procurement Sustainability Strategy**

As outlined on page 83 regarding our procurement practices, and as part of the Bank's sustainability strategy and objectives, the Bank is committed to enhancing its supply chain management through integrating social and environmental aspects and raising our suppliers' awareness in sustainable procurement practices. In 2014, the Global Procurement division continued its initiative by adding a specific article to all contracts' terms and conditions under "Applicable Law and Jurisdiction" to ensure suppliers' compliance to social values, specifically those related to human rights. These values and principles are part of a more general framework of fundamental principles of the Universal Declaration of Human Rights (UDHR) and the International Labor Organization (ILO).

### UDHR and ILO

The Universal Declaration of Human Rights (UDHR) is a declaration adopted by the United Nations General Assembly on December, 10<sup>th</sup> 1948. The declaration represents the first global expression of rights of which all human beings are inherently entitled. The declaration consists of thirty articles that have been elaborated in subsequent international treaties, regional human rights instruments, national constitutions and other laws.

As for the International Labor Organization (ILO), its main objective is to promote the rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues. These standards cover vital topics including: Freedom of association, collective bargaining, forced labor, child labor, equity and discrimination, labor inspection, employment security, working conditions, occupational health and safety, social security, employment promotion, etc. For more information please visit: www.ilo.org. The Bank continued to support the Jordanian economy through contracting with locally based suppliers, where 60% of procurement spending was with local suppliers in 2014. These suppliers are also screened against the Arab Bank Internal Blacklists (SafeWatch). Moreover, the Bank prepared special awareness material tackling the definition, criteria and benefits of responsible supply chain practices, which will be distributed to all of our suppliers during the second quarter of 2015 to raise their awareness on responsible procurement practices.

# Community Cooperation

# **Community Cooperation**

Since its foundation, Arab Bank has been an active community partner. We recognize that building strong relationships with our community is of mutual benefit, and creates new opportunities for engagement and growth. Since its founding in 1930, the Bank's legacy has been to act as an active and leading partner in the socio-economic development of the Arab region.

Cooperating with the community brings value to Arab Bank by enhancing our leadership position, creating values to engage stakeholders and employees and generating positive social, economic and environmental development in the communities in which we operate. The Bank's cooperation with the community is classified into three main approaches:

- Direct financial donations and sponsorships to community-based organizations
- Annual support for the Abdul Hameed Shoman Foundation
- Support grassroot initiatives through the Bank's CSR program "Together"

In 2014, the Bank's total community investment spending reached JOD 13.06 million, representing 2.7% of our total PLC net profits before tax.



# **Sponsorships and Donations**

At Arab Bank, we believe in giving back to the communities in which we operate by supporting community-based organizations (CBOs), nongovernmental organizations (NGOs) and other foundations and initiatives focusing on four main areas, which are: Health, poverty alleviation, environmental protection and education and orphan support.

In 2014, the total spending on donations and sponsorships reached 10% of Arab Bank's total community investment budget and reached JOD 1.28 million.

The following diagram highlights main organizations supported in 2014.



## **Abdul Hameed Shoman Foundation (AHSF)**



The Abdul Hameed Shoman Foundation was established in 1978 by the Arab Bank, in what was then an innovative move by the private sector to contribute to the initiation of a beacon of knowledge and innovation in Jordan and the Arab world. Since establishment, the Foundation continues to be an integral part of the Bank's CSR efforts, as it plays a positive role in enriching the Jordanian and Arab culture and the development of the scientific scene through knowledge, research and dialogue.

The Foundation's mission is to invest in cognitive, cultural and social innovation to positively impact the communities it serves through Thought Leadership, Arts and Literature, and Employment and Innovation. In consistency with its mission, and to achieve its vision for a society of culture and innovation, the year 2014 marked numerous achievements for the Foundation on the local and regional levels within the three strategic pillars.

One of the prominent achievements was the Abdul Hameed Shoman Award for Arab Researchers where the Foundation awarded nine

researchers in appreciation of their distinguished published scientific works in the fields of: Medical and Health Sciences, Engineering Sciences, Basic Sciences, Arts and Humanities, Social and Administrative Sciences, Agricultural Sciences and Applied Sciences. The award aims to shed light on exceptional scientific works with the objective of promoting applied and scientific knowledge, and increasing awareness on scientific research. This contributes to addressing challenges in high priority areas at the local, regional and international levels. Through the Abdul Hameed Shoman Fund for Scientific Research, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan, including post-graduate researches. This year, the Foundation provided grants for five researches in the fields of engineering, chemistry, agriculture and nutrition, and medical and assistant medical sciences.

The Abdul Hameed Shoman Award for Children's Literature, which aims at advancing the literature presented to children to better foster their creativity, focused on the 2013 editions of literary works in the category of "Novels for Adolescents". The Foundation presented the award to three winners from Jordan, Algeria and Egypt.

In 2014, the Science and Technology Program was



also launched, which aims to promote a culture of scientific research and innovation amongst children and youth. The program aspires to:

- Positively influence education in Jordan through building the capacities of science teachers and students in science, organizing science fairs, and offering awards for innovative and creative science projects, thus contributing to improved, more dynamic and thought provoking science.
- Innovatively contribute to employment amongst youth through technology. This entails offering children and youth the opportunity to acquire skills in programming and robotics that could be used to generate income.

During 2014, the program conducted and supported a series of programming and robotics workshops for kids and youth in Amman, Karak and Mafraq. The Children's Science Fair "Future Scientists" was also supported, which was held by UNRWA's Educational Development Center, along with the Energy Center's "Science Day" and Conference for Renewable Energy.

## The Knowledge Path Library

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth (ages 3-16 years) from different backgrounds to read, interact and participate in fun and creative activities as part of their intellectual and creative journey to self-discovery and awareness. In 2014, the library served and reached out to around 13,000 patrons and hosted 184 schools through several services and programs including: Daily storytelling and creative activities, summer and winter clubs programming, capacity building workshops for children, book signing ceremonies for renowned authors of children books, science shows and children book club sessions in collaboration with local and international parties. Also the Library hosted and organized screenings and activities for the "Science Film Week" in cooperation with Goethe Institute - Jordan.



The Knowledge Path Library aims to devote its activities to revive the role of the book in the upbringing of the child and raising an innovative and acknowledged generation. The library's mission is to promote reading into the child's life as a necessity in their quest for knowledge by providing a friendly and fun environment that contributes to nurturing a self-aware and capable generation through reading, storytelling and creative activities.

### The Abdul Hameed Shoman Cultural Forum

The Abdul Hameed Shoman Cultural Forum continued to host prominent Jordanian and Arab intellectuals through its weekly program. It also held various activities including seminars and sessions on various hot topics pertaining to cultural, social, economic, educational and financial issues that are of high priority in Jordan and the region. The forum held a number of exhibitions, various book launches and hosted youth initiatives. To build on the success of the Forum and to further expand its outreach, the Foundation organized two lectures in the governorates of Ajloun and Irbid in 2014.

## **The Cinema**

The Foundation's Cinema Program continued to offer screenings of carefully selected Arabic and international movies and held a number discourse sessions, which comes as part of its weekly program every Tuesday. Moreover, the Cinema program organized two film weeks; namely the British Film Week in collaboration with the Cultural British Council and included workshops in cinema critique. The other event included several sessions on acting, scenario and script writing.

The Children's Cinema Program was also launched in 2014, to enhance the critical thinking of children and youth, and heighten their appreciation for the arts through filmmaking workshops and monthly free film screenings followed by discussions. The Foundation also hosted the first PRIX JEUNESSE International Youth Jury for the 2014 Workshop in Jordan in cooperation with Prix Jeunesse International and Goethe institutes.

## Jabal Amman Cultural Week

The Foundation held the Jabal Amman Cultural Week in celebration of its 35th anniversary, and in recognition of Jabal Amman's heritage as the center point for cultural activities in the heart of the capital. The week-long event was held under the patronage of Greater Amman Municipality (GAM), and in partnership with the Jabal Amman Residents Association (JARA).

The event offered several cultural activities and functions targeting all age groups and interests. These included screenings of Jordanian films and international films for children, musical and poetry evenings, panel discussions, book fair including book signings, photos exhibition, Caricature Exhibitions by Jordanian Cartoonists.

### **Abdul Hameed Shoman Public Library**

As the first well-equipped and fully computerized public library in Jordan, the Abdul Hameed Shoman Public Library underwent many developments and upgrades in 2014 to meet the needs of its visitors and enable them to do their studies and researches. These enhancements include: Offering free Wi-Fi, a well-equipped training facility, a group study room, access to international resources and databases. Moreover, the Library helps organize various literary activities such as book launches and book signings, and hosts various book club discussions. The library also provides capacity-building workshops for its patrons on how to use available databases.

During this year the total number of library patrons reached more than 155,000, which is a 36% increase from 2013. The number of library memberships also increased by 50% reaching 1,328 registered members recording a combined total of approximately 40,000 members.

Since its establishment, and as part of its community outreach, the Library contributed in establishing and launching 15 municipal libraries across the Kingdom and 14 municipal libraries in Palestine. The Library also continued to provide support to the Ministry of Culture's "Al Usra Library", and renewed its financial support for Haya Cultural Center's mobile library and provided it with children books.

## Abdul Hameed Shoman Musical Evenings

The Foundation Launched the Musical Evenings Program early in 2014, to promote the rising musical talents in Jordan and the region, as well as to expose the wider Jordanian public to diverse musical genres by providing a free platform for local and regional artists to perform and exhibit their musical talents and styles.



### Other Events and Initiatives that were Supported during 2014

Through its different Grants and Patronage Programs, the Foundation approved more than 36 proposals across the three strategic pillars:

- Under the Thought Leadership pillar, the Foundation aims to promote scientific pursuits that tackles the most pressing societal issues and encourages accessibility of science to all. Accordingly, the Foundation sponsored several scientific awards and competitions and organized other scientific seminars and conferences. The Foundation also supported various scientific and cultural entities in Jordan and the Arab world. Examples include the Intel award and New Think Festival.
- Under the Arts and Literature pillar, the Foundation provided financial and in-kind support to ensure accessibility of arts for all and contribute to cultural diversity. This includes support to libraries in Jordan and Palestine, theatrical performances, multimedia events, literary events and competitions and music.

• Under the Employment and Innovation pillar, the Foundation strives to spread innovation and creativity focusing on youth, women and local communities. The Foundation also aims at supporting pilot projects that contributes in building youth capacities and skills before entering the job market, in addition to supporting projects that accelerate societal gains while addressing pressures critical to our region through innovation and entrepreneurship Only two projects were supported by the Foundation this year; namely PACES and Tomorrow's Youth Organization, which focused on providing opportunities for youth to build marketable skills that improve their employment prospects.

# Together– Our CSR program

"Together" is the Arab Bank's Corporate Social Responsibility (CSR) program, which aims to engage employees, NGOs and customers and to encourage them to be active members of the community. Since its inception in 2009, more than 155 activities and initiatives were implemented with around 1,740 employees participations, reaching out to more than 153,000 beneficiaries.

The Together program focuses on several areas that were selected based on a comprehensive assessment of the local community's needs and stakeholders' priorities. These areas are: Health, poverty alleviation, environmental protection, education and orphan support. In line with these focus areas and the Bank's strategic approach towards CSR, the Together program emphasizes the following objectives in its CSR programs:

- Employee volunteering (see next page)
- Building up the capacities of NGOs employees (see page 114)
- Utilizing banking channels for customer donations (see page 37)

The Bank's contribution to the Together program remained at 5% of Arab Bank's total community investment budget for 2014. This included direct sponsorship and donations to the Together program's participants in addition to the Bank's contribution through the Together Platinum Credit Card, which amounted to JOD 5,206 in 2014.

Since the Together program's inception as of 2014, more than 155 volunteering activities and initiatives were implemented with around 1,740 employees participations, reaching out to more than 153,000 beneficiaries.

## **Employee Volunteering**

The Together program aims at engaging the Bank's employees in the local community through implementing a wide range of volunteering activities. The program also gives employees' families and friends the opportunity to participate in different CSR related initiatives, fostering a wider culture of volunteerism.

In 2014, and as part of our strategic objective to increase internal awareness on the Together program and volunteering activities, the Bank utilized its internal communication portal, Arabina, through adding several messages on the importance of volunteering and supporting the community. Moreover, an interactive internal channel, Together Blog, was established as our communication channel, aiming at encouraging all employees to share their thoughts, feedback and experiences with the Together program.

These initiatives helped us to successfully implement 39 initiatives with 302 employees volunteering and positively affecting more than 85,000 beneficiaries across the Kingdom. Our employees also volunteered for a total of 2,159 hours of their own time in activities supported by Arab Bank.





The Bank has collaborated with well-known and dedicated NGOs for each of the Together program's main areas, and has implemented several initiatives and programs, which are briefly highlighted in this section.

Health	Poverty alleviation	Environmental protection	Education and orphan support
King Hussein Cancer Foundation	Tkiyet Um Ali	The Royal Society for the Conservation of Nature	Al Aman Fund for the Future of Orphans
King Hussein Cancer Foundation King Hussein Cancer Center	TKIYET UH ALI FOOD FOR LIFE	الجمعية الملكية لحماية الطبيعة RSCN	A Queen Ramia Al Abdullah Initiative

### **Together Initiatives at a Glance**

### Health

Several initiatives were implemented to support the King Hussein Cancer Foundation's (KHCF) initiatives, as outlined below:

- **Blood Donation:** For the fifth consecutive year, the Bank held two blood donation drives for the benefit of the cancer patients currently treated at the King Hussein Cancer Center (KHCC). 90 blood units were donated by our employees.
- Recreational Day with Patient Children: Aiming to give patient children a fun experience and providing moral support to help them in overcoming cancer, 15 employees accompanied 10 children and their families to the Children's Museum for one day, creating unforgettable memories for both the kids and the volunteers.
- Early Detection Test for Breast Cancer: In recognition of Breast Cancer Awareness Month, and in support of our employees' health and wellbeing, two early detection breast cancer examinations were implemented and 71 female employees were examined by a specialized nurse in collaboration with the Jordan Breast Cancer Program.
- **KHCF Ramadan Campaign**: During the holy month of Ramadan, and for the second consecutive year, the Bank sponsored KHCF's TVC campaign. The campaign focused on promoting the foundation's cause and highlighting the importance of supporting the center's mission and their expansion project.
- Lowest to Highest for Cancer (LH4Cancer): In continuation of the Bank's commitment and support to fight cancer, the Bank was the Platinum Sponsor for the LH4Cancer Africa Team. LH4Cancer is a Jordanian fundraising initiative whereby the team members trek from the lowest point on Earth (the Dead Sea in Jordan) to the highest point on Earth (Kilimanjaro in Africa) to raise awareness on cancer and raise money in support of the expansion project of the KHCC.
- Goal for Life Tournament: The Bank participated in the companies' tournament "Goal for Life", which is organized by KHCF. The tournament aims to promote the importance of living a healthy lifestyle and playing sports whilst making a difference in the lives of cancer patients.
- Music for Hope: The Bank sponsored the production of the "Music for Hope" song in support of the fight against cancer in Jordan.

Additionally, and emerging from the Bank's interest in supporting health initiatives, the Bank continued to support Jordanian football and youth leagues through a four- year sponsorship deal of the Jordan Football Association.

To promote the health and well-being of employees, the Bank was the Gold Sponsor for the Amman International Marathon for the sixth consecutive year, and covered the participation cost of around 1,390 employees and their family and friends in the Amman and the Dead Sea Marathons.

### **Poverty Alleviation**

In 2014, Arab Bank was the strategic supporter for Tkiyet Um Ali's programs and initiatives, and supported the following programs:

• Family Support: For the fifth consecutive year, the Bank continued its support for underprivileged families living below the poverty line. This year's support entailed providing 50 families in Amman, Al Ruwaished, Madaba and Al Karak with food packages for one year.



- Winter Campaign (Lamset Dafa): The Bank was the exclusive sponsor for the Lamset Dafa campaign for the third consecutive year. 24 employees from the Bank's head office and six branches distributed 1,268 blankets to more than 670 underprivileged families in poverty pockets in Amman, Irbid, Tafeeleh, Mafraq, Aqaba, Zarqa, Balqa'a and Jordan Valley, aiming to help them cope with the cold winter.
- Celebrating Eid Al Adha with Underprivileged Children: The Bank sponsored a unique initiative aiming to bring joy to more than 55
  underprivileged children and their families, who are benefiting from TUA's support. Nine volunteers and their family members participated
  in this initiative and celebrated Eid Al Adha together, drawing a smile on
  everyone's faces.
- **Ramadan Campaign**: For the fifth consecutive year, the Bank's volunteers from different governorates and branches participated in several activities during the holy month of Ramadan. 154 employees and their family members managed to prepare more than 700 food packages and conducted a field assessment visit for more than 125 potential underprivileged families. The Bank also supported two lftar events at the TUA's premises benefiting approximately 2,500 people, with the participation of 47 volunteers and their family members. Additionally, six employees from the Irbid branch were involved in distributing food packages to 87 needy families in Irbid.



### **Environmental Protection**

In 2014, the Bank supported the Royal Society for the Conservation of Nature (RSCN) in implementing several initiatives:

- **BirdLife Council Event:** As part of the Bank's support of biodiversity conservation, the Bank sponsored the annual BirdLife Council meeting. The event focused on the private sector's contribution to sustainable development as well as discussing the evolution of CSR policies and practices in key sectors with focus on investment and financial management.
- Solar Energy Project at Mujib Biosphere Reserve: Aiming to increase the production of renewable energy in Jordan and positively affect the environmental and financial sustainability of Al Mujib Biosphere Reserve, the Bank adopted the small-scale clean energy project for Al Mujib Reserve, the Solar Energy Project. The project will help decrease the financial burden on the reserve's main budget and support its conservation programs by allocating more financial resources.

For the second consecutive year and as part of our continuous collaboration with Al Shajarah Society to support the Bank's forest in Jerash, 41 employees with their friends and family members participated in a purposive activity to plant and irrigate 200 seedlings. The activity was a great opportunity to foster our values of team work, responsibility and citizenship.


### **Education and Orphan Support**

Aiming to empower and build youth capacities and leadership skills, the Bank supported the following programs and initiatives in collaboration with AI Aman Fund:

- **Supporting Orphan Students**: With the aim of providing assistance to orphan students in order to complete their higher education, the Bank continued its support, for the second consecutive year, for eight university students and an additional eight students to complete their vocational studies. Arab Bank has committed to sponsoring these students for four years since 2013.
- **Recreational Day with Orphans at Challenger Village**: 15 employees and their family members participated in an outdoor activity with 20 female orphans. Several activities and games were designed and implemented to build communication and leadership skills.
- Orphan's Inspirational Day at AHSF: As part of our efforts to support orphans, the Bank held a recreational day at the Abdul Hameed Shoman Foundation's new library (Knowledge Path) to inspire and motivate creative thinking. 12 employees accompanied 34 orphans in storytelling, creative activities and educational activities.



### Initiatives Implemented with other NGOs

In addition to supporting the Together program's four main NGOs, the Bank ensures to collaborate with other NGOs that contribute to the four strategic focus areas.

#### INJAZ

- School Adoption Program (SAP): For the sixth consecutive year, the Bank supported INJAZ's School Adoption Program, replicating last year's success. The Bank adopted four new schools located in poverty areas in three main governorates (Ma'an, Irbid and Amman) aiming to create a sustainable impact on the schools and the students at different levels. Through this program, we were able to reach out to more than 2,600 students, benefiting them directly through delivering life skills and interpersonal courses along with infrastructure works to enhance the learning environment.
- Job Shadow Program: The Bank was the Gold Sponsor for this one-day experiential program, which entails hosting 20 students from public schools to shadow 15 Arab Bank employees in different departments and branches during a regular workday. The goal of the program is to provide students with a closer look at what a real job is like and to help them decide whether they would like to pursue a career in that profession in the future.
- INJAZ Courses: In 2014, 21 employees provided special classes to students on various topics that are not covered in ordinary schools and universities' curricula. The courses included My Path to Employment and Communication Skills at Work, Company Course, Exploring Economics, Be Entrepreneurial, Personal Life Planning, Economics for Success, Success Skills, Travel and Tourism Business, More than Money, It's My Business, Leadership Course and We Are Social Leaders.



### **Charity Clothing Bank (CCB)**

- Sponsoring Orphans' Day: With the objective of supporting orphans and alleviating poverty, the Bank was the exclusive sponsor for "Orphans' Day", which entailed providing 1,200 underprivileged orphans with new clothes and toys. Through this initiative the Bank and the Clothing Bank hosted 100 orphans every month for an entire year from Amman, Mafraq, Tafeeleh, Aqaba and Irbid.
- Volunteering with the Clothing Bank: Eight volunteering activities were implemented with the participation of 75 employees in an exciting initiative "Shopping with Orphans" which entailed accompanying orphans to the Clothing Bank's showroom and helping them choose the best and most suitable clothes. Two volunteering activities were also implemented, where 33 employees and their family members participated in sorting and packing more than 10 tons (396 boxes) of donated items to be displayed at their show room.



#### **Raneen Initiative**

Aiming to enhance the Arabic audio content in libraries at local schools and providing an exceptional opportunity for visually impaired children to read and learn through the visual and audio libraries, the Bank supported Raneen initiative through:

- Sponsoring the "5th Short Story Series" and producing 2,000 copies of new audiobook CDs.
- Sponsoring the establishment of 10 new audio libraries in public schools across the Kingdom covering Amman, Karak, Mafraq, Ajloun and the "Knowledge Path" library at AHSF.
- Sponsoring Raneen workshops benefiting 20 trainees from four different public schools, the Children's Museum, Haya Cultural Center and Knowledge Path library at AHSF.

### Al Jude Foundation for Scientific Care

- Sherkitna Initiative: The Bank was the strategic sponsor for Sherkitna Initiative that aims at enhancing entrepreneurial skills and encouraging self-employment for school students by providing 630 schools with a small budget to establish their project and cover all their expenses.
- New Think Festival: As part of our support to the youth community, the Bank was the main sponsor for the New Think Festival that features a series of indoor and outdoor sessions and lectures on various topics such as entrepreneurship, education, social media, environment, health and volunteering

#### **Central Traffic Department**

For the fifth consecutive year, the Bank collaborated with the Central Traffic Department to sponsor the "Madrasati Farhaty" campaign to raise traffic awareness, targeting 75,000 school students across the Kingdom. The campaign entailed distributing special booklets that include messages aimed at enhancing road safety awareness among local students.



#### **Children's Museum**

The Bank sponsored a charity lftar at the Children's Museum during Ramadan and hosted approximately 185 children between the ages of 7 and 13 from several local orphan associations, registered under the Ministry of Social Development. The event aimed to bring joy to the children, in addition to giving them an educational and entertaining experience.

Moreover, the Bank sponsored the "I Am Change Exhibit and the Earth Month" program, which aim to inspire children and encourage them to conserve energy and water by raising their awareness on renewable and green energy resources and water conservation methods.



#### Other Initiatives Supported to Achieve Sustainable Economic Development

The Bank was the Strategic sponsor for the Financial Times' one - day international summit (Investing in the Levant: New Opportunities). The summit feature a combination of panel discussions, keynote addresses, interviews and sessions to cover emerging prospects for the entire Levant region.

The Bank was also the Golden Sponsor in the International Economic Association's 17<sup>th</sup> World Congress in The Columbia Global Centers | Middle East (Amman), the event hosted more than 200 distinguished economists to study problems of pressing policy interest, with an emphasis on the relations between developing and industrialized countries.

The Bank also was the strategic sponsor for the 42<sup>nd</sup> annual meeting of the Federation of Arab Businessmen organized by the Jordanian Businessmen Association (JBA). The meeting brought together 53 different unions from across the Arab world to discuss a wide variety of topics related to economics issues and the achievements that took a place in this context.

# **Building up NGOs' Capacities**

Emerging from the Bank's belief in the important developmental role that NGOs play in the community, and with the objective of enhancing the local NGOs' capacities and skills, the Bank developed and introduced a special in-house capacity building program for NGOs in 2012, utilizing the expertise of the Bank's internal trainers who were able to provide special courses according to their needs, expectations and priority areas.

In 2014, the Bank implemented six successful courses covering various topics that meet the needs of the NGOs participating in the Together program. These courses are: Service Excellence, Marketing and Social Media, Project Management, Advanced MS Excel and Telephone Handling Skills, benefiting 86 employees. In November, the Bank implemented the Financial Literacy course, benefiting 15 university students and entrepreneurs from INJAZ and Al Aman Fund for the Future of Orphans, focusing on the products and services offered by banks, loan process, managing accounts, etc.



# Appendix A: Stakeholder Map [G4-26], [G4-27]

### Shareholders

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Regular meetings</li> <li>Annual, semi-annual and quarterly reports</li> <li>Directors' briefings</li> </ul>	<ul> <li>Increase profits and dividends</li> <li>Transparent communication</li> <li>Compliance with all laws and regulations</li> </ul>	<ul> <li>Maintain and enhance profitability</li> <li>Attract more shareholders</li> </ul>	<ul> <li>Maintaining consistent profitability and growth (see page 14)</li> <li>Good corporate governance and accountability (see page 69)</li> </ul>

### **Employees**

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Arabina intranet portal</li> <li>Emails</li> <li>Human Resources Management System (HRMS)</li> <li>Internal communications surveys</li> <li>Annual reports and sustainability reports</li> <li>Face-to-face awareness training</li> <li>E-learning web-based</li> </ul>	<ul> <li>Job security</li> <li>Healthy and safe workplace</li> <li>Training and development</li> <li>Competitive salaries and benefit packages</li> <li>Opportunity for promotion</li> <li>Transparent and accountable management team</li> </ul>	<ul> <li>Enhance employee motivation and productivity</li> <li>Attract and retain highly qualified calibers</li> <li>Adopt systems that increase efficiency</li> <li>Ensure the health, safety and security of all employees</li> <li>Provide a diverse and fair working environment</li> </ul>	<ul> <li>Investing in our employees (page 65)</li> <li>Equal opportunities (page 57)</li> <li>Maintaining a safe and healthy workplace (page 60)</li> <li>Listening to our employees (page 62)</li> <li>Engaging employees (page 62)</li> </ul>

### [G4-26], [G4-27]

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>training courses</li> <li>Meetings and workshops</li> <li>Award ceremonies</li> <li>Internal newsletters and circulars</li> <li>Internal committees (sports, employee relations and the health and safety committees)</li> <li>Together – CSR volunteering program</li> </ul>	<ul> <li>Equal opportunity</li> <li>Access to needed and essential information</li> <li>Engagement with the community</li> <li>Personal and professional satisfaction</li> </ul>	<ul> <li>Protect our customer base and sensitive information</li> <li>Retain high level performers</li> <li>Avoid and address causes of employee dissatisfaction</li> <li>Maintain solid and up-to- date levels of awareness and knowledge on essential issues, laws, regulations and procedures</li> </ul>	<ul> <li>Promoting welfare and satisfaction (page 62, 64)</li> <li>Hiring highly capable, well- experienced and competent staff (page 57, 61)</li> <li>Adhering to applicable laws, regulations and corporate policies (page 64)</li> </ul>

### Customers [G4-26], [G4-27]

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Branches</li> <li>Website</li> <li>Media</li> <li>Annual reports and sustainability reports</li> <li>Social media</li> <li>SMS</li> <li>Service channels (Phone banking, internet banking, ATMs, call center, mobile banking)</li> <li>Customer care</li> </ul>	<ul> <li>High quality products, services and programs</li> <li>Quality of service delivery in terms of speed and accuracy</li> <li>Facilitated loans</li> <li>Transparent communications</li> <li>Well trained, aware and professional employees</li> <li>Minimal security and risk incidents</li> <li>Attractive and competitive pricing</li> <li>Trust in the Bank's operations</li> <li>Protect customer information</li> <li>Contribution toward the community</li> </ul>	<ul> <li>Growing customer base</li> <li>Customer engagement</li> <li>Customer satisfaction</li> <li>Accountability to customers</li> <li>Protect customers' sensitive information</li> <li>Customer loyalty</li> <li>Service excellence</li> <li>Engage customers with the community</li> </ul>	<ul> <li>Quality products and services (page 12, 28)</li> <li>Enhancing access to banking services (page 29, 58)</li> <li>Innovative engagement methods and tools (page 29)</li> <li>Safeguarding customers' information and assets (page 52)</li> <li>Professional and expert employees (page 33, 114)</li> <li>Achieving and maintaining customer satisfaction and loyalty</li> <li>Engaging customers with the community (page 37)</li> <li>Acquiring new customers and expanding relationships with existing customers</li> </ul>

# Community [G4-26], [G4-27]

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Volunteering campaigns</li> <li>Social media</li> <li>Sponsorships and events</li> <li>Sustainability reports</li> <li>Capacity building programs</li> </ul>	<ul> <li>Corporate responsibility and citizenship</li> <li>Invest in the community (financial and human resources)</li> <li>Capacity building for local NGOs' employees</li> </ul>	<ul> <li>Advance corporate citizenship</li> <li>Contribute to community well- being</li> <li>Access to financial services</li> </ul>	<ul> <li>Strong community cooperation (page 95, 103)</li> <li>Engaging employees in volunteering initiatives (page 103, 104)</li> <li>Supporting relevant community projects (page 24, 28, 44-46)</li> <li>Leveraging the Bank's channels to support local NGOs (page 37)</li> <li>Enhancing financial inclusion and financial literacy (page 114)</li> </ul>

### Environment

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Restoration initiatives</li> <li>Support for environmental NGOs</li> <li>Operational improvements</li> <li>Lending environmental friendly infrastructural projects</li> </ul>	<ul> <li>Minimize waste</li> <li>Limit use of finite resources</li> <li>Improve the quality of the environment</li> <li>Incorporate environmental criteria in financed projects and procurement agreements</li> </ul>	<ul> <li>Minimize environmental impact and enhance the environmental situation</li> <li>Optimize operational costs</li> </ul>	<ul> <li>Supporting environmental projects (page 44-46, 108)</li> <li>Encouraging efficient operations (page 77)</li> <li>Integrating environmental risk assessment in lending criteria</li> <li>Supporting environmentally friendly projects</li> </ul>

## Suppliers [G4-26], [G4-27]

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Invitation to bidding</li> <li>Contracts</li> <li>Meetings</li> </ul>	<ul> <li>Accountability and integrity in dealings</li> <li>Financially rewarding, long-term and secured contracts</li> <li>Timely payment upon delivery</li> </ul>	<ul> <li>Get the best products and services available for the money spent</li> <li>Timely delivery</li> <li>Economic stability and strong reputation for quality and ethical integrity</li> <li>Performance history</li> <li>After-sales warranties/services</li> </ul>	<ul> <li>Maintaining mutually beneficial cooperative relations (page 92)</li> <li>Increasing the number of suppliers, with preference to local suppliers where possible</li> <li>Enhancing suppliers' performance (page 92)</li> </ul>

### **Government** [G4-26], [G4-27]

Engagement Methods	Stakeholders' Priority Issues	Arab Bank's Priority Issues	Arab Bank's Response
<ul> <li>Regulations</li> <li>Monthly reporting to regulatory authorities</li> <li>Regulatory reviews</li> <li>Regulatory authorities (e.g. Central Bank, AML Unit)</li> <li>Audit and compliance reports</li> </ul>	<ul> <li>Compliance with laws and regulations</li> <li>Support of their operations through financial and/or technical support</li> <li>Maximize compliance with regulatory requirements</li> <li>Participate in protecting the financial sector on the national level</li> <li>Promote trust in e-services and maintain a secure state for e-transactions and e-services</li> <li>Implement a comprehensive regulatory compliance program consistent with applicable laws, regulations and the Central Bank of Jordan's directives that affect the daily operations of the Bank</li> </ul>	<ul> <li>Abide by all relevant laws and regulations</li> <li>Develop the local economy</li> <li>Support the 2015 Jordan National Agenda</li> <li>Effective controls to ensure compliance with laws and regulations</li> <li>Transparent communication with regulators</li> <li>Protect the integrity, availability and confidentiality of local and national financial system</li> <li>Implement a comprehensive and successful regulatory compliance program that is grounded on the Bank's sound organizational integrity and values</li> </ul>	<ul> <li>Effective corporate governance (page 69)</li> <li>Supporting the local economy (page 29-31, 44-46, 95)</li> <li>Compliance with local and national laws, regulations and standards that are specific to the financial services industry and that are issued by legislative and regulatory bodies, which are relevant to the Arab Bank Group's businesses and/or reputation (page 75-77)</li> </ul>

# Appendix B: Control Functions' International Standards

# **Compliance Standards**

The Compliance Division tracks several international standards, laws and regulations throughout the ongoing development and updating of the Arab Bank's Anti-Corruption and Anti-Bribery Policies such as:

- Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials
- UN Convention against Corruption
- United Nations Global Compact, Principle Ten
- Foreign Corrupt Practice Act "FCPA" of the USA
- UK Bribery Act

# **Group Risk Standards**

All departments within the Group Risk Management Division adhere to the Bank's policies and follow a set of requirements issued by regulatory authorities (e.g. Central Bank requirements, Basel Committee) and industry mandates, including:

- The Payment Card Industry Data Security Standard (PCI DSS)
- · ISO 27000 for Information Security
- · ISO 22301 for Business Continuity
- · COSO Enterprise Risk Management Framework for Operational Risk

# **Internal Audit Standards**

Internal audit activities are being carried out in line with the International Standards and ethical code. The activities have been evaluated by independent external assessors to certify compliance with the following:

- Standards for the Professional Practice of Internal Auditing
- The Code of Ethics of the Institute of Internal Auditors (IIA, USA)
- ISO 9001:2008 for Quality Management System

# **Appendix C: Report Parameters**

# Process for Defining Report Content [G4-18], [G4-21]

In preparation of our 2014 sustainability report, we have followed the updated Global Reporting Initiatives (G4) guidelines, which contributed to defining the report content and communicating achievements during the past year (see page 7). This report tackles progress on various aspects related to our stakeholders in relation to the sustainability strategy under the five main sustainability focus areas, which are all equally important to our business success. We have identified Key Performance Indicators (KPIs) and targets for each priority focus area in order to prioritize and measure our progress toward achieving sustainability.

**Materiality**: We believe that we have considered all key topics related to our significant economic, environmental and social impacts, including impacts that would substantively influence the assessment and decisions of our stakeholders. This includes issues related to our internal divisions, issues that were raised by stakeholders and reported on by our peers, in addition to the principles and guidelines included in the GRI G4 guidelines.

**Stakeholder Inclusiveness**: We believe that we have identified and considered all of our key stakeholders. We have updated the stakeholder map outlining how we engage them, our understanding of their expectations and our response. This map guided the identification of our sustainability focus areas, creating our sustainability strategy and inspiring future goals. Further information on this is detailed in Appendix A.

**Sustainability Context**: We have considered our sustainability context based on local and regional contexts in addition to global sustainability trends.

# **Report Quality**

**Balance**: We aspire toward transparent reporting and believe that this report conveys both the positive aspects of our performance as well as the areas that require improvement.

**Comparability**: Depending on data availability, we have provided year-to-year data that aligns with the GRI Indicator Protocols in order to facilitate comparison of our report against industry peers and other companies practicing sustainability. Further clarifications were included in case of providing additional measures or adopting new measurement methods and systems.

Accuracy and Clarity: We aim for maximum accuracy in our reporting, including providing timely and reliable information and identifying estimations and other limitations to the highlighted data. As sustainability is a relatively new concept in Jordan, we have made an effort to provide introductory and contextual information where useful to facilitate reader understanding of the report content. As our report targets a wide range of stakeholders, we have tried to cater to all ranges of readers.

**Reliability and Data Measurement Techniques**: We have used existing tracking and data management systems to generate data. The data presented represents our best understanding of our impacts. In some aspects, we have expanded the scope of our measurement, which we have clearly stated. GHG emissions were calculated using a GHG calculator adjusted for Jordan-specific emissions factors, and global warming potentials that are in line with the Intergovernmental Panel for Climate Change (IPCC) 4th Assessment Report.

Assurance: This report has not been assured by a third party.

# **Report Boundaries** [G4-18]

Limitations: This report covers data and activities from Arab Bank's operations in Jordan, the largest operational entity of Arab Bank PLC.

**Completeness and Boundaries**: Arab Bank in Jordan strives to produce a report that is as complete as possible. This report outlines the Bank's 2014 performance for the financial year ending on December 31, 2014. The report covers all of Arab Bank's operations in Jordan, but none of its overseas activities. In some cases, Arab Bank PLC and Group's data are used in place of Jordan-specific information in accordance with the Bank's reporting policies.

## Material Aspects Boundaries [G4-20], [G4-21]

		Most Concerned Stakeholders						
Sustainability Pillar	Material Aspect	Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
	Product and service innovation							
	Excelling in Customer Service							
Supporting Customer in	Customer engagement and fair treatment							
Achieving their Ambitions	SME support							
	Encourage Entrepreneurship							
	Green infrastructure projects							

### [G4-20], [G4-21]

		Most Concerned Stakeholders						
Sustainability Pillar	Material Aspect	Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
	Responsible lending							
Responsible Financing	Integration of ESG aspects into lending criteria							
	Proactive risk management							
	Diversity and equal opportunity							
	Competitive benefits							
Employee	Health, safety and wellbeing							
Empowerment	Employee engagement and transparent communication							
	Employee training and capacity building							

### [G4-20], [G4-21]

		Most Concerned Stakeholders							
Sustainability Pillar	Material Aspect	Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community	
	Governance and accountability								
	Annual reporting								
Transparent	Internal policy and code of conduct								
Reporting	Anti-corruption, anti-bribery and anti- money laundering								
	Compliance								

### [G4-20], [G4-21]

		Most Concerned Stakeholders						
Sustainability Pillar	Material Aspect	Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
	Quality management							
	Responsible Supply Chain							
System Optimization	Integrate sustainability concept into internal operations							
	Environmental management							
	Procurement Sustainability Strategy							
	Sponsorships and donations							
Community Cooperation	Abdul Hameed Shoman Foundation							
	"Together" - our CSR program							
	Building up NGOs' capacities							

# **Appendix D: Glossary**

Term	Definition
Capacity Building	Capacity building is an ongoing process through which individuals, groups, organizations and societies enhance their ability to identify and meet development challenges.
Corruption	Corruption is defined as the misuse of entrusted power for personal or private gain.
Equator Principles	The Equator Principles (EPs) are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions.
G4 Guidelines	G4 are the fourth generations of the GRI indicators launched in May 2013. The aim of G4 is to help reporters prepare sustainability reports that matter, and to make robust and purposeful sustainability reporting standard practice. This includes guidance for reporting on a company's economic, environmental and social approach and impacts in a way that is comparable globally.
Greenhouse Gas (GHG)	Gases in the atmosphere that absorb and emit thermal and infrared radiation. Greenhouse gases include water vapor, carbon dioxide, methane, nitrous oxide and ozone.
GRI	The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world.
Independent Director	An Independent director (whether a natural person or representing legal entity) is one whose directorship constitutes his/her only connection to the Bank, and whose judgment is therefore unlikely to be influenced by external considerations.
Money Laundering	The act of concealing the identity, origin or destination of often illegally-obtained money.

Term	Definition	Definition				
Project Finance	Project finance is the long-term financing of infrastructure and industrial projects based on the projected cash flows of the project rather than the balance sheets of the project sponsors. Usually, a project financing structure involves a number of equity investors, known as sponsors, as well as a syndicate of banks that provide loans to the operation.					
	According to a enterprises as		were launched in June 2011 to identify small and medium			
		Small Enterprise	Medium Enterprise			
SMEs		Assets or sales up to JOD MM 1	Assets or sales between JOD MM 1-3			
		Between 5-20 Employees	Between 21-100 Employees			
		Not a public shareholding or insurance or brokerage firm				
Stakeholder Engagement		· ·	st dialogue with key stakeholder groups, not only to make erstand and address their concerns through a two-way			
Stakeholders	Persons who have vested interests in the organization, including its shareholders, employees, customers, suppliers, the environment, local communities and the government.					
Sustainability	A more humane, more ethical and more transparent way of doing business, where organizations take into account the long-term impact it has on the "Triple Bottom Line."					
Sustainability Reporting	Sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance toward the goal of sustainable development.					
Sustainable Development		evelopment is development that meets the r tions to meet their own needs.	needs of the present without compromising the ability of			

# **Appendix E: Acronyms**

AB	Arab Bank
AHSF	Abdul Hameed Shoman Foundation
AML	Anti-Money Laundering
ATMs	Automated Teller Machines
BoD	Board of Directors
СВ	Consumer Banking
CBO	Community Based Organization
CEO	Chief Executive Officer
CIB	Corporate and Institutional Banking
CO <sub>2</sub>	Carbon Dioxide
CoC	Code of Conduct
COU	Central Operational Unit
CPR	Cardiopulmonary Resuscitation
CSR	Corporate Social Responsibility
CTF	Combating Terrorist Financing
DBR	Debt Burden Ratio
EMEA	Europe, the Middle East and Africa
ESG	Environmental, Social and Governance criteria

EP	Equator Principles
EVP	Executive Vice President
GHG	Greenhouse Gas
GJ	Gigajoules
GRC	Group Regulatory Compliance
GRI	Global Reporting Initiative
GRM	Group Risk Management
GWh	GigaWatt per hours
НО	Head Office
HR	Human Resources
HRMS	Human Resources Management System
IIA	Institute of Internal Audit
IPCC	Intergovernmental Panel for Climate Change
IPP	Independent Power Producer
ISO	International Organization for Standardization
JBCP	Jordan Breast Cancer Program
JOD	Jordanian Dinars
JLGC	Jordan Loan Guarantee Corporation
JWPC	The Jordan Wind Project Company
KHCC	King Hussein Cancer Center
KHCF	King Hussein Cancer Foundation
KPI	Key Performance Indicator

kWh	kilowatt hours
LED	Light Emitting Diode
M3	Cubic Meter
MENA	Middle East North Africa
MW	Mega Watts
NGOs	Non-Governmental Organizations
OHS committee	Occupational Health and Safety committee
OPIC	Overseas Private Investment Corporation
PCI – DSS	Payment Card Industry – Data Security Standard
PLC	Public Limited Company
PV	Photovoltaic
RCM	Real Estate and Construction Management
RM	Risk Management
RSCN	The Royal Society for the Conservation of Nature
SMEs	Small to Medium Enterprises
SMS	Short Message Service
TUA	Tkiyet Um Ali
UAE	United Arab Emirates
UDHR	Universal Declaration of Human Rights
UNGC	United Nations Global Compact
VRV	Variable Refrigerant Volume

# **Appendix F: GRI (G4) Content Index**



# MATERIALITY STORES AND ARAB BANK

**GENERAL STANDARD DISCLOSURES** 

neral Standard sclosures	Page Number (or Link) Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	Identified Omission(s) In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	Reason(s) for Omission(s) In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	Explanation for Omission(s) In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.
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General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance			
STRATEGY AND ANA	STRATEGY AND ANALYSIS							
G4-1	5	Not applicable	Not applicable	Not applicable	No			
G4-2	20-24	Not applicable	Not applicable	Not applicable	No			
ORGANIZATIONAL P	ROFILE							
G4-3	1, 11	Not applicable	Not applicable	Not applicable	No			
G4-4	12-13, 29-31	Not applicable	Not applicable	Not applicable	No			
G4-5	11	Not applicable	Not applicable	Not applicable	No			
G4-6	11, 124, Annual Report (Page 14)	Not applicable	Not applicable	Not applicable	No			
G4-7	11	Not applicable	Not applicable	Not applicable	No			
G4-8	9, 11-13	Not applicable	Not applicable	Not applicable	No			
G4-9	9, 11, 23-24, Annual Report (Pages 20-21)	Not applicable	Not applicable	Not applicable	No			
G4-10	56-58, 39-41; There are no significant variations in employment numbers compared to last year.	Not applicable	Not applicable	Not applicable	No			

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-11	In compliance with internal regulations, each employee who is part of a certain union should declare it to his/her manager and consequently to the HR Director. The Bank doesn't have a specific system to log the total percentage.	Not applicable	Not applicable	Not applicable	No
G4-12	92,93	Not applicable	Not applicable	Not applicable	No
G4-13	11,92-93, Annual Report (Page 65); No major changes in size, structure, ownsership.	Not applicable	Not applicable	Not applicable	No
G4-14	50,52-53,73,75	Not applicable	Not applicable	Not applicable	No
G4-15	51,77, 81, 121 -122	Not applicable	Not applicable	Not applicable	No
G4-16	11, Annual Report (34-38)	Not applicable	Not applicable	Not applicable	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES							
G4-17	7, 9, 11 ; All financial statements for Arab Bank Group and PLC are outlined in our 2014 Annual Report (Page 20, 93).	Not applicable	Not applicable	Not applicable	Yes, 2014 Annual report http://arabbank. com/uploads/File/ AnnualReport2014EN. pdf (Page 212-213)		
G4-18	123-124	Not applicable	Not applicable	Not applicable	No		
G4-19	22	Not applicable	Not applicable	Not applicable	No		
G4-20	125-128; All material aspects outlined on page 22 apply to Jordan only unless mentioned otherwise in the report.	Not applicable	Not applicable	Not applicable	No		
G4-21	22, 125-128	Not applicable	Not applicable	Not applicable	No		
G4-22	No restatements took place in previous reports.	Not applicable	Not applicable	Not applicable	No		
G4-23	No significant changes from previous reports.	Not applicable	Not applicable	Not applicable	No		
STAKEHOLDER ENGA	GEMENT						
G4-24	18	Not applicable	Not applicable	Not applicable	No		
G4-25	17-18, 21, 84	Not applicable	Not applicable	Not applicable	No		

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-26	17, 18, 115-120; No engagement was conducted specifically on the report.	Not applicable	Not applicable	Not applicable	No
G4-27	115-120	Not applicable	Not applicable	Not applicable	No
REPORT PROFILE					
G4-28	2014 Calendar year	Not applicable	Not applicable	Not applicable	No
G4-29	May - 2014 for Sustainability Report 2013.	Not applicable	Not applicable	Not applicable	No
G4-30	Annual	Not applicable	Not applicable	Not applicable	No
G4-31	sustainability@ arabbank.com.jo	Not applicable	Not applicable	Not applicable	No
G4-32	134, 7, 135-140	Not applicable	Not applicable	Not applicable	No
G4-33	No external assurance was completed on the sustainability report. The Annual report was assured see pages 212, 213.	Not applicable	Not applicable	Not applicable	No
GOVERNANCE					
G4-34	69-70	Not applicable	Not applicable	Not applicable	No
G4-35	19-20				No
G4-36	19-20				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-37	17-19, 115-119				No
G4-38	69-70, Annual Report (Pages 39-48, 294).				No
G4-39	69-70				No
G4-40	69-70, Annual Report (Pages 295- 296).				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-41	Annual Report (Pages 296-297); The Bank's Board of Directors sign the Code of Conduct confirming their compliance with all aspects mentioned in the code. This code also ensures that all members avoid a real or perceived conflict of interest, which might interfere with his/her duties and responsibilities or affect their best judgment. Appropriate action is taken immediately to disclose any conflict of interest.				No
G4-42	19-20, 71-72				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-43	19,71, 84; There is no direct engagement to enhance the Board members' knowledge on sustainability aspects except through the sustainability report as outlined in the mentioned page numbers.				No
G4-44	69-70; Board members are assessed based on their attendance, quality and extent of participation on the Board, with no special focus on social, environmental or economic performance.				No
G4-45	69-70, 73-74, 77				No
G4-46	52, 70, 73-76, Annual Report (Pages 299)				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-47	69-70, Annual Report (Pages 296- 297).				No
G4-48	71				No
G4-49	69-70, 74				No
G4-50	69-70	Nature and total number of critical concerns communicated to the highest governance body	The information is subject to specific confidentiality constraints	In compliance with internal regulations, reporting on such information is considered confidential	No
G4-51	59, 69-70, Annual Report (Pages 118- 121).				No
G4-52	69-70; Salary surveys for employees are conducted in cooperation with third parties that are independent of the management, based on which salary scales are reviewed and approved.				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-53	Views regarding employees' remuniration are sought via salary surveys to make sure that the remuneration level commensurate with the market. In case of encountering any variations or gaps, coordination is ensured with the stakeholders to take necessary remedial actions.				No
G4-54		Ratio of the annual total compensation of the organization's highest-paid individual to the median annual total compensation for all employees	The information is subject to specific confidentiality constraints	In compliance with internal regulations, reporting on such information is considered confidential	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance	
G4-55		Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	The information is subject to specific confidentiality constraints	In compliance with internal regulations, reporting on such information is considered confidential	No	
ETHICS AND INTEGRITY						
G4-56	10, 73-75				No	
G4-57	73-75				No	
G4-58	73-75				No	
SPECIFIC STANDARD	DISCLOSURES					
General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance	
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DMA and Indicators	Page Number (or Link) Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	Identified Omission(s) In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	Reason(s) for Omission(s) In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	Explanation for Omission(s) In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	
<b>CATEGORY: ECONOM</b>	IIC					
MATERIAL ASPECT: E	CONOMIC PERFORMAN	ICE				
G4-DMA	Annual Report (Pages 87-88)				No	
G4-EC1	14, 23-24, Annual Report (Pages 215- 218).				Yes, Annual report (Page 212-213)	

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EC2	44-46, Arab Bank sees investment in green infrastructure projects as a business opportunity in relation to climate change as outlined in the mentioned page numbers.				No
G4-EC3	Arab Bank pays 12.75% of the employees' social security deductible salaries while employees pay 6.75% of their social security deductible salaries on January 1st of each year to the national social security scheme. The Bank doesn't participate in retirement plans.	Coverage of the organization's defined benefit plan obligations	The Standard Disclosure or part of the Standard Disclosure is not applicable	This indicator doesn't apply for the banking sector	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EC4	The Bank doesn't receive financial assistance from the government.				No
Financial Service Sect	tor				
G4-DMA	17, 25, 27, 29, 68				No
G4-EC1	23,24,68-70, annual report (118- 122); Amount of investments is classified as the following: Education JOD 2,045,861 Sports JOD 199,938 Health JOD 613,042 Cultural and art JOD 277,466 Environment JOD 35,812 Poverty JOD 173,294 Scientific research JOD 363,399 Employment JOD 256,000 Forums & Conferences JOD 341,485 Others JOD 8,758,231.	The Bank's in-kind contributions from services or equipment and management costs	The information is currently unavailable	In kind contributions will be highlighted in next year's report. The Bank doesn't calculate its management cost	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance		
MATERIAL ASPECT: MARKET PRESENCE							
G4-DMA	56-58				No		
G4-EC5	Entry wage is higher than the minimum wage by 30%. Minimum and maximum wage is according to an adopted salary scale regardless of gender or location.				No		
G4-EC6	56				No		
MATERIAL ASPECT: IN	NDIRECT ECONOMIC IM	PACTS					
G4-DMA	37, 40-44				No		
G4-EC7	40, 44-46, 58, 95				No		
G4-EC8	37, 40, 42-44,95				No		
<b>MATERIAL ASPECT: P</b>	ROCUREMENT PRACTIC	ES					
G4-DMA	83,92, 93				No		
G4-EC9	92, 93; Annual Report (Page 69)				No		
CATEGORY: ENVIRON	IMENTAL						
MATERIAL ASPECT: E	NERGY						
G4-DMA	88				No		
G4-EN3	88-89				No		
G4-EN4	89				No		
G4-EN5	88-89				No		

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EN6	88-90				No
G4-EN7		Reductions in energy requirements of products and services	The Standard Disclosure or part of the Standard Disclosure is not applicable	As a Banking sector, we do not use energy to produce our products and services	No
MATERIAL ASPECT: W	VATER				
G4-DMA	87-89				No
G4-EN8	91; All of which was supplied by the municipality.				No
G4-EN9	Water is provided by the water authority and private service providers. This is not material as we are a service industry.	Water sources significantly affected by withdrawal of water	The Standard Disclosure or part of the Standard Disclosure is not applicable	As a Banking sector, we do not have significant impact on water sources	No
G4-EN10		Water volume of water recycled or reused	The information is currently unavailable	The Bank doesn't reuse or recycle water use	No
MATERIAL ASPECT: E	MISSIONS				
G4-DMA	88-91				No
G4-EN15	87				No
G4-EN16	87				No
G4-EN17		Other indirect greenhouse gas emissions (scope 3)	The information is currently unavailable	Currently, the Bank doesn't calculate this	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EN18	87				No
G4-EN19	87-90				No
G4-EN20		Emissions of ozone-depleting substances	The Standard Disclosure or part of the Standard Disclosure is not applicable	Due to the nature of our business, the Bank doesn't generate ozone-depleting substances	No
G4-EN21		NOx, Sox and other significant air emissions	The Standard Disclosure or part of the Standard Disclosure is not applicable	Due to the nature of our business, the Bank doesn't generate these emissions	No
Financial Service Sec	tor				
G4-EN15		Greenhouse gas emissions resulting from business travel	The information is currently unavailable	The Bank doesn't calcualte its emissions from business travel	NO
G4-EN16		Emissions of the financing portfolio	The information is currently unavailable	The Bank doesn't calcualte emissions of the financing portfolio	NO
G4-EN17		Greenhouse gas emissions resulting from business travel	The information is currently unavailable	The Bank doesn't calcualte its emissions from business travel	NO

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance			
MATERIAL ASPECT: C	MATERIAL ASPECT: COMPLIANCE							
G4-DMA	87, 90				No			
G4-EN29	No monetary value of significant fines and non-monetary sanctions.				No			
MATERIAL ASPECT: T	RANSPORT							
G4-DMA	87				No			
G4-EN30	87-89				No			
MATERIAL ASPECT: OV	ERALL							
G4-DMA	87-90				No			
G4-EN31	90				No			
CATEGORY: SOCIAL								
SUB-CATEGORY: LAB	OR PRACTICES AND DE	CENT WORK						
MATERIAL ASPECT: E	MPLOYMENT							
G4-DMA	55-59,61				No			
G4-LA1	57, 61				No			
G4-LA2	59				No			
G4-LA3	58				No			

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance			
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY								
G4-DMA	60				No			
G4-LA5	60; 100% of employees are represented by the health and safety committee.				No			
G4-LA6	60; Around 80% of work related injuries happended to male employees; most injuries were concerned with having employees slipping on the stairs and three of which are related to car accidents outside the Bank's premises.	Occupational diseases rate, lost day rate and absentee rate for total workforce	The information is currently unavailable	The occupational health and safety committee does not calcuate these rates	No			
G4-LA7	Due to the nature of our business, there are no workers with high risk of diseases.				No			
G4-LA8		Health and safety topics covered in formal agreements with trade unions	The Standard Disclosure or part of the Standard Disclosure is not applicable	The Bank doesn't deal with trade unions	No			

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
Financial Service Sec	tor				
G4-DMA	22, 42, 56-57				No
MATERIAL ASPECT: T	RAINING AND EDUCATI	ON			
G4-DMA	65-66				No
G4-LA9	65; 17.6 hour / employee.	Average hours of training by gender and employment category	The information is currently unavailable	The Bank did not track the data in 2014, but will do so for our 2015 report	No
G4-LA10	65-66				No
G4-LA11	62				No
MATERIAL ASPECT: D	IVERSITY AND EQUAL	OPPORTUNITY			
G4-DMA	39-40				No
G4-LA12	Annual Report (Pages 39-48).				No
MATERIAL ASPECT: E	QUAL REMUNERATION	FOR WOMEN AND MEN			
G4-DMA	56-58				No
G4-LA13	The ratio of basic salary for men to women per employee category remains 1:1 ensuring fair treatment of both genders.				No
<b>MATERIAL ASPECT: S</b>	UPPLIER ASSESSMENT	FOR LABOR PRACTICES	5		
G4-DMA	92-93				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-LA14	92; 100% of suppliers are screened using labor practices criteria.				No
G4-LA15	92; No cases were reported on suppliers subject to assessment for labor practices or have significant actual or potential negative impacts for labor practices. No suppliers were identified as having significant impacts for labor practices.				No
	ABOR PRACTICES GRIE	VANCE MECHANISMS			
G4-DMA G4-LA16	64 64				No
SUB-CATEGORY: HU	MAN RIGHTS				
MATERIAL ASPECT: I	NVESTMENT				
G4-DMA	64,77-78				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-HR1		Number and percentage of investment agreements and contracts that include human rights clauses or that underwent human rights screening	The information is currently unavailable	The Bank didn't identify number of contracts and agreements with such clauses	No
G4-HR2	65, 77-78; The Bank didn't hold a specific training course in particular on human rights.				
Financial Service Sec	tor				
G4-HR1	100% of agreements signed with suppliers include human rights clauses and underwent human rights screening.	Number of agreements and contracts that include human rights caluses	The information is currently unavailable	the Bank didn't identify number of contracts and agreements with such clauses	No
MATERIAL ASPECT: N	ON-DISCRIMINATION				
G4-DMA	56-58, 64				No
G4-HR3	No indicents of discrimination was received during the reporting period.				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance			
MATERIAL ASPECT: C	MATERIAL ASPECT: CHILD LABOR							
G4-DMA	64, 92-93				No			
G4-HR5	64, 92-93; As a Banking sector, our operations have low level of risk of child labor.				No			
MATERIAL ASPECT: F	ORCED OR COMPULSO	RY LABOR						
G4-DMA	6, 92-93				No			
G4-HR6	64, 92-93; As a Banking sector, our operations have low level of risk of forced or compulsory labor.				No			
MATERIAL ASPECT: S	UPPLIER HUMAN RIGH	TS ASSESSMENT						
G4-DMA	92-93				No			
G4-HR10	92; 100%				No			

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-HR11	92; No cases were reported on suppliers subject to assessment for human rights or have significant actual or potential negative impacts. No suppliers were identified as having significant impacts for labor practices.				No
MATERIAL ASPECT: H	UMAN RIGHTS GRIEVA	NCE MECHANISMS			
G4-DMA	67, 73-74, 77, 92				No
G4-HR12	No grievances about human rights impacts were filed through formal grievance mechanism.				No
SUB-CATEGORY: SOC	IETY				
MATERIAL ASPECT: LO	OCAL COMMUNITIES				
G4-DMA	22, 95-96, 103-104				No
G4-SO1	37, 42-43, 58, 103				No
G4-SO2	No negative impacts have been identified.				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance		
MATERIAL ASPECT: A	MATERIAL ASPECT: ANTI-CORRUPTION						
G4-DMA	69-70, 74-77				No		
G4-SO3	73-74, 77 ; 100% of operations are assessed for risk related to corruption.				No		
G4-SO4	73-74, 77-78				No		
G4-SO5	There are no confirmed incidents of corruption.				No		
MATERIAL ASPECT: A	NTI-COMPETITIVE BEH	AVIOR					
G4-DMA	73-74				No		
G4-SO7	No legal actions for anti-competitive behavior and violations of anti- trust in Jordan during the reporting period.				No		
MATERIAL ASPECT: C	OMPLIANCE						
G4-DMA	69-70, 74, 77				No		

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-SO8	There is no monetary value of significant fines neither non- monetary sanctions for non-compliance with laws and regulations.				No
MATERIAL ASPECT: S	UPPLIER ASSESSMENT	FOR IMPACTS ON SOCI	ETY		
G4-DMA	77, 83, 92				
G4-SO9	77,92; Around 682 suppliers (100%) were subject to assessments for their impacts on society.				No
G4-SO10	92; No significant actual and potential negative impacts on society in the supply chain.				No
<b>MATERIAL ASPECT: G</b>	RIEVANCE MECHANISM	IS FOR IMPACTS ON SO	CIETY		
G4-DMA	17-18, 20-21, 34-35, 92-93				No
G4-SO11	No grievances about impacts on society was filed through formal grievance mechanisms during the reporting period.				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance	
Financial Service Sector						
FS 13	40, 42, 107-108				No	
FS 14	34-35, 42, 58 , 114				No	
SUB-CATEGORY: PRO	DUCT RESPONSIBILITY					
MATERIAL ASPECT: P	RODUCT AND SERVICE	LABELING				
G4-DMA	12, 29-31, 39				No	
G4-PR3	38, 39,50,52				No	
G4-PR4	No Incidents of non-compliance with regulations and voluntary codes concerning products and services.				No	
G4-PR5	32, 117; During 2014 the Bank didn't hold a customer satisfaction survey and held couple of exercises as referred in page numbers.				No	
Financial Service Sector						
G4-DMA	12, 36-39, 50-51				No	
<b>MATERIAL ASPECT: P</b>	MATERIAL ASPECT: Product Portfolio					
Financial Service Sec	tor					
G4 - DMA	38, 51, 70, 84, 92				No	

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
FS6		Percentage of the portfolio for business lines by speific region and size (e.g. Micro/SME/ Large) and by sector	The information is currently unavailable		
FS7		Monetary value of products and services designed to deliver social benefit for each business line	The information is currently unavailable		No
FS8	44-46	Each business line broken down by purpose	The information is currently unavailable		No
MATERIAL ASPECT: N	ARKETING COMMUNIC	ATIONS			
G4-DMA	29-35, 39				No
G4-PR6		Sale of banned or disputed products	The Standard Disclosure or part of the Standard Disclosure is not applicable	As a Banking sector this indicator is not applicable to our products	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance	
G4-PR7	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications.				No	
MATERIAL ASPECT: C	MATERIAL ASPECT: CUSTOMER PRIVACY					
G4-DMA	29-33, 39, 52				No	
G4-PR8	No incidents of substantiated complaints regarding breaches of customer privacy or loss of customer data.				No	
Material Aspect: Audit						
Financial Service Sector						
G4-DMA	70, 51, 52				No	

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance		
Material Aspect: Act	Material Aspect: Active Ownership						
Financial Service Sec	tor						
G4-DMA	The Bank's voting policy is in alignment with the Bank's investment policy, which ensures that investment should aim at developing the social and economic aspects in the country through supporting economic projects with positive social impacts.				No		
FS10	51,96; The Bank interacts with many companies, NGOs, CBOs and governmental institutions on environmental and social issues. These numbers will be provided in next year's report.	Percentage and number of companies that the Bank has interacted with on environmental and social issues.	The information is currently unavailable	The Bank didn't calculate the number and percentage of companies that the bank has interacted with	No		

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
FS11	51	Percentage of assets subject to environmental or social screening	The information is currently unavailable	The Bank didn't calculate percentage of assests subject to environmental or social screening	No