

# SUSTAINABILITY REPORT 2015



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# A Message from our CEO



Dear Stakeholders,

At Arab Bank, we believe that sustainability aspects should be integrated into our daily operations. Since 2010, the Bank has been working within a comprehensive sustainability strategy that incorporates five main focus areas, which include SMART objectives with specific action plans and timelines. These focus areas are: responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation.

The year 2015 was another successful year in our sustainability journey toward achieving our goals of meeting our stakeholders' needs and expectations, from developing our local community, investing in our people, conserving environmental resources, to enhancing internal operations, achieving robust financial results and adopting local and global policies and best practices.

We are proud to launch our sixth sustainability report covering Arab Bank's progress and achievements in the social, environmental and governance fields for the year 2015 in accordance with the updated GRI G4 Guidelines.

One of the main highlights outlined in this report was the digitalization and introduction of paperless solutions to some of our internal operations, which resulted in reducing operational cost and enhancing our environmental performance. Another achievement in the environmental field was relaunching a special green offering 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.

The Bank's social commitment encompasses a multidimensional approach and we were able to achieve a great deal in this field through several initiatives. We managed to step up efforts to encourage volunteering amongst employees through incorporating more diverse community activities and enhancing internal communication channels. We were pleased to record a 16% increase in the number of volunteers and 30% increase in the number of volunteering activities implemented during the year. Moreover, the Bank widened its support and contribution in fostering entrepreneurship in governorates through several initiatives and collaborations with local NGOs.

The Bank is also keen to increase stakeholders awareness of sustainability because achieving sustainable development comes as a result of integrating all efforts to contribute to social, economic and environmental development. Accordingly, several initiatives were implemented targeting suppliers, NGOs and employees to raise their awareness of the concept of sustainability and the process of creating and implementing comprehensive sustainability strategies.

We will continue to expand our sustainability approach according to our stakeholders' needs, aiming to achieve our ultimate goal to create long-term sustainable financial and non-financial value for the Bank and its stakeholders through continuously supporting and contributing to the achievement of their ambitions. We understand this is a long journey. We have been in business for over eight decades and we will continue on this path toward success.

Finally, I would encourage everyone to review this report and to provide us with their feedback to ensure that all of our initiatives, activities and operations are working in unison and with the singular purpose of positively contributing to our community.

**Nemeh Sabbagh**  
**Chief Executive Officer**

# About this Report

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 is our sixth sustainability report, and for the second consecutive year it has been prepared in accordance with the updated G4 guidelines, utilizing the comprehensive option of reporting. It provides information on our social, environmental and governance achievements and commitments until December 31, 2015.

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

In accordance with the GRI G4 guidelines, this report highlights progress on the Bank's main material aspects<sup>1</sup> outlined on page 21, which we selected based on our operations, strategy, community needs 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 sixth annual sustainability report, we continue to honor our commitment to be a leader in sustainability in the Arab financial sector. During 2015, the Bank was awarded the "Best CSR program in the Middle East" accolade from EMEA<sup>2</sup> Finance magazine, recognizing our wide-ranging programs and the significant impact we are creating on our communities.

A comprehensive overview of our impact in the 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.

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 - EMEA Finance, is considered as the only periodical magazine dedicated exclusively to report financial events, happenings and triumphs initiated and influenced by the international financial industry. It facilitates, motivates and stimulates dialogue among their audience in one of the world's most dynamic and emerging regions – the combined emerging Europe, Middle East, and Africa (EMEA) region. (<https://www.emefinance.com/live/about>)

# ARAB BANK

AT A GLANCE



# Arab Bank at a Glance

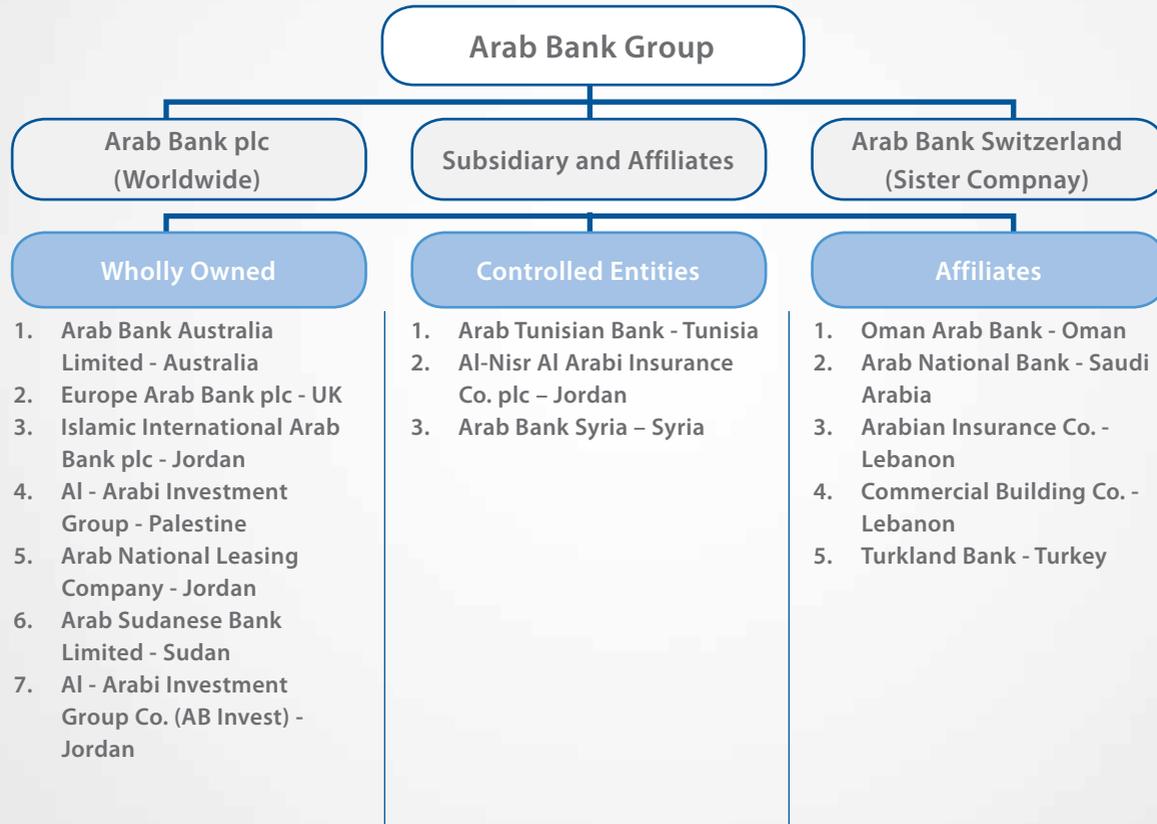
## Global Presence

Established in 1930, Arab Bank headquartered in Amman, Jordan, is the largest global Arab banking network with over 600 branches spanning five continents. Arab Bank also has a presence in key financial markets and centers including: London, Dubai, Singapore, Geneva, Paris, Frankfurt, Sydney and Bahrain, as shown in the image below.



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

The Bank's Group is comprised of Arab Bank Public Shareholding Company (PLC) and 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, and Jordan. The Bank's headquarters in Amman, Jordan has a substantial workforce with 2,934 employees (making up 44.6% of total Arab Bank PLC employees) and a network of 76 branches across Jordan including the Head Office (making up 39% of total Arab Bank PLC branches).



# Products and Services

To meet the evolving needs of our wide customer base, Arab Bank provides a vast range of financial solutions for individuals, corporations and other financial institutions. The Bank's main business lines cover Consumer Banking, Corporate and Institutional Banking and Treasury services.

## Consumer Banking

In addition to basic customer accounts, the Bank offers a complete suite of programs designed to meet the financial needs of different individual segments based on their stage of life. The programs cover: children, youth, salaried employees, executives, and self-employed people, 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 in page 36.

## 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

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 with a variety of different asset classes, which are also structured for corporate and private banking customers.

## 2015 Achievements

Despite the prevailing conditions in the region and the relatively unstable global economy in 2015, the Bank was able to maintain growth of its business across the different markets while at the same time managing risks very effectively.

Arab Bank reported net operating income at the end of 2015 of USD 1.1 billion and net income after tax and provisions of USD 442 million compared to USD 577 million in 2014 after having taken legal provisions of USD 349 million. This follows a settlement agreement which was entered into without any admission of wrongdoing and upon terms satisfactory to the Bank with respect to the legal case which was filed against the Bank in New York 11 years ago. The Bank has been setting aside provisions for the case during the past several years which at the end of 2015 stood at USD 1 billion and which will cover the expected obligations under the settlement agreement.

At the same time the underlying performance of the Bank was strong in 2015. Excluding the effect of foreign currency devaluations, loans and advances grew by 3% to reach USD 23.8 billion and customer deposits grew by 3% to reach USD 35.2 billion. Total Group equity stands at USD 8 billion and the capital adequacy ratio is at a healthy level of 14.2%. Liquidity continues to be high with a loan to deposit ratio of 67.6%.

Arab Bank continued to carry out its vision of development across the Arab region through its active participation in financing vital and infrastructure projects, intra-regional trade and renewable energy projects, while providing banking services and solutions to SMEs as part of its efforts to support economic growth, job creation and achieving sustainable development.

Sabih Masri, Chairman

## Awards

During 2015, Arab Bank received numerous awards and recognitions from leading international parties, most notably the award for Best Trade Finance Bank in the Middle East from both Global Finance and EMEA Finance magazines. The Bank also received the Best Corporate Social Responsibility in the Middle East award from EMEA Finance magazine.

The list of Arab Bank's 2015 awards also includes Best Bank in Jordan by Global Finance, Euromoney, EMEA Finance, The Banker Middle East and Asiamoney magazines. In addition, the Bank received several awards from Global Finance magazine including: Best Trade Finance Bank in Jordan, Morocco and Yemen, Best Foreign Exchange Provider in Jordan and the Best Bank in Social Media award in the Middle East and Africa.

Furthermore, Arab Bank received the Best Asset Manager award in Jordan from EMEA Finance and the Best Trade Bank in Jordan award from Global Trade Review magazine. Arab Bank was also recognized by the World Union of Arab Bankers as the Biggest Arab Banking Network for 2015.



**Best Bank in Jordan 2015**  
The Banker Middle East



**Best Bank in Jordan 2015**  
Euromoney



**Best Bank in Jordan 2015**  
Global Finance



**Best Bank in Jordan 2015**  
EMEA Finance



**Best Bank in Jordan 2015**  
Global Capital

# **SUSTAINABILITY MANAGEMENT: DEVELOPING OUR COMMUNITIES**



# Sustainability Management: Developing our Communities

## Our Responsive Approach: Meeting our Community Needs

The Bank recognizes the need to adopt effective and immediate actions to contribute positively to the community and create value for our stakeholders to address the growing socio-economic and environmental challenges that face our communities today. Consequently, the Bank has built its sustainability strategy based on effective and comprehensive engagement with our stakeholders. This enables us to identify stakeholder needs and expectations, and align them with our business case for sustainability, thereby shaping an approach that ensures value for all stakeholders.

### Stakeholder Engagement

Arab Bank identifies internal and external stakeholders, engages and understands their needs, and responds to their expectations and priorities. This process enhances our strategy and operations by creating a two-way channel for communicating stakeholder needs and the Bank's impacts.

We strive to ensure that our products and services meet our customers' primary financial ambitions 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 continues to adopt new practices that enhance our internal operations and employees' satisfaction and therefore increase productivity and operations' efficiency, whilst increasing awareness in several sustainability fields among our stakeholders.

## Stakeholder Mapping

To better understand our stakeholders' needs, we regularly map their needs with the support of our Sustainability Champions (see page 20) to develop a comprehensive and effective strategy to meet these needs. Stakeholder mapping captures specific methods of engagement, identifies priority issues for both the Bank and the stakeholders, and tracks the Bank's response 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 listing our stakeholders, their expectations and engagement channels can be found in Appendix A on page 128.



# Our Sustainability Strategy

Arab Bank's sustainability strategy was launched in 2011, based on identifying the main social, economic and environmental needs and priorities through direct engagement with stakeholders, as outlined in the previous section.

The strategy is prepared and managed by the Sustainability department, which falls under the Branding division. The head of the Branding division reports all progress on sustainability programs and initiatives to the Bank's CEO.

## Sustainability Framework

To support the Bank in carrying out its sustainability strategy and creating the impact desired, a sustainability mission, vision and framework have been developed for implementation.

### Sustainability Mission



To create long-term sustainable financial and non-financial value for the Bank and its stakeholders through continuous support and contribution to the achievement of their ambitions.

### Sustainability Vision



To be the leading responsible financial institution in the Arab world socially, economically and environmentally.

Our sustainability framework is built on **'our values'** that underpin **'our foundation'** of stable and principled banking practices and organizational operations. Arab Bank recognizes the opportunity to identify broader business drivers through a 'sustainability lens' that considers the integration of social and environmental aspects in addition to the economic and ethical perspectives in an integrated manner within its business strategy and daily operations. Consequently, the Bank has identified its **'sustainability advantage'** that represents our sustainability focus areas including: responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation. By shifting toward embracing these focus areas, Arab Bank is able to deliver on its founding purpose of supporting our customers in achieving their ambitions, as represented in **'Our Impact'** in the diagram below.



## Sustainability Champions

To ensure proper implementation of our sustainability strategy and to integrate the sustainability focus areas into our daily operations, the Sustainability Champions program was established in 2012. The program aims to better understand the business needs and expectations of our internal and external stakeholders, and 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, Operations and Internal Audit. Working closely with the Sustainability department, the team implements the sustainability strategy within their respective divisions. They are also involved in preparation of the Bank's sustainability reports.



## Our Sustainability Approach: Identifying Material Aspects

As the Bank aims to advance its position as a leader in sustainable business operations, and in order to increase our positive impact on the community, we have identified the most material sustainability aspects based on understanding our stakeholders' needs and priorities. Comprehensive assessment takes place on an annual basis to identify and categorize the sustainability topics that are most relevant to our operations and our stakeholders based on the stakeholders' mapping exercise (see Appendix A). The main material aspects outlined in the table below are in alignment with our five sustainability focus areas. These focus areas are presented in the "Sustainability Framework" section (see page 18), with all new and modified objectives marked below for easy reference.

	SUSTAINABILITY PILLARS	MATERIAL ASPECTS	
OUR IMPACT	Supporting our customers in achieving their ambitions	<ul style="list-style-type: none"> <li>- Continual development of our products and services (modified);</li> <li>- Excel in customer service;</li> <li>- Customer engagement and fair treatment;</li> </ul>	<ul style="list-style-type: none"> <li>- SMEs support;</li> <li>- Encourage sustainable development and entrepreneurship (new).</li> </ul>
	Responsible Financing	<ul style="list-style-type: none"> <li>- Integrate ESG aspects into lending criteria</li> <li>- Support green infrastructure projects</li> <li>- Offer green products (new)</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible lending</li> <li>- Proactive risk management</li> </ul>
SUSTAINABLE FOCUS AREAS	Employee Empowerment	<ul style="list-style-type: none"> <li>- Diversity and equal opportunity;</li> <li>- Competitive benefits;</li> <li>- Health, safety and wellbeing;</li> </ul>	<ul style="list-style-type: none"> <li>- Employee engagement and transparent communications;</li> <li>- Employee training and capacity building.</li> </ul>
	Transparent Reporting	<ul style="list-style-type: none"> <li>- Governance and accountability;</li> <li>- Annual reporting;</li> <li>- Internal policy and code of conduct;</li> </ul>	<ul style="list-style-type: none"> <li>- Anti-corruption, anti-bribery and anti-money laundering;</li> <li>- Compliance.</li> </ul>
	System Optimization	<ul style="list-style-type: none"> <li>- Digitalization and paperless environment (new);</li> <li>- Internal management of environmental resources (modified);</li> <li>- Sustainable procurement operations;</li> </ul>	<ul style="list-style-type: none"> <li>- Promote for sustainability in our internal operations and raise awareness (modified)</li> <li>- Quality management</li> </ul>
	Community Cooperation	<ul style="list-style-type: none"> <li>- Sponsorships and donations;</li> <li>- Abdul Hameed Shoman Foundation;</li> <li>- Our CSR program, "Together";</li> </ul>	<ul style="list-style-type: none"> <li>- Build up NGOs' capacities.</li> </ul>

## Adhering to Global Best Practices

Our strategic objectives ensure that our business activities add value not only to the bottom-line, but also to people, communities and the planet. Thus, our comprehensive sustainability strategy is aligned with a number of global standards that support our national development agenda, including the UN Global Compact (UNGC) principles and the Sustainable Development Goals (SDGs).

### UNGC

The UNGC is a voluntary initiative that identifies ten principles to be integrated into the organizations' strategies, policies and procedures. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption.

As a responsible Bank, we ensure to integrate the 10 principles into our sustainability strategy through identifying certain material aspects that will not only uphold our basic responsibilities to people and planet, but will also set the stage for long-term success (see page 21)

### SDGs

2015 marks the conclusion of the United Nations Millennium Development Goals, which are to be succeeded by the Sustainable Development Goals (SDGs). The SDGs are universal and address the economic, social and environmental dimensions of sustainable development in a comprehensive and integrated manner.

As these goals aim to eradicate extreme poverty, improve the lives of people and create an all-round healthier world for tomorrow, Arab Bank adheres to these goals through our multidimensional CSR program that focuses on four main aspects based on our community and stakeholders' needs. These aspects are: health, poverty alleviation environmental protection and education/ orphan support (see page 116).

## ISO 26000

The ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way by adopting ethical and transparent practices that contribute to the health and welfare of the society. The Bank's sustainability strategy is aligned with these guidelines as it covers vital social, environmental and governance aspects, which are highlighted under the employee empowerment, transparent reporting, system optimization and community cooperation focus areas. These aspects include: organizational governance, human rights, labor standards, the environment, fair operating practices, consumer issues and community involvement and development.

## Global Reporting Initiative (GRI)

As a result of the transparent reporting strategic focus area, the Bank has been issuing annual sustainability reports since the year 2010 using Global Reporting Initiative (GRI) guidelines; the most recognized and widely used guidelines for sustainability reporting globally. Over the past five years, the Bank has been widening the scope of disclosure and transparency in each sustainability report, to align with our sustainability strategic objectives. As a result, Arab Bank is the first and only bank in Jordan, and one of very few banks in the region to release sustainability reports based on the updated GRI guidelines (see page 82).

# Global Sustainability Recognition

Arab Bank has been recognized locally and globally for adopting an effective approach that considers local stakeholders' needs, while following global standards and guidelines. This success is due to the Bank's comprehensive strategy and positive impact on the community.

## EMEA Finance Magazine

As evidence of our leadership in sustainability during 2015, Arab Bank was awarded as 'Best Corporate Social Responsibility Program in the Middle East' from EMEA finance, which is one of the limited number of awards provided to organizations in the Middle East.

"For the first time, we are recognizing Arab Bank's impressive work in the area of sustainability with our 'Corporate Social Responsibility Award', which is one of a limited number of Middle East awards. The bank is an outstanding example of how these programs should be structured and run, particularly due to the importance of these activities in what is becoming an increasingly critical area of operations for financial institutions."

Christopher Moore,  
Publisher of EMEA Finance Magazine.

## S&P/Hawkamah Pan Arab ESG Index

The S&P/Hawkamah<sup>3</sup> ESG Pan Arab Index underwent annual rebalancing on December 1, 2015. The index includes the top 50 Pan Arab companies based on their performance on almost 200 Environmental, Social and Governance (ESG) metrics, and uses an innovative ESG score-weighting scheme to ensure stocks with higher ESG scores have a greater influence on the index than those with lower ESG scores.

As the only Jordanian organization ranked among the top 10 organizations in the Arab world, Arab Bank has shown great progress in its ESG performance throughout the years. During 2014, the Bank was ranked at the fifth level and was able to move up to the fourth level during 2015, with a total weight of 2.78%.

## 'ArabSustainability.com' Benchmarking Platform

Launched in November 2015, 'ArabSustainability.com' is an open online platform, with the most up-to-date database of organizational sustainability performance in the region. The performance data on the platform shows that Arab Bank ranks as one of the five leading organizations in the region (as of 31st December 2015) on several aspects, including: percentage of women in management roles, nationalization rate, pre-tax profits invested in the community, CO2 emissions and water intensity. The Bank is working continuously to further advance its position as a leader in sustainable operations in the region. For more details please check [www.ArabSustainability.com](http://www.ArabSustainability.com).

3 - Hawkamah, the Institute for Corporate Governance is an international association of corporate governance practitioners, regulators, and institutions advancing home grown yet globally integrated corporate governance best practices in the region

# Measuring our Success and Commitments

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

## Performance Snapshot

Focus Area	Performance Indicator	2013	2014	2015
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)	9.4 million	11.5 million	10.25 million
	Defaulted project loans (%)	0	0	0
Employee Empowerment	Total workforce	2,817	2,826	2,934
	Females in the workforce (%)	38	39	38
	Females in senior management (%)	14	15	17
	Total workforce turnover (%)	5.9	8.5	8.7
	Training opportunities provided	6,100	5,812	12,499
	Amount of support to teach employees' children in Jordanian universities (JOD)	88,490	101,402	90,928
Transparent Reporting	Dividend per share (JOD)	0.30	0.12	0.25
	Independent directors on the Board (%)	72.7	72.7	27.2
	Return on equity (%)	8.8	8.9	4.4
	GRI application level	A	'in-accordance' with GRI G4 Guidelines, comprehensive reporting option"	'in-accordance' with GRI G4 Guidelines, comprehensive reporting option"

Focus Area	Performance Indicator	2013	2014	2015
System Optimization	Total greenhouse gas (GHG) emissions (tons of CO2e)	16,638	16,303	16,414
	Total Greenhouse gas (GHG) emissions per employee (tons of CO2e/employee)	5.9	5.7	5.6
	Total electricity consumption (kWh)	20,061,921	19,671,084	19,959,710
	Total electricity consumption per employee (kWh/employee)	7,122	6,961	6,802
	Total water consumption per employee (m3/employee)	13.5	12.8	12.9
	Number of sustainability related products and services launched	1	1	1
Community Cooperation	Pre-tax profits invested in the community (%) <sup>4</sup>	2.8	2.7	3
	Number of volunteering hours for total initiatives	171	177	246
	Number of community initiatives	34	39	51
	Number of beneficiaries	30,000	85,000	88,000

## Progress against 2015 commitments

Material Aspect	Commitments	Progress	Details
Responsible Financing	Open new SME centers in the south of Jordan to support locals.	Achieved	Page 42
	Increase local community's awareness on financial education and inclusion	Achieved	Page 56
	Other Achievements: <ul style="list-style-type: none"> <li>• Offer green products for customers (page 55)</li> <li>• Support groups that are responsible for devising policies and strategies related to the renewable energy field through becoming a member in environmental organizations (page 51)</li> </ul>		
Employee Empowerment	Invest in employees skills and capacities through various training programs and engaging employees in the community	Achieved	Page 73
	Improve communication channels with employees to enhance satisfaction and transparency	Achieved	Page 69
	Other Achievements: <ul style="list-style-type: none"> <li>• A digital learning initiative was launched as part of our efforts to reduce total consumption of environmental resources (page 76)</li> </ul>		

Transparent Reporting	Launch a sustainability report for the year 2015 'in accordance' with the updated GRI G4 Guidelines, reporting using the 'comprehensive' option."	Achieved	Page 82
	Implement and adopt the new corporate governance code.	Achieved	Page 79
	Other Achievements: <ul style="list-style-type: none"> <li>e-training courses were delivered to our new hires to enhance internal awareness and fostering a proactive risk management approach (page 88)</li> </ul>		
System Optimization	Explore opportunities to adopt new initiatives related to energy saving.	Achieved	Page 96
	Automate internal systems to enhance efficiency and reduce costs.	Achieved	Page 91
	Increase stakeholders' awareness on sustainability, focusing on our suppliers and customers.	Achieved	Page 99
	Other Achievements: <ul style="list-style-type: none"> <li>Reduce total GHG emissions (page 93)</li> <li>Introduce digitalization and paperless environment operations (page 91-92)</li> </ul>		
Community Cooperation	Explore new opportunities to alleviate poverty and enhance the environmental situation in the Kingdom through collaborating with local NGOs.	Achieved	Page 120-126
	Utilize banking channels to increase donations made by our customers for the Together NGOs.	Achieved	Page 40-41
	Explore new opportunities to support entrepreneurs.	Achieved	Page 43-46
	Other Achievements: <ul style="list-style-type: none"> <li>Increase number of volunteering initiatives and engage more number of volunteers (page 117)</li> <li>Increase number of courses provided to NGOs' employees through our employees who are certified trainers (page 127)</li> </ul>		

## 2016 Commitments

Focus Area	Commitment
Responsible Financing	- Continue supporting initiatives that aim to support local community and protect the environment in Jordan.
Employee Empowerment	- Improve communication channels with employees to enhance satisfaction and transparency.
Transparent Reporting	- Implement and adopt the new corporate governance code
System Optimization	- Launch awareness flyers on responsible supply chain (including social and environmental criteria) for suppliers. - Install a new system for Planned Preventive Maintenance (PPM) within the Facility Management (FM) in the branches and the departments.
Community Cooperation	- Increase total number of volunteers and beneficiaries. - Increase total number of supported entrepreneurs.

**OUR IMPACT:**  
SUPPORTING OUR  
CUSTOMERS IN  
ACHIEVING  
THEIR  
AMBITIONS



# Supporting Our Customers in Achieving their Ambitions

The Bank's customers represent the core of our business so we ensure that we align our operations to meet their evolving needs and expectations through our wide banking services along with other non-banking activities.

Continuing to do so helps the Bank cater to the ever-growing ambitions of our customers, while bringing the benefits of financial services to all sectors of our society. Ultimately this enables the Bank to attract new customers and tap into new markets, in line with our mission of becoming the leading financial institution in the Arab world.

Our sustainability strategy's ultimate impact focuses on fulfilling customers' banking needs and supporting their socio-economic and environmental ambitions, as shown in the diagram below. Continuous development of our products and services, engaging with customers fairly, financial literacy, supporting SMEs and encouraging entrepreneurship are the main material aspects for supporting our customers' ambitions.



# Continual Development of our Products and Services

At Arab Bank, we offer a wide variety of products and services to meet the needs of different segments of society and the varying age groups of our individual and corporate customers. These are the main products and services that were launched during 2015.

## Corporate and Institutional Banking

Corporate and Institutional Banking (CIB) continued in 2015 to lead and consolidate its well-established business platform through expanding its client base and diversifying its banking solutions.

CIB's strength is reflected by consistent strong financial performance, demonstrating healthy and well-diversified revenue growth during the year. Such growth has continued to be in line with disciplined credit risk management, which has always been a core competency and cornerstone of Arab Bank's CIB.

The MENA region hosts large scale investment programs sponsored by government initiatives as well as private sector growth. This growth has also reflected in real opportunities for regional and local companies who have expanded their reach and potential.

As a result, CIB increased its activities across the region which lead to cross- border financing between Arab Bank and such companies relying on its unique ability to provide the platform necessary to conduct the clients business wherever they are located across the region. In parallel, CIB witnessed an increase in its commercial transactions received from its correspondent banking network throughout the Arab Bank country presence.

Arab Bank continues to offer tailored corporate electronic banking solutions presenting to its customers a comprehensive commercial banking platform through the cash management and trade finance electronic channels. The solutions provide the ability to efficiently manage the customers' banking transactions using state-of-the-art technology.

For more details on the CIB achievements, please review our 2015 Annual Report.

## Consumer Banking

At the Consumer Banking front and in line with the Bank's commitment to provide convenient digital banking channels and educate customers on their benefits and usage, Arab Bank launched a campaign in 2015 which entailed using various communication channels such as websites, social media and in-branch marketing through dedicated employees. The aim of the campaign was to raise customer awareness on how to use these channels to conduct banking transactions with comfort and ease. The campaign was launched in Jordan, Egypt and Palestine.

In terms of Debit cards services, the Bank continued working on providing smart cards with the highest levels of security. Magnetic cards were replaced with smart cards for all the customers in Jordan, UAE, Bahrain and Qatar and the same will be done for the remaining countries soon.

"ArabiNet", a new centralized ATM service was launched to offer Arab Bank customers preferential withdrawal fees and higher withdrawal limits when withdrawing from Arab Bank ATMs abroad. Customers will be able to take advantage of the Bank's vast regional ATM network across Jordan, Palestine, Lebanon, Egypt, UAE, Qatar, Bahrain, Yemen, and Morocco. This initiative comes as part of Arab Bank's constant efforts to provide efficient cross border services. "ArabiNet" is part of the new ATM system for which the Bank had established the infrastructure in order to provide new services in the future, including instant cross-border transfers within Arab Bank network, credit card PIN Change, eFAWATEERcom service in addition to other services. Furthermore, Arab Bank has also applied preferential fees on cash withdrawal transactions through its ATMs, providing a higher withdrawal limit for international cards thus eliminating fees caused by multiple withdrawals.

Consumer Banking has also developed the necessary infrastructure for a new contact center system that provides the best efficiency standards for conducting the contact center operations. The new system also introduces efficient tools including smart shift scheduling, voice of customer application as well as reinforced capabilities for automated outbound activities. As part of the business continuity plan, a second contact center location was established in Aqaba and is currently working in parallel with the current Amman center.

For more details about the CB achievements, please review our 2015 Annual Report.

## Treasury

Regarding Treasury, foreign exchange markets in 2015 were extremely volatile. The Bank however 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.

Through careful interest rate risk management and the prudent use of hedging techniques, the Bank was able to preserve net interest income and protect profit despite continued volatility in interest rates in 2015, with many interest rates at historical lows.

As for liquidity, a key pillar of the Bank's business strategy, Arab Bank maintained high levels of liquidity during 2015.

In 2015, Arab Bank took a great step forward in upgrading its Treasury and risk management systems. The Bank launched a new suite of state-of-the-art Treasury and risk management software in Jordan which will be deployed across the Arab Bank network in 2016 and 2017.

For more details about the Treasury achievements, please review our 2015 Annual Report.

## Excel in Customer Service

Providing excellent customer service is at the heart of our business model, which is why we strive to continuously improve efficiency across our operations, and aim to excel in satisfying our customers by actively monitoring a set of service standards that were created according to industry best practices. In 2015, the Bank conducted a range of service monitoring checks including the “voice of customer” exercise, where direct feedback from customers on all of our key products, services and processes was obtained. “Branch visits” is another exercise that enhances our understanding of our customers’ perspective on the quality of services provided. These initiatives help us to vastly improve retention, sales and business performance.

### Customer Endorsements from Arab Bank’s Social Media Pages:



**Ahmad Abu Quboh** @abuquboh · Oct 21

@ArabBankGroup You guys rock! Best customer service I've ever seen in the whole arab world!



**mhmouz** @mhmouz85 · Aug 26

thanks @ArabBankGroup for being so quick to solve all my problems! Great service from great people



**Omar Shubellat** @OmarShubellat · Jul 30

@ArabBankGroup Thank you so much!!! superb response time and got my issue solved finally, keep up the good work!



## Empowering Employees in Branches

The Bank believes that having empowered, motivated and professional employees who can meet our customers' financial and non-financial needs is key to achieving service excellence. Therefore, the Bank's Service Excellence team implemented a number of monitoring tools including "product health checks" and "did you know?" email campaigns to measure and boost the level of knowledge and awareness about specific products, services, campaigns, policies and procedures among frontline employees. The "camera monitor" exercise is another initiative that aims to remotely monitor branches' operations against certain service excellence policies and standards including customers' privacy, cash systems' security, clean desk policy and general employee behavior.

In addition, several training courses took place to contribute to the development of future company leaders, and pave the way for employee career growth and excellent service delivery to our customers. The training courses are:

### **Certified Branch Manager Program:**

A group of 21 branch managers completed their Branch Manager Certification Program during 2015, making all Jordan Branch Managers certified. The program comprised of 15 training courses and case study sessions covering aspects of banking, personal development and customer service, with the aim of ensuring that our front line is fully equipped with the technical and behavioral competencies needed to fulfill the job and serve our customers in the appropriate manner.

### **Customer Service and Selling Skills:**

Developing frontline leaders is a focal point that has been reinforced during 2015 via a tailored training course on Customer Relationship Management that was delivered to 70 members of the Customer Relationship Officer (CRO) team. Service Excellence and Selling Skills training modules were delivered during the course, aiming 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.

A group of 31 Branch and District Managers attended the same course, with the addition of a coaching module to ensure that branch managers have the appropriate skills to coach their staff on training course topics, and subsequently ensure that the skills and knowledge obtained during the program are continuously implemented.



## Advanced Telephone Sale Techniques for Arab Bank Call Center:

Call centers are one of the crucial touch points with our customers, so a group of 20 Arab Bank call center agents attended Advanced Telephone Skills training during 2015 to meet the aim of continuously ensuring that our customers are served in the most professional manner. The program covered areas related to the importance of good communication, planning a call, making a sale and service excellence.

## Service Excellence:

Internal training was held for a group of 95 employees over four sessions to ensure that our frontline new recruits are familiar with the Arab Bank service excellence standards. The service excellence training program covered main approaches and strategies of building a business based on improving and gaining outstanding levels of customer service and satisfaction.



## Customer Engagement and Fair Treatment

Clear and transparent engagement is an essential component of providing excellent services to our customers, maintaining their trust, loyalty and empowering them to make the right financial decisions. The Bank utilizes an array of touch points to engage with customers using targeted methods of communication that also act as listening tools. These tools are used to regularly update customers with important information and obtain feedback on the Bank's offerings to identify areas for improvement.

Engagement Channel	Engagement Method and Scope
Branches 	76 branches (including the Head Office) distributed across Jordan form the core of our direct day-to-day engagement with current and future customers.
ATMs 	150 ATMs deliver 24-hour services at accessible locations across Jordan.
SMS services 	Around 18.7million transactional and marketing alerts were sent to customers in 2015.
Phone Banking or Call Center 	+962 6 4600900 is the number of our 24-hours-a-day, 7-days-a- week and 365-days-a-year Contact Center, which handles more than 58,000 incoming and outgoing calls, and 4,600 secured and website e-mails monthly, in addition to social media posts. Our service-oriented agents provide our customers with full support 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 32% of the total customer base in Jordan compared to 29% in 2014, 43% of which are active users of this service.
Mobile Banking 	The Arabi Mobile application was launched in December 2013 to give customers the ability to conduct banking transactions via their smartphones 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 2015, 38% of the Arabi Online active users are Arabi Mobile users with a total of 28,700 active customers in Jordan.

Engagement Channel	Engagement Method and Scope
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 2015, the Bank's Jordan website received more than 65 million hits, with a total of over 900,000 distinct visitors, representing a 30% and 28% increase respectively compared to 2014.
Social Media 	Over 700,000 people follow the Bank through social media channels. Arab Bank uses these channels to: <ul style="list-style-type: none"> <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>• Highlight our CSR initiatives.</li> </ul>

## Transparency and Dealing with Customers Fairly

Arab Bank believes that fair treatment of customers is essential to the success of our business because it translates into enhanced customer loyalty and trust. A special policy was endorsed to ensure that transparent, ethical and fair treatment and engagement with customers is a core value of our operations. This policy requires us to design products and services to meet the needs of each identified customer group, and 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.

To ensure that this policy is embraced as a core value by our employees, a special e-training course was implemented targeting employees from the Human Resources, Consumer Banking, Small and Medium Enterprises and Compliance departments (see page 88).

## Social Media

Arab Bank utilizes its social media channels to engage with its stakeholders on all levels. This includes sharing important updates and news from the Bank with them, as well as providing them with helpful tips about maintaining information security, and how to make the most of the Bank's services. During 2015, several campaigns and posts were launched on our social media channels, which increased our overall social media reach. For instance, our corporate Facebook page witnessed a 110% increase in the total number of fans to reach over 295,000 fans, and 25,000 people followed us on Twitter representing a 4% increase compared to last year.

In addition, and as part of the Bank's ongoing efforts to reach out to young people, the Bank continued to actively engage with this segment through the specially designed Shabab Facebook page and Twitter account. Both channels witnessed a huge increase during the year to reach more than 390,000 fans on Facebook and over 1,600 followers on Twitter and a LinkedIn page with over 35,000 followers. Arab Bank also has a YouTube page that posts regular updates and videos to reach our audience online.



## Engaging Customers in Supporting the Local Community

As part of our sustainability strategy, the Bank enables customers to contribute to community development initiatives by utilizing our service channels to make donations to support the local community. The Bank also launched a couple of initiatives targeting the younger generation (children and youth) to improve their knowledge in science, education, culture and entrepreneurship. These initiatives will increase customer awareness of the local community's needs and their loyalty to the community, and therefore contribute to achieving sustainable development.

### Customers' Donation Channels

Together is a CSR program launched by Arab Bank, which aims to involve everyone and encourage them to be active members in the community. The Bank engages its customers by incorporating a donation mechanism through its service channels which enables them to donate to the Together program's partner NGOs in the fields of health, poverty alleviation, environmental protection and education/orphan support (see page 116). Donation channels include: Internet banking, phone banking, ATMs, branches and the Together Platinum Credit Card.

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 116). The Bank matches all donations and allocates 50% of credit card annual fees to support these organizations.



In 2015, customer donations reached JOD 155,574, which is a good indication of our customers' constant endorsement of our commitment to the community.

Donation Channel	Donations Received During 2013	Donations Received During 2014	Donations Received During 2015
 Internet Banking	113,065	142,976	135,052
 Phone Banking	1,563	508	586
 ATMs	13,534	11,693	13,772
 Together Platinum Credit Card	7,792	7,838	6,164
<b>Total (JOD)</b>	<b>135,954</b>	<b>163,015</b>	<b>155,574</b>

## SMEs Support

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

During 2015, 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 collaborated with the Jordan Loan Guarantee Corporation (JLGC), which currently supports SMEs through five loan guarantee programs, including: Express Loan, Business Loan, Car Business Loan, Exports Support Loan and Bonded Loan. These loan guarantee programs opened new prospects for SMEs, allowing them to obtain facilities from Arab Bank to expand and grow their businesses.

The Bank also continued its SME Bundles program, which entails three main bundles (Star Plus, Star and Upper Mass Bundles) in collaboration with the JLGC. These Bundles are designed to provide multiple products and value-added benefits to meet the varying business activities and operations of SMEs.

During 2015, the Bank maintained its collaboration with the Central Bank of Jordan to support SMEs through 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 the 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 was also the strategic sponsor in the “Small and Medium Enterprises: The Road to Economic Growth” forum. The forum was organized by the Union of Arab Banks, in cooperation with the Central Bank of Jordan, the Council of Arab Economic Unity, the Association of Banks in Jordan, and the Arab Union for Small Enterprises.

The forum highlighted the main challenges facing Arab banks and the role of SMEs in supporting economic and social development, in particular the aspect of financial inclusion and the role of the Arab banking sector, international financial institutions and risk guarantee institutions in supporting and financing these projects.

# Encourage Sustainable Development and Entrepreneurship

The Bank is committed to support youth to become productive members of their societies by fostering entrepreneurship and innovation in order to achieve a tangible and long-term solution to the increasing demand for jobs.

## Youth Empowerment and Employability Program in Al-Tafilah

In line with Arab Bank's sustainability and social responsibility commitment to support the youth of Jordan and be an engine of economic growth, the Bank collaborated with the Business Development Center (BDC)<sup>5</sup> and adopted the "Youth Empowerment and Employability Program In Al-Tafilah". The program focused on supporting initiatives directed toward advancing Jordan's economy, increasing employment opportunities, promoting entrepreneurship amongst youth to bridge gaps between recent graduates and the labor market, and linking youth with employers.

During 2015, several initiatives and programs took place aimed at building the capacities of youth and providing them with the necessary technical, life and entrepreneurship skills to prepare them to join the job market. The main programs implemented include:



5 - The Business Development Center is a non-profit organization, founded in 2004, that is dedicated to accelerating regional economic development by providing capacity building, advisory & follow up services, career enhancement and entrepreneurial development programs at all levels with a special emphasis on youth, entrepreneurs, women and SMEs.

**Maharat  
Youth Employability:**

This program was designed with the objective of bridging the gaps between recent graduates from universities and the labor market's needs by providing several courses and capacity building programs.

I want to start by saying a big thank you; thank you for the great experience we had with Maharat program. This training has truly changed my outlook on life and future opportunities; it played a significant role in building my capacity and allowing me to identify my weaknesses and strengths.

Aya Abdullah Sabayleh

**CSR  
Activities:**

This program was designed for Maharat students to volunteer at the Tafilah Center for Care and Development for children with special needs. Maharat students arranged a full entertaining day with a group of special needs children, where they learned the importance of volunteering and giving back to their communities and increased their sense of responsibility and belonging.

**Maharat  
Universities:**

Focusing on providing soft skills and life skills to develop universities students' capacities in preparation for the labor market, this program was implemented by utilizing the "Learning by Doing" technique and was conducted within an interactive business-like environment.

**Maharat  
Youth Entrepreneurship:**

As we aim to encourage youth to become job creators instead of job seekers, this program encouraged youth to become self-sufficient entrepreneurs through a customized capacity building program.

### **Maharat Job Fair:**

Targeting graduates from the Maharat program, and attended by a number of companies and institutions from the private and public sectors, Maharat Job Fair aimed at connecting youth with the main employers in the community and therefore, increase the employment rates.

### **Entrepreneurship Bootcamp:**

This one-day bootcamp for local students was facilitated by a number of entrepreneurs to discuss a range of entrepreneurial competencies highlighted by international research. It gave students the opportunity to learn, exchange knowledge and network through interactive circles and brainstorming sessions.

### **Mein Gheir (Who is Different):**

This mentorship event aimed to share the success stories of a number of local entrepreneurs to inspire young people, expand their knowledge and motivate them toward entrepreneurial behaviors.

### **Awareness Sessions:**

Believing in the important role that the family plays in the development of the young generation, local students attended several workshops along with their family members. The workshops focused on economic development, entrepreneurship, female participation in the workforce, the main challenges facing youth in the job market, and ways to overcome them.

Maharat was a wonderful experience. As a fresh graduate, I've noticed that there is a huge gap between what we've studied at the university and the skills demanded in the job market. I learned how to be an effective member within a team, and set SMART goals. The best thing about Maharat is that it was very different than any of our other lectures, by being very interactive and participatory rather than theoretical. So thank You Arab Bank for this wonderful opportunity.

Rakan Alrbihat

## Supporting and Fostering Entrepreneurship

As part of Arab Bank's constant contributions to the entrepreneurship's ecosystem, the Bank continued its direct support and engagement with several leading organizations in Jordan whose primary focus is on fostering entrepreneurs and startups.

### OASIS 500

Arab Bank is a seed investor and a board member in Oasis Venture 1, an investment vehicle for entrepreneurial projects in Jordan in the fields of Information and Communication Technology (ICT) and digital media.

Oasis 500 is a leading early stage and seed investment company, the first of its kind in Jordan and the MENA region. Their programs include entrepreneurship training, mentorship guidance, business incubation and acceleration, turning new business ideas into startups and helping existing entrepreneurs grow their companies with angel investor and mentor networks. It nurtures creative ideas in Information Technology (IT), Mobile and Digital Media, as well as in the Cultural and Creative Industries sector, transforming them into startup companies.

### Endeavor

In 2015, the Bank has joined Endeavor's board of directors, an NGO which works to catalyze long-term economic growth by selecting, mentoring, and accelerating the best high-impact entrepreneurs worldwide. It helps high-impact entrepreneurs unleash their potential by providing an unrivaled network of seasoned business leaders, who provide the key ingredients to entrepreneurial success: mentorship networks and strategic advice inspiration.

### INJAZ

Arab Bank has been a member of the Board of Trustees of INJAZ since 2009. It is an independent, nonprofit Jordanian organization that has established itself as a leading solution provider linking the public, private and civil society sectors to bridge the skills gap between the educational system and the changing needs of the labor market. INJAZ's portfolio of programs addresses the wide range of needs among young Jordanians, and complements the education and training provided by traditional educational institutions with programs to develop the vital soft and hard skills necessary to be competitive job candidates and entrepreneurs in the private sector.

## Supporting Local Women Employment

With the objective of supporting the efforts to create job opportunities in local communities, the bank procured its 2015 corporate gifts from local NGOs that support families from under-privileged communities. These NGOs provide job opportunities for local women through working in handicraft projects, ceramics and other gifts items, and aim to enhance their living standards and economic situation.

## Promoting Sustainable Economic and Social Development

### Supporting Economic Development Events

- Arab Bank was among the sponsors of the World Economic Forum in the Middle East. The Forum was held at the Dead Sea in partnership and cooperation with the King Abdulla II Fund for Development, under the slogan “Creating a regional Framework for prosperity and Peace through Public-Private Cooperation.” The Forum hosted a number of business leaders, politicians, and representatives of civil society and international and youth organizations, to discuss various issues, particularly the role of youth and employment.
- Arab Bank participated in the open financing day for the industrial sector, which was held under the patronage of the Central Bank of Jordan and organized by the Jordan Chamber of Industry. The open financing day, which was the first of its kind at the local level, aimed at providing a comprehensive and integrated set of banking products and services aimed at reinforcing the industrial sector in the kingdom.
- Arab Bank also sponsored the Jordanian Association of Certified Public Accountants; eleventh annual conference, under the title “Toward Globalization of Accounting and Auditing Professions”. Organized by the Jordanian Association of Certified Public Accountants, the conference was held in collaboration with the Arab Federation of Accountants and Auditors. The conference which was attended by a large number of participants who are specialized in this field, from Jordan as well as other Arab and foreign countries, highlighted the international standards of the accounting and auditing professions in the world.
- Arab Bank sponsored «Made in Jordan» festival, which is a national event that aims to provide a space to display local industries and products, along with providing opportunities for trade and exchange ideas.



## Supporting Youth and Social Development Events

Arab Bank additionally sponsored a number of initiatives and events that are of interest to the youth and children which include the Planetarium at Haya Cultural Center (HCC). The Planetarium, which accommodates up to 60 students, is used to show presentations about astronomy and space, as well as a variety of educational entertainment, through displaying still images and animated movies. As the Planetarium is an important and enjoyable educational tool, the Haya Cultural Center provides the opportunity for all interested students from all governorates to attend these presentations to expand their knowledge.

Arab Bank was the banking partner for the New Think Festival "Fikristan," an event organized by Al Jude Foundation in Jordan. The two-day event featured a series of indoor and outdoor sessions and lectures on various topics including entrepreneurship, education, social media, environment, health, and volunteering. The event casually hosted more than 16,000 people at the Cultural Village in King Hussein Park, and segments took place in a variety of formats by speakers and performers of different backgrounds and talents, covering interesting topics and experiences.

Other initiatives included sponsoring the Jordan Games Week, Harlem Wizard's basketball entertainment, in addition to sponsoring a range of artistic and musical events as part of the Bank's support of cultural and touristic activities.



# RESPONSIBLE FINANCING



# Responsible Financing

Arab Bank's prudent risk management approach represents a strong foundation for maintaining customers' trust and business continuity, while ensuring compliance with regulatory requirements and industry standards regarding the financing of businesses, projects and individuals. Based on this foundation, the Bank's sustainability advantage comes from the adoption of responsible financing practices that meet our stakeholders' and business needs in terms of: responsible lending, the integration of ESG aspects into lending criteria and proactive risk management operations.



## Integrate ESG Aspects into Lending Criteria

As a result of Arab Bank's commitment to 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, 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 standards stated by the Equator Principles<sup>6</sup>. All projects financed by the Bank should be assessed based on these standards, and should provide special Environmental Impact Assessment studies. 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 by sharing our sustainability report with clients and participating in local and regional events and meetings related to sustainable finance and sustainable development.

## Membership in Green Organizations

As part of Arab Bank's initiatives to adopt responsible financing criteria, and to support groups that are responsible for devising policies and strategies related to the renewable energy field, the Bank became a member of EDAMA<sup>7</sup> (an Arabic word meaning "sustainability") organization. EDAMA is a Jordanian Business Association that seeks innovative solutions for energy and water independence and productivity to make a positive impact on the environment. As a member, the Bank supports Jordan's progress toward a green economy by creating a vibrant new economic sector of energy businesses; driving applied research, developing and commercializing Jordanian technologies; building public awareness; and advocating for policies that will make Jordan a model of energy efficiency, water conservation, and environmental stewardship.

6 - 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.

7 EDAMA Association is the first of its kind in Jordan, providing a platform for a large number of public, private and NGO sector representatives to discuss the future development of the EWE sector in Jordan with particular emphasis on renewable energy.

## Support Green Infrastructure Projects

Supporting environmentally friendly and renewable energy infrastructure projects is one of the main strategic goals of our sustainability strategy. During 2015, the total amount of distributed loans and facilities provided for these projects reached approximately JOD 10.25 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 standards and requirements that are more conservative and often stricter than local regulations.

During 2015, the Bank closely pursued several opportunities 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 Group, together with other financiers, continued to fund the construction of six solar photovoltaic plants during 2015. These projects are part of 12 solar projects selected by the Ministry of Energy and Mineral Resources for the first round of renewable energy projects in the Kingdom, which will help meet the growing demand for electricity in a cost-effective and environmentally friendly way. Moreover, Arab Bank Jordan is providing "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. Together, 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 south central 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 LLC (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)

The Bank's Project Finance department is also closely pursuing funding opportunities with the four successful bidders that were selected by the Ministry of Energy and Mineral Resources for second round renewable energy projects in the Kingdom. These renewable energy plants will have a total generation capacity of 200MW to be split equally amongst the four successful bidders (50MW each).

## Supporting Wind Power Projects

During 2015, Arab Bank Group provided financing for the Jordan Wind Project Company (JWPC), and Arab Bank in Jordan acted as the Onshore Account Bank and Onshore Security Agent as part of the agreement that was initiated with the company in 2014.

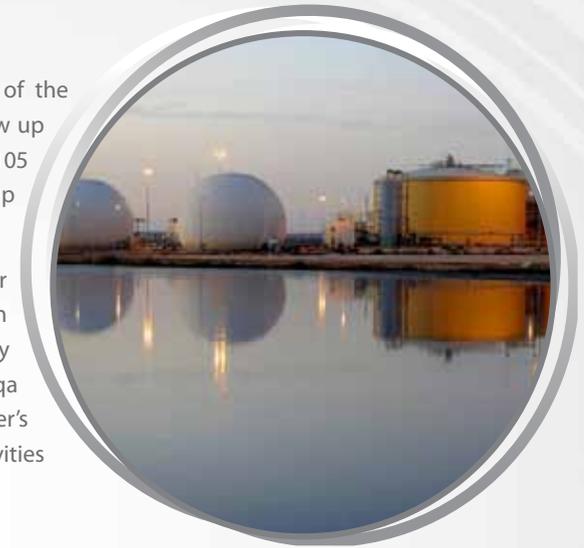
The JWPC is developing a 117 MW Greenfield wind farm, Independent Power Producer (IPP) in Tafilah, the first utility-scale renewable-energy project in Jordan. The JWPC started delivering power in 2015 and produced approximately 400 GWh of electricity annually with an associated 235,000 tons annual reduction in CO2 emissions. The IPP in Tafilah is the first wind power project to be developed under Jordan's Renewable and Energy Efficiency Law, which was passed in 2012. The Government of Jordan's energy strategy aims to generate 7% of the Kingdom's energy from renewable energy sources by 2015, rising to 10% by 2020. When the Tafilah project is fully developed, it will account for nearly 10% of Jordan's 2020 renewable energy target.



## As-Samra Wastewater Treatment Plant

Stemming from Arab Bank's ongoing efforts in leading and arranging the financing of the expansion project at As-Samra Wastewater Treatment Plant, the Bank continued to follow up and monitor the expansion process during 2015. Financing was made through a JOD 105 million local syndicated loan, constituting 47% of the total project cost, with a tenure 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) to treat growing volumes of wastewater from Amman and Zarqa governorates. As the Project has been completed this year and already begun to operate, the plant boosts 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.



## Offer Green Products

To encourage our customers to adopt environmentally friendly practices as part of their lifestyle, the Bank relaunched the Green Package campaign that was first launched in 2014. Green Package offers new products and services that include:

- **Support environmentally friendly products:** Through our Easy Payment Plan (EPP) for credit cards, customers can purchase renewable energy equipment and environmentally friendly products with a repayment period up to 12 months with 0% interest rate when using a credit card in selected outlets, and repayment period of 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 to 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. The percentage of subscribers to eStatement service reached 52% compared to 26% in 2014.
- **Support for local environmental NGOs:** The Bank continues to support local NGOs that aim to improve the environmental situation in Jordan by managing local natural reserves and biodiversity. More details are outlined on page 123.



## Responsible Lending

Arab Bank continues to adopt a responsible lending approach to ensure that credit provided to individuals doesn't place a burden on customers in the future. This is achieved by providing customers with the necessary information to help them make the right decision when it comes to their borrowing needs, as well as by implementing the relevant credit approval policies. The policy, which was updated in 2013 and renewed in 2014, considers the customers' ability to repay in a manner that reduces risk to the individual and the Bank. It also focuses 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 38, 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.



## Financial Literacy

Studies show that 57% of adult citizens in the Middle East and North Africa (Arab countries) equivalent to 180 million Arab citizens have no access to formal financial services or do not have bank accounts or credit accounts<sup>8</sup>.

This comes from the lack of understanding of the role, requirements and benefits of banking and financial services, which subsequently could lead to future economic problems, and slow or even threaten the development and stability of the economy.

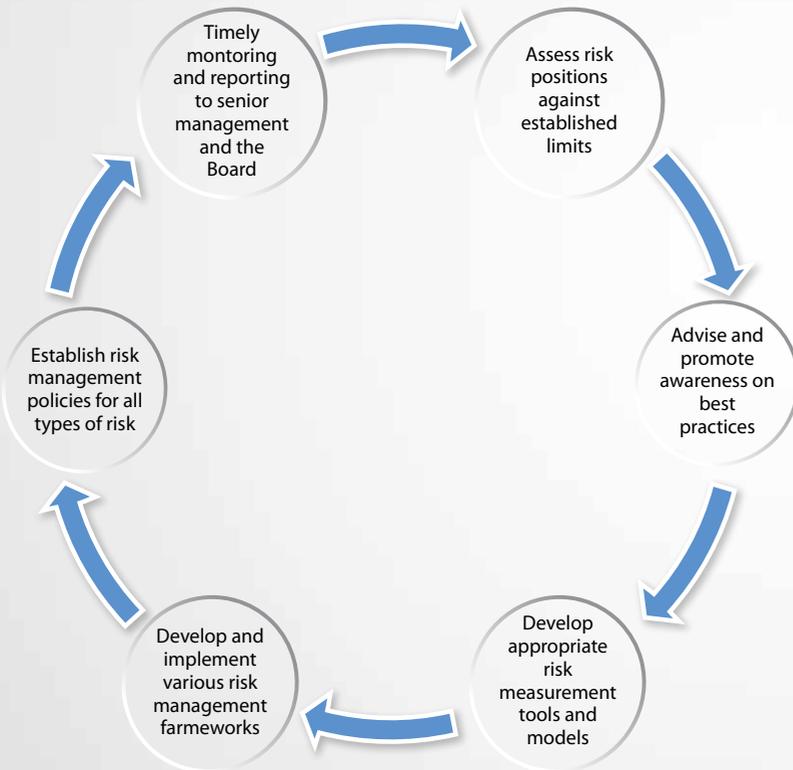
The current financial situation has highlighted, among other things, the need to develop a special financial literacy program so that individuals and institutions can understand and manage their money appropriately. As a result of this, along with the strong belief in the importance of supporting education and youth, the Bank has participated in the national financial educational program initiated by the Central Bank of Jordan to increase financial literacy among school students and teach them how to develop smart saving habits and make sound financial decisions. The Bank also supported this initiative through Abdul Hameed Shoman Foundation (AHSF) (see page 108). This makes Jordan one of the first countries in the Arab world to advance a comprehensive national financial literacy strategy.

A special financial literacy curriculum was mainstreamed for 7th grade students during 2015 and aims to reach 11th grade in 2021. This initiative entails engaging all operating Banks in Jordan by providing financial support.

8 - Source: <http://www.jordantimes.com/opinion/adli-kandah/national-strategy-financial-inclusion#sthash.XD4CVpZh.dpuf>

# Proactive Risk Management Operations

As part of the Bank's risk governance structure, the Group Risk Management Division (GRM) is responsible for ensuring that the Bank has a robust system for identifying and managing all types of risks that the Bank is exposed to. The diagram below illustrates their mandates, which are implemented through seven main departments.



Arab Bank participated in the Prudential Regulatory Procedures and Sound Practices in Risk Management Forum organized by the Union of Arab Banks, in collaboration with the Central Bank of Jordan, the Association of Banks in Jordan and the International Union for Arab Bankers alongside banking experts from various Arab countries. The Forum highlighted key challenges that banks are currently facing in the region, as well as the precautionary regulatory procedures and policies required to implement best practices in the arena of risk management according to the new Basel recommendations aiming at improving the regional banking industry's ability to address the identified challenges.

Arab Bank has a constant focus on implementing proactive risk management procedures to mitigate and minimize the Bank's various risks. Below are some of the major proactive measures that took place during 2015:

Department	Description
Market and Liquidity Risk Management Department	<p>The Market and Liquidity Risk Management department is responsible for establishing a comprehensive market and liquidity risk policy framework. This encompasses 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.</p> <p>Main initiatives implemented during 2015 were:</p> <ul style="list-style-type: none"> <li>• Implementation of Value at Risk (VaR) System for the Arab Bank in Jordan, which is a risk measurement tool used to quantify the level of risk of an investment portfolio over a specific time frame.</li> <li>• Implementation of Asset and Liability Management (ALM), Liquidity, and Basel III system for the Bank in Jordan.</li> <li>• Set a quantitative methodology to assess customer deposit stickiness, and set customized run-off ratios at the local level.</li> <li>• Continued to analyze new regulatory requirements in relation to Basel III.</li> </ul>
Business Risk Review Department	<p>The Business Risk Review department conducts comprehensive individual, portfolio and business risk reviews to ensure that the Bank's various portfolios are aligned to their economic perspective and business strategy, and recommend corrective action(s) where necessary. This includes assessment of the quality of the loan portfolio, lending policies and the capabilities of the credit staff.</p>
Corporate Credit Risk Management Department	<p>Main initiatives implemented during 2015 were:</p> <ul style="list-style-type: none"> <li>• Issued centralized reports on credit risk, reviewed the Bank's policy and the internal risk rating systems, which are designed to improve 'probability of default' measurements and lead to the implementation of the Bank's risk-adjusted return-on-capital model.</li> <li>• Ensured implementation of credit related Basel II and III and regulatory requirements and any amendments thereof.</li> <li>• Set up and monitored Credit Risk Limits at the group level.</li> <li>• Conducted the Internal Capital Adequacy Assessment Process and stress testing on group/country level where required.</li> </ul>
Information Security Department	<ul style="list-style-type: none"> <li>• Arab Bank obtained 2015 PCI DSS<sup>9</sup> Certification and will continue to maintain it for Jordan along with expanding these controls to other countries where the Bank operates.</li> <li>• From an ISO/ISMS perspective Arab Bank is working to ensure compliance with all central bank regulations and alignment with best practices (i.e. ISO/ISMS, ITIL &amp; COBIT) as applicable to the Bank's business module.</li> <li>• ISD is currently working to integrate risk culture with Bank customers and staff to support global business growth and digitalization.</li> </ul>

9 - The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information. The PCI DSS was created jointly in 2004 by four major credit-card companies: Visa, MasterCard, Discover and American Express.

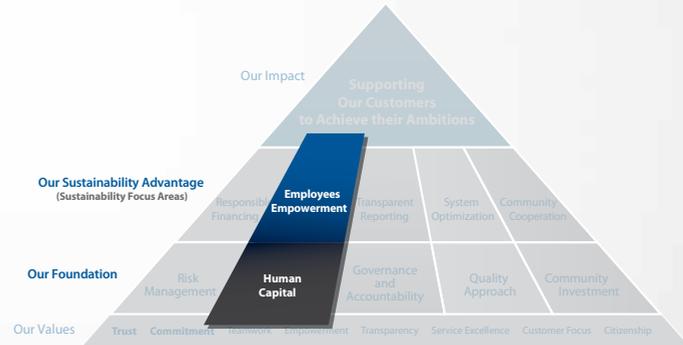
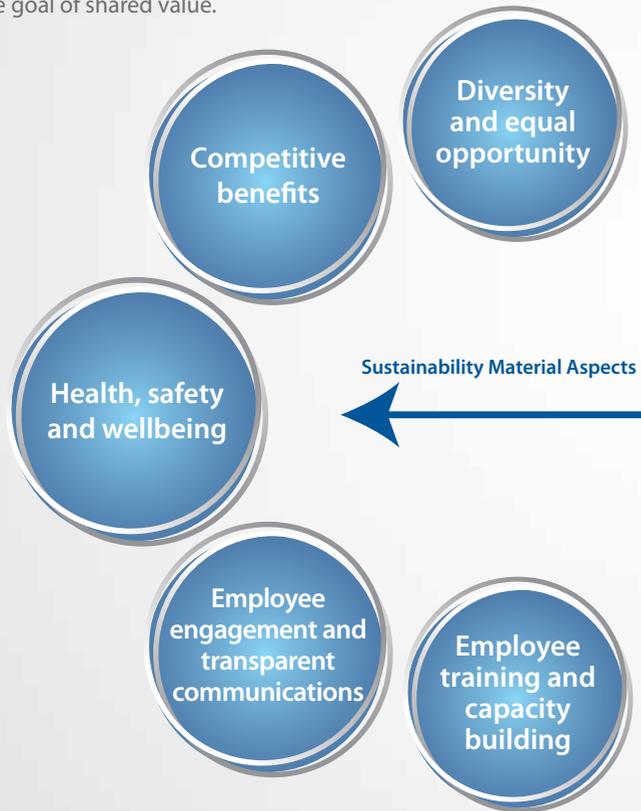
Business Continuity Management	<p>The Business Continuity Management department (BCMD) is responsible for ensuring proper planning to manage the continuation of critical business operations during and after disruptive events and/or crises in all countries where Arab Bank PLC operates.</p> <p>Main initiatives implemented during 2015 were:</p> <ul style="list-style-type: none"> <li>• Enhanced the Business Continuity Management (BCM) program at AB Countries and Subsidiaries (new subsidiaries included with this enhancement e.g. ANL Co., AB Invest Co., and ASB).</li> <li>• Completed the Business Alternate Site (BAS) implementation and/or relocation phase in AB countries and subsidiaries e.g. Arab Sudanese Bank, AB-Invest Co., Arab National Leasing Co and Qatar.</li> <li>• Established global services BCM strategy.</li> <li>• Completed the Disaster Recovery Site (DRS) project implementation phase in some Arab Bank countries.</li> <li>• Tested the Business Continuity Plan for certain units and branches in Jordan through direct connection between the Business Alternate Site (BAS) and Disaster Recovery Site (DRS).</li> <li>• Continued development of Business Continuity awareness and culture throughout the Bank.</li> <li>• BCMD is currently working to align the business continuity framework with international standards and best practices.</li> </ul>
Retail Credit Risk Management Department	<ul style="list-style-type: none"> <li>• Ensured retail credit risks taken were commensurate with the associated returns and within the Bank's overall risk appetite.</li> <li>• Ensured that risk was proactively managed through credit policies and early warning reporting.</li> <li>• Portfolio management to ensure sound retail credit portfolio.</li> <li>• Compliance with Basel II.</li> </ul>
Operations Risk	<ul style="list-style-type: none"> <li>• Enhanced the risk culture among staff.</li> <li>• Created the awareness needed for all employees to proactively manage and mitigate operational risk.</li> <li>• Set the parameters associated with controls on transactional levels to reach the comfort zone that has been set by the BoD.</li> </ul>

# EMPLOYEE EMPOWERMENT



# Employee Empowerment

The Bank has a strong foundation of human capital, which drives its success through proper engagement with customers, shareholders, the community and other stakeholders. Our sustainability strategy prioritizes empowering our employees by providing competitive benefits and equal opportunities for our diverse employees, engagement and transparent communications, and skills development and capacity building. These material aspects are integrated into our sustainability strategy, reflect on the Bank's culture, and advance our customers' services, thus achieving the goal of shared value.

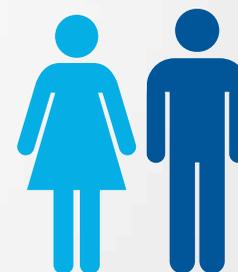


## Diversity and Equal Opportunities

For over 85 years, Arab Bank has built a diverse and loyal workforce that is committed to our vision of serving our customers' needs. We encourage the success of our employees by providing them with equal opportunities, competitive benefit packages and a safe and nurturing work environment. In 2015, the Bank's total workforce reached 2,934 in Jordan, representing 44.9% of Arab Bank PLC's total employees.

The Bank favors local talent, with 99.4% of the entire workforce in Jordan being Jordanian nationals. Also, 68.6% of our senior management<sup>10</sup> team and 100% of our branch and district managers are Jordanians. This reflects the Bank's strong commitment to invest in and develop national talent.

Region	Female	Male	Total
Ajloun	3	3	6
Amman	1,033	1,710	2,743
Aqaba	12	6	18
Balqa'a	9	18	27
Jerash	1	4	5
Karak	6	3	9
Ma'an	3	6	9
Madaba	3	5	8
Mafraq	3	5	8
Tafleeh	4	3	7
Zerqa	27	29	56
Irbid	17	21	38
<b>Total</b>	<b>1,121</b>	<b>1,813</b>	<b>2,934</b>



<sup>10</sup> - Senior management refers to Senior Vice President (SVP) positions and above.

## Equal Opportunities

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

Age Group	Total Workforce by Age and Gender			Number of New Hires by Age and Gender		
	Male	Female	Total	Male	Female	Total
18-30	598	503	1,101	212	151	363
31-40	664	443	1,107	59	14	73
41-50	411	152	563	12	2	14
51-60	137	23	160	4	0	4
Above 60	3	0	3	0	0	0

2015			
Workforce By Employee Level	Male	Female	Total
Total Workforce	1,813	1,121	2,934
Number of Senior Level Employees	29	6	35
Number of Middle Management Employees	607	276	883
Number of Non-Management Employees	903	839	1,742
Number of Non-Clerical Employees	274	0	274

## Supporting Females in the Workplace

Arab Bank aims to foster a culture that is supportive of females in the workplace. In 2015, females comprised 38.2% of our employees in Jordan, compared to around 37% in all of Arab Bank PLC. The ratio of the basic salary for men to women per employee category remained at 1:1 during 2015, 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 31.3% of middle management and 17% of senior management teams being female<sup>11</sup>.

Women in the Workforce	2013	2014	2015
Women in the Workforce (%)	38	39	38
Women in Senior Management (%)	14	15	17
Women in Middle Management (%)	30	31	31

In line with local laws offering maternity leave for female employees, 102 female employees took maternity leave in 2015, and the results were as follows:

**80** returned  
to work  
after leave  
completion

**1** left  
employment for  
family reasons

**21** are still  
on leave as it  
expires  
during 2016

<sup>11</sup> - The total number of supervised employees is 2,803; 38.7% of which are female. The total number of Senior Management is 23 employees; 8.7% of which are female

## Encouraging Female Employment in the Banking Sector

With a special invitation from the Governor of the Central Bank of Bahrain, the Bank's Deputy CEO, Ms. Randa Sadik, participated as a keynote speaker at the "Women's Conference in the Financial and Banking Sector ... Leading Change," which was held in Bahrain on November 30, 2015. The conference focused on studying women who succeeded in assuming leadership positions in addition to sharing success stories and challenges facing career women in the financial sector. The aim was to encourage females and open up further opportunities for them to work in the banking and financial sector.



## Employees with Physical Disabilities

Our sustainability strategy includes a review of our accessibility strategy to support the employability and integration of those who are physically less able. 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 to be accessible for employees and customers with physical disabilities. In 2015, the total number of employees with physical disabilities was 53 compared to 44 the previous year, so it was even more of a priority to establish special ramps and parking areas in branches to facilitate accessibility for disabled people.

## 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 upper quartile of the market in the Jordanian banking industry for 2015. Salary packages are commensurate with know-how, experience and skills.

Salaries are determined independently of gender, as pay scales are based on market studies conducted by renowned consultancy companies on a regular basis. The Bank also discretionally grants its employees annual increases, cost of living and performance bonuses to reward performance, and adjust salaries with cost of living in each local market.

With 100% of employees working on a full-time basis, the Bank continually introduces additional benefits including, but not limited to, upgrading health insurance coverage, maternity coverage, life insurance, educational loans, and loans for employees with preferential interest rates. In 2013, the Bank commenced provision of financial compensation for female employees who have children under four years old, and continued its support during 2014 and 2015, with the objective of helping them to secure proper childcare while they are at work during the day. The total number of female employees who were granted the relevant amount reached 370 in 2015. The Bank also continues to provide scholarships to educate employees' children at Jordanian universities, where the total amount of support reached JOD 90,928 in 2015. This amount enabled 82 employees to benefit from the program, resulting in the enrolment of 98 students into universities during the year.

## Health, Safety and Wellbeing

Arab Bank is committed to providing a work environment that is safe, secure and productive, and where all employees are treated fairly and with respect, upholding the highest standards of integrity and trust, with the 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, focuses on advancing health and safety systems and plans and ensures proper tracking of the Bank's performance on a wide range of health and safety indicators.

In 2015, the committee handled 36 cases, which were classified into four main categories: complaints, procedures, work incidents and initiatives. There were eight work-related incidents that were resolved promptly by the committee, and none resulted in serious injury. All these incidents were documented to highlight actions taken, incident status and follow-up plans. To ensure that all new employees are aware of vital health and safety aspects, a total of six courses were conducted with the participation of 110 new employees, which comes as part of the Induction training program for new joiners. Moreover, two awareness sessions were held for a total of 26 wardens, highlighting different health and safety subjects including Distress Events Response and Handling, Fire Fighting, First Aid, CPR (Cardiopulmonary Resuscitation) and Evacuation. Furthermore, 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 keep up-to-date with the best possible evacuation and emergency management procedures.

Arab Bank also encourages employees to maintain a balanced and healthy lifestyle. The Bank was the golden sponsor for the Amman International Marathon for the seventh consecutive year in 2015, and encouraged its employees, their families and friends to participate in this event and in the Dead Sea Marathon (see page 120 for more details). In addition, an early detection examination took place for 87 female employees this year, as part of our plan to raise their awareness on breast cancer and how it can be treated.

## 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 2015, the total turnover rate reached 8.7%, and the number of new employees hired during 2015 was 454, representing around 16% of the total workforce

Turnover Rate	2013	2014	2015
<b>Total Workforce Turnover (%)</b>	<b>5.9</b>	<b>8.5</b>	<b>8.7</b>
<b>Total Workforce Turnover by Employee Level (%)<sup>12</sup></b>			
Turnover in Senior Management	4.9	9.7	0.1
Turnover in Middle Management	4.8	8.3	2.2
Turnover in Non-management Clerical Positions	7.2	9.6	6.3
Turnover in Non-clerical Positions	1.8	2.2	0.1
<b>Total Workforce Turnover by Gender (%)</b>			
Turnover in Female Employees	2.2	2.6	3.5
Turnover in Male Employees	3.7	5.9	5.2
<b>Total Workforce Turnover by Age (%)</b>			
18-30	3.8	4.8	5.3
31-40	1.5	2.9	2.8
41-50	0.5	0.7	0.5
51-60	0.1	0.1	0.1

<sup>12</sup> - Gap in turnover percentage when comparing the year 2015 with previous years is due to changing the calculation parameter: this year it was calculated on the basis of overall headcount average instead of headcount of each employee level separately.

# Transparent Communication Channels

**Annual Performance Reviews:** 100% of Arab Bank employees have a career development plan, and receive annual performance reviews 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 enables the Bank to provide appropriate and targeted training opportunities.

**Internal Newsletter (In the Circle):** Since 2010, Arab Bank has been publishing 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. The Arabina home page features special banners that include photos of volunteers from the Bank's CSR program, Together. This increases visibility of volunteering initiatives and links to volunteering activity announcements and other information. Statistics showed that 99.6% of employees in Jordan visited Arabina more than 12 times a month to check topics including Bank news, circulars, special offers, policy center and the HR Management System (HRMS). Around 62% of employees visited the Sustainability tab during 2015, compared to 25% last year, which shows the increasing awareness of our employees and their interest to learn more about the Bank's sustainability strategy, reporting and Together program (see page 116).



**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 provide employees with insights on what they have achieved and what to expect in the near future from each department, helping them spur creativity and apply successful campaigns within their respective countries.

**Employees in the Community:** At Arab Bank, we believe that engaging our employees in the community through volunteering initiatives has a great positive impact by increasing employee loyalty, motivation and productivity. In 2015, the total number of volunteers increased by 19% to reach 360 employees who participated in 51 volunteering activities (see page 117). Our voluntary activities are a strategic component of the Together program, which is an integrated CSR platform that addresses four key environmental and social development areas. Further information on the Together program and how our employees contribute to it can be found on pages 116-126.



## 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 2015, 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. All three complaints were addressed and resolved successfully with employees during the reporting period.

## Employee 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 12,499 employees (9,414 males and 3,085 females) attended 1,295 training courses in 2015, with the total training hours for all employees reaching 67,425 (46,494 hours completed by males and 20,931 hours completed by females).

### Distribution by Gender

Talent and Ruwad					
Courses	Trainees	Males	Hours	Females	Hours
24	237	194	2,694	43	680

In- House Training					
Courses	Trainees	Males	Hours	Females	Hours
260	4,679	3,340	19,388	1,339	7,043

E-learning					
Courses	Trainees	Males	Hours	Females	Hours
816	6,844	5,269	395	1,575	169

Certifications					
Courses	Trainees	Males	Hours	Females	Hours
58	200	170	8,269	30	6,635

External Courses and Conferences					
Courses	Trainees	Males	Hours	Females	Hours
137	539	441	15,748	98	6,404

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. Career path development plans are also ensured through several methods including talent management, succession planning and bridging competency gaps. This helps to identify the training courses that are most needed according to employees' needs and performance.

## Distribution by Managerial Level

Level	Trainees	Males	Hours	Females	Hours
Sr. Management (EVP/SVP)	110	108	310	2	32
Middle Management (Asst. Manager – VP)	2,551	1,842	15,414	709	2,829
Non-Management (Associate – Sr. Officer)	9,836	7,462	30,766	2,374	18,070

## Induction Training

Induction training is provided to new employees 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. During 2015, 88 employees attended induction training, which was conducted five times during the year.

## Internship Program

The Bank hosted 209 students in several branches and Head Office in 2015 through the internship program, with the objective of investing in local youth learning and development. The program was streamlined to provide them with a comprehensive and interactive learning experience to provide new skills and competencies that are needed to succeed in any career, especially in the banking sector.

## Certified Branch Manager

The Certified Branch Manager program was first initiated in 2011 with the aim of equipping branch managers with the necessary technical and behavioral competencies to serve our customers and lead branch teams. The CBM program that ran during 2015 was kicked off with team building activities, followed by 15<sup>13</sup> training courses and case study sessions that covered aspects of banking as well as personal development courses.

Following the learning curriculum, the branch managers presented their ideas on enhancing service in their branches to a committee comprising of the management of Consumer Banking and Human Resources. They also received coaching to strengthen implementation of their learned knowledge and skills.

## E-Learning

As part of Arab Bank's efforts to reduce its total consumption of environmental resources (see pages 94-97), a digital learning initiative was launched in October 2015 in partnership with Fitch Learning, a leading provider of learning solutions for the banking sector. The solution was developed to address the development needs of our staff in a more responsive and efficient manner, where employees can log in using their smartphones, tablets or computers in a way that best fits their work schedules and lifestyle.

The platform offers a flexible and convenient learning solution to meet employees' needs in line with their organizational goals, and assists in bridging competency gaps in existing jobs as well as developing competencies for future roles. The solution contains a wide array of banking and personal development modules.



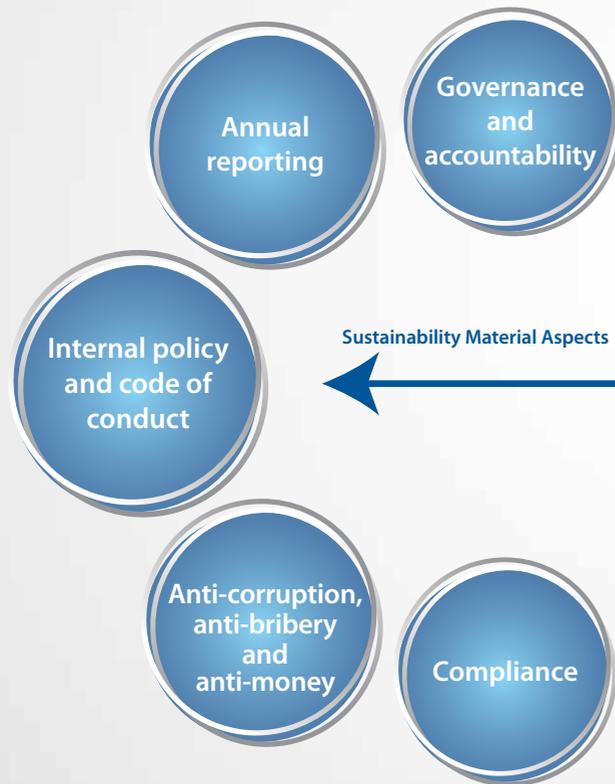
13 - 21 Branch Managers attended the CBM Program (13 Males + 8 Females)

# TRANSPARENT **REPORTING**



# Transparent Reporting

Arab Bank's strong corporate governance system enables the Bank to adopt proper management strategies for its operations and to integrate ethical, accountable and transparent values into its daily operations at all levels. Building on this solid foundation in good governance practices, transparent reporting is integrated as a main sustainability focus area, and the Bank regularly reports its economic, environmental and social performance transparently, enabling it to engage with internal and external stakeholders, and strengthen trust, loyalty and accountability.



## Governance and Accountability

Arab Bank attaches considerable importance to sound corporate governance practices and the Board is committed to implementing the highest professional standards in all the Bank's activities. In this regard, the Bank has amended its Corporate Governance Code in compliance with the instructions of the Central Bank of Jordan and in alignment with its requirements and policies. The updated version of the code, which was approved by the Board of Directors, has been posted on the Bank's website to be visible for the public. The Bank discloses its compliance with the Corporate Governance Code in its Annual Report and also observes the requirements of the relevant regulatory authorities in Jordan and in the other countries in which it operates.

### Board of Directors

The Board of Directors is the highest governance body responsible for sound implementation of corporate governance. The Board's roles and responsibilities include setting the Bank's strategic objectives and instructing the executive management to set a strategy for achieving those objectives.

It ensures that interests of shareholders, depositors, creditors, employees and other stakeholders are met, 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 six meetings in 2015, is comprised of eleven members, three of whom are independent. All members are non-executive and include one female board member. The members of the Board of Directors, all of whom are 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 2015 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 Code for Banks issued by the Central Bank of Jordan. Overall board performance is assessed on an annual basis, and individual board

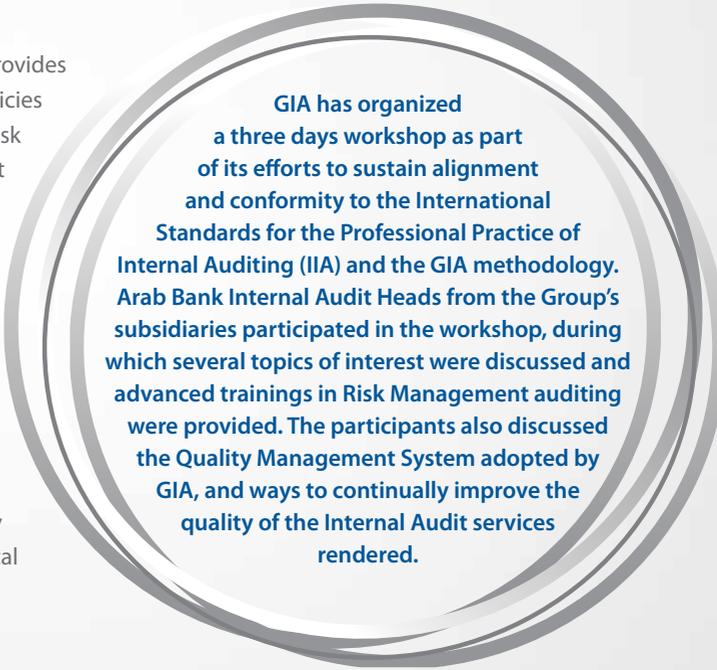
members can be nominated for additional terms. All directors receive remuneration for their service with the amount agreed upon collectively by the board to a maximum of JOD 5,000 annually, as stipulated in the Companies Law (No. 22, 1997). This sum is not linked to the Bank's performance or revenue.

As a pioneer in best practices of Corporate Governance in the Middle East, Arab Bank established the Audit Committee in early 1996 followed by the Corporate Governance Board Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Management Committee and Strategy Committee were formed in 2007. All details related to the committees' tasks, members, competencies and stakeholder representation are outlined in our 2015 Annual Report which is published on our corporate website "www.arabbank.com".

## Auditing Operations

The Group Internal Audit (GIA) 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 risks. Toward that end, the GIA reports audit outcomes in an objective and timely manner during regular meetings held with the Board Audit Committee. The GIA also presents dashboards that illustrate the audit observations and their respective criticalities, thus focusing on critical concerns. Action plans established to address concerns are tracked regularly, and updates about their progress status are also reported to the Board Audit Committee along with a trend and aging analysis that describes their standing.

GIA has also adopted measures to assess the effectiveness of implementing environmental and social issues. A new risk category labeled as "Sustainability Risk" has been added to the types of risks captured to ensure that environmental and social aspects are integrated into our internal auditing operations.



**GIA has organized a three days workshop as part of its efforts to sustain alignment and conformity to the International Standards for the Professional Practice of Internal Auditing (IIA) and the GIA methodology. Arab Bank Internal Audit Heads from the Group's subsidiaries participated in the workshop, during which several topics of interest were discussed and advanced trainings in Risk Management auditing were provided. The participants also discussed the Quality Management System adopted by GIA, and ways to continually improve the quality of the Internal Audit services rendered.**

## 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, includes the heads of HR Division and the Legal Affairs division, and reports directly to the Bank's CEO.

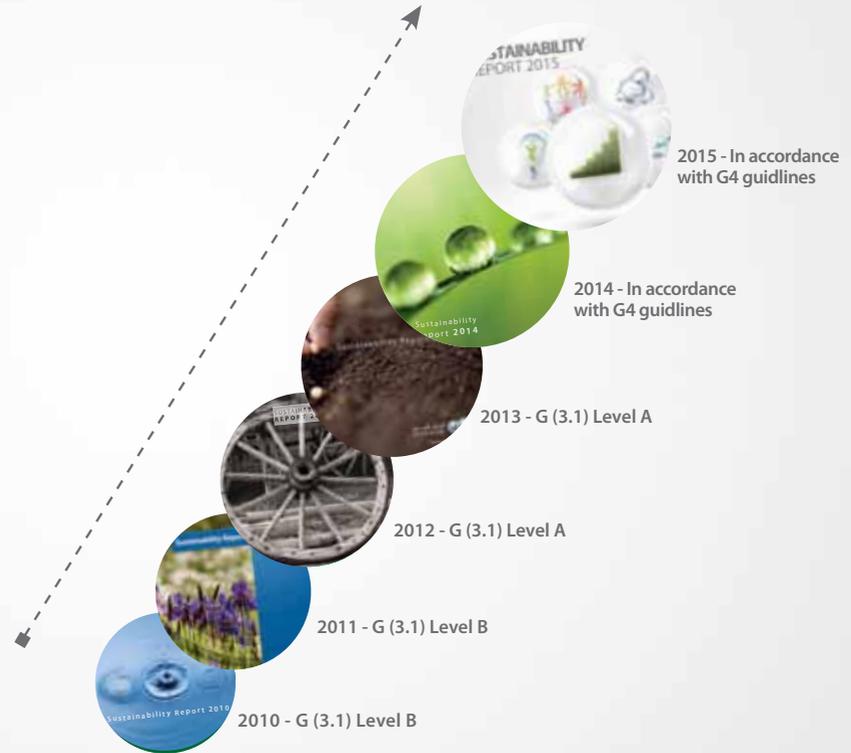
# Annual Reporting

At Arab Bank, we aim to provide comprehensive and transparent communication on governance and accountable operations, along with the Bank's response to its varying stakeholders' needs. In addition to reporting our financial performance, the Bank is committed to disclose its non-financial performance through annual sustainability reporting to increase awareness on sustainability issues.

## Sustainability Reporting

The Bank has been committed to launching annual sustainability reports since 2011, based on the Global Reporting Initiative (GRI) guidelines, which are the most widely recognized and used guidelines for sustainability reporting globally. These reports aim to highlight the main challenges, achievements and updates made on the social, environmental and economic aspects that are outlined in our sustainability strategy.

The diagram below shows the Bank's progress in widening the scope of disclosure and transparency in each sustainability report since the establishment of our sustainability strategy in 2010. For the second consecutive year, 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' and community needs. Appendix F of this report outlines the GRI indicators covered in this report. With these reports, Arab Bank is considered to be the first Bank in Jordan, and among the few banks in the region to release such reports based on the updated GRI guidelines (G4).



To ensure accountable reporting operations, the Bank's CEO reviews and approves the Bank's sustainability reports before launching them, ensuring the integration of sustainability-related achievements and commitments made by each department in the Bank on an annual basis.

## Financial Reporting

As a leading financial organization, the Bank issues annual and semi-annual reports on its financial performance to continually promote high level of transparency and disclosure. These reports provide Arab Bank's shareholders and customers with reliable information about the periodic performance, financial position, investment opportunities, governance, value, and the Bank's prudent risk approach.

Emerging from the Bank's commitment to transparency, and as part of our new corporate governance code, the Bank includes, inter alia, the following information in its annual report:

1. Summary of the organizational chart;
2. Summary of the roles and responsibilities of the Board Committees, and the authorities delegated to each Committee;
3. Useful information to stakeholders as identified in the Corporate Governance Code and the extent of compliance with the code.
4. information about each Board member in terms of his/her qualifications, experience, shareholding, status (independent/non-executive, etc) membership in Board Committees, date of appointment, any other board memberships in the boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the Member by the Bank and any other transaction that has taken between the Bank on the one part and the Member or stakeholders on the other ;
5. Information about risk management department, including its structure and nature of its operations and its development;
6. Number of Board and Board Committee meetings and attendance of each member at such meetings;
7. Names of each board members and senior executives who have resigned during the year;
8. Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year;
9. A list of shareholders who own 1% or more of the share capital of the Bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged;
10. Attestations of all Board members confirming that he/she or any of the members' relatives did not receive any benefits from the Bank during his/her tenor which has not been previously disclosed

Our 2015 Annual Report is available on our website: [www.arabbank.com](http://www.arabbank.com)

# Internal Policy and Code of Conduct

Realizing the importance of adopting accountable and reliable operations to achieve excellence, the Bank ensures it strictly complies with local and international policies and regulations, and monitors its operations to ensure safe and sound systems.

To ensure proper implementation of these policies, an online policy center was established in 2011 to centrally manage the Bank's policies from the development phase to implementation. To ensure transparency in operations, the policy center is available to all employees with access to vital information through Arabina, and provides them with the tools to perform to their fullest potential in compliance with the Bank's governance framework. These policies tackle several subjects focusing on anti-money laundering guidelines, human rights and anti-corruption policy.



## Code of Conduct (CoC)

The Code of Conduct is a crucial high-level policy that sets the foundation of the Bank's strong commitment to conduct business with the highest ethical standards and uncompromised integrity across all operations and jurisdictions. The CoC is accessible to all employees through Arabina, our internal communication portal, 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.

At Arab Bank, all employees are required to sign an acknowledgement letter to ensure their compliance with all aspects mentioned in the Code of Conduct.

## Whistle-blowing

To ensure ethical and compliant operations, Arab Bank's Code of Conduct includes a whistle-blowing policy to encourage employees to raise concerns or disclose information in the case of unethical or unlawful behavior and incidents 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 the relevant departments and 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 81). 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](mailto:whistleblowing@arabbank.com.jo).

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

## Anti-Corruption and Anti-Bribery

Arab Bank has a clear and formal anti-corruption and anti-bribery policy that enforces controls to combat bribery and defines restricted activities. The policy is communicated to all PLC employees through Arabina, our established internal communications channel. The policy clarifies Arab Bank's commitment and practices, internally and externally with all stakeholders.

Furthermore, this policy is communicated to our suppliers, contractors, business partners and the wider stakeholders' group, using a risk-based approach.

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 85).

## Know Your Customer, Anti-Money Laundering and Countering Terrorist Financing Policy (KYC, AML and CTF Policy)

The Bank's KYC, AML and CTF policy ensures that all legal requirements are met, and requires all employees to exercise the required due diligence to determine the true identity of Arab Bank customers and beneficial owners. It also helps the Bank to develop and maintain a clear understanding of Arab Bank customers' practices, to screen customers' names against blacklists, and report activities identified as unusual and/or suspicious. The Risk Management Committee of the Board endorsed an amended version of the KYC, AML and CTF Policy in October 2015.

# Compliance

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 any risk taken has been intended. A comprehensive screening process is implemented 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 to AML and CTF policies. During 2015, the Bank rolled out the KYC, AML and CTF E-Learning course once again to all staff across the PLC. The re-run of the course is in line with regulatory requirements to deliver refresher AML/CTF training to our employees.

## Internal Awareness on Compliance Issues

### Internal Newsletters

#### *"Ethics Aware" Newsletter*

The second edition of the Ethics Aware newsletter was released by the Group Regulatory Compliance (GRC) division in January 2015. This 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 GRC, targeting all PLC employees. During 2015, GRC issued six editions of Compliance Aware. This 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 objectives of enhancing internal awareness and fostering a proactive risk management approach, the following e-training courses were delivered to our new hires:

***Code of Conduct E-Learning:*** The course aims to enhance employees' understanding of the importance of ethical behavior, and also provides them with guidance to recognize and prevent questionable conduct. A total of 4,049 employees took this course during 2015.

***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. A total of 2,327 employees took this course during the year.

***Advanced KYC, AML and CTF E-Learning:*** The course, which is 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, and the controls developed to mitigate the risks, as well as red flags and case studies. A total of 1,672 employees took this course during 2015.

***Anti-Corruption and Anti-Bribery E-Learning:*** The course is intended to clarify expected staff behavior by highlighting Arab Bank's zero tolerance towards bribery and corrupt practices that destroy trust in the institution and result in a tarnished reputation. A total of 4,246 employees took this course during the year.

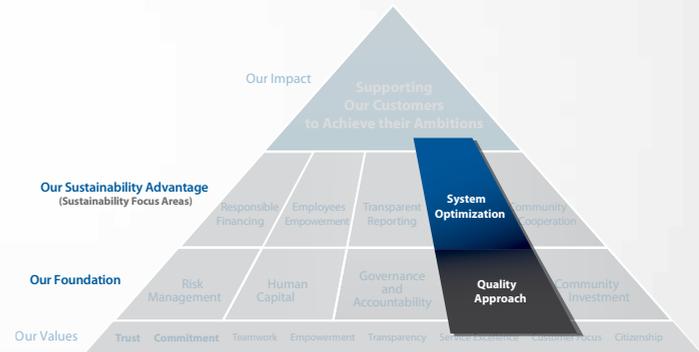
***Treating Customers Fairly E-Learning:*** To ensure treating customers fairly is embraced as a core value by our employees, a special e-training course was delivered targeting employees from the Consumer Banking, Small and Medium Enterprises, Compliance and Human Resources divisions. This course aims to raise staff awareness of the key pillars of the Bank's Treating Customers Fairly policy (see page 38) as it relates to communications, products and services, and managing customer complaints. Around 1,000 staff took this course from the divisions mentioned above.

# SYSTEM OPTIMIZATION



# System Optimization

To achieve successful operations across our business lines, the Bank adopts 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.



# Digitalization and Paperless Environment

Arab Bank continues to introduce services that aim to reduce or eliminate paper consumption by increasing employees' and customers' awareness of environmental issues increases, and the Bank aims to optimize internal operations by giving customers the opportunity to contribute to environmental protection. The Bank offers comprehensive digital banking products and services to address all generations and the different customer segments. Consequently, our Operations division is adopting a strategic approach to support the "Digital Banking" and "Paperless Environment" through these initiatives:



## Digitalization

Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities. It is the process of moving to "Digital Banking" which aims to enrich online and mobile banking services by integrating digital technologies including: strategic analytics tools, social media interactions, innovative payment solutions and mobile technology, with a special focus on user experience. Arab Bank's Operations division initiated the following digital initiatives during 2015:

### e-Advice

The e-advice program aims to provide customer advice online through the "Arabi Online" service channel instead of sending advice by regular mail or during visits to our branches. Such digitalization will make us become more time and cost-efficient, and enhance customer experience.

### Automated Clearing House (ACH)

ACH is a secured national payment channel managed the by Central Bank, which is used to complete bulk local payments with low value amounts, it covers Direct Credit and Direct Debit payment transactions.

The objective of ACH project is to have end to end automated solution managing all kinds of Inward and Outward ACH transactions which will align our service offering in Jordan, Lebanon and Egypt to market practice.

## **Electronic Clearing Cheques (ECC)**

Implemented in Jordan during 2015, a web-based solution was adopted to achieve better automated national cheque clearing by using cheque images instead of physical cheques (outward, inward and post-dated cheques). This update will be implemented in Bahrain, Qatar, UAE, Egypt and Algeria during 2016.

## **Paperless Banking**

The transformation from paper-based to paperless operations requires certain procedures to be adopted, along with providing training and awareness opportunities for all employees. The Bank believes in the importance of adopting paperless operations because it improves the security of documents and reduces consumption of energy while increasing office efficiency. The Bank's Operations department initiated several strategic programs toward paperless banking during 2015:

### **Enterprise Content Management (ECM)**

ECM solution represents the unique comprehensive storehouse for all the Bank's electronic contents (customer file, financial transactions, and departmental correspondence in addition to statements, advices and reports), thereby eliminating the need for hard copy retrieval and photocopying originals. In addition, ECM achieves a complete and comprehensive view of customer's documents within a single systems, that characterized by simple handling of electronic images to perform the required tasks.

### **Mail Reengineering**

This system aims to optimize the mail processes to become more efficient in paper consumption, by redesigning paper use to reduce margins and increase useable areas. This process has already been implemented in Jordan and the expected annual paper saving is 1.4 million which is equivalent to 500K JOD during the first phase. A similar process will be implemented across Arab Bank PLC, beginning in 2016, to ensure continuous saving process.

## Internal Management of Environmental Resources

Arab Bank's sustainability strategy entails adopting environmentally responsible operations, monitoring its consumption of internal environmental resources, and engaging with customers and employees on the importance of environmental responsibility. Although the Bank's direct environmental impacts may be limited due to the nature of our business, we continue to optimize internal operational systems in an effort to enhance efficiency and reduce costs.

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 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>14</sup> emissions per employee as shown in the table below:

### GHG Emissions

Total GHG Emissions (Tons CO2e)	2013	2014	2015
Direct Emissions: Vehicles	381	490	451
Direct Emissions: Heating and Generators	645	506	431
Indirect Emissions: Electricity	15,612	15,307	15,532
Total GHG Emissions	16,638	16,303	16,414
Total GHG Emissions per Employee	5.9	5.7	5.6

14. 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.

## Resources Consumption

The Bank currently tracks the most significant areas of resource consumption, i.e. 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.

### Vehicles Fuel Consumption



<b>Vehicle Fleet Fuel Consumption</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Diesel Consumption (Liters)	60,000	79,471	65,757
Gasoline Consumption (Liters)	90,000	113,102	112,373
<b>Total Consumption (Liters)</b>	<b>150,000</b>	<b>192,573</b>	<b>178,130</b>
Diesel Consumption in Gigajoules (GJ)	1,980	2,623	2,170
Gasoline Consumption in Gigajoules (GJ)	3,240	4,072	4,046
<b>Total Consumption in Gigajoules (GJ)</b>	<b>5,220</b>	<b>6,695</b>	<b>6,216</b>

Despite the vast increase in total vehicle fuel consumption witnessed in 2014, the Bank was able to reduce its overall consumption during 2015 through applying the GPS tracking system (Global Positioning) on all its fleet in order to effectively monitor vehicle operations. This initiative enabled the Bank to monitor the movement of its entire fleet resulting in a 7.5% decrease in total vehicle fuel consumption, which also reflected on our emissions of harmful and toxic gases.

## Heating and Generators Fuel Consumption



Heating and Generator Fuel Consumption at Branches, HO and the COU	2013	2014	2015
Heating Diesel and Standby Electricity Generators (Liters)	239,000	187,725	160,000
Total Consumption in Gigajoules (GJ)	7,888	6,196	5,833
Total Consumption per Employee (Liters/Employee)	84.8	66.4	54.5

In 2015, the Real Estate and Construction Management (RECM) department continued to enhance its internal systems, thus reducing total energy consumption and environmental impacts. As outlined in the table above, Arab Bank achieved a remarkable 15% decrease in heating fuel consumption in 2015 and 18% decrease of fuel consumption per employee. Enhancements primarily 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 2016, and will be outlined in next year's report. Additionally, a new AC system was installed in the ATM Operator Room located at the Head Office to separate it from the building's air-conditioning system, subsequently reducing energy consumption.

## Electricity Consumption



Electricity Consumption at Branches, HO and the COU	2013	2014	2015
Total Consumption (kWh)	20,061,921	19,671,084	19,959,710
Total Consumption in Gigajoules (GJ)	72,223	70,816	71,855
Total Consumption per Employee (kWh/employee)	7,122	6,961	6,803

While the Bank's built-up area increased by 11%, the total increase in electricity consumption was only 1.5%, while consumption per square meter (m<sup>2</sup>) and per employee decreased by 9% and 2% respectively. The following table illustrates total savings achieved:

Electricity Consumption	2014	2015	Increase/ Decrease %
Area (m <sup>2</sup> )	73,254.29	81,665.51	11%
Electricity (kWh)	19,671,083.65	19,959,710.00	1%
Electricity (kWh) / Area (m <sup>2</sup> )	268.53	244.41	-9%

The Bank has also implemented some initiatives to further enhance its performance:

- To further reduce electricity consumption, Light Emitting Diode (LED) lighting were installed on several floors at the Head Office and in all of our new branches. Moreover, the Bank installed Light Emitting Diode (LED) lighting in the elevators' lobbies and toilets at Head Office buildings and most of the existing branches, which reduced total light consumption by 88% compared to the previous year.
- Some of the neon lights in the offices and pools at the Head Office buildings were switched off and changed the others to LED lights, without affecting the minimum acceptable light level.

It is important to note that the Bank's total expenditure to implement these initiatives will reach around 140,000 JOD. This amount will be invested to reduce internal electricity and HVAC consumption and enhance efficiency, with a projected payback time of two years. Moreover, and in order to reduce total energy consumption and harmful and toxic emissions, a new system for Planned Preventive Maintenance (PPM) within the Facility Management (FM) will be implemented in branches and departments during 2016.

## Water Consumption



<b>Water Consumption at Branches, Head Office and the COU</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Total Utility Water Consumption (m <sup>3</sup> )	34,700	36,289	37,875
Total Consumption per Employee (m <sup>3</sup> )	13.5	12.8	12.9

Despite the Bank's efforts to reduce water consumption, total utility water consumption increased slightly by 4% in 2015 due to the 4% increase in total number of employees. The Bank aims to reduce its water consumption in 2016 by implementing a new management plan and installing water saving devices. Water-saving units were adopted across the Bank's operations to decrease consumption of this scarce resource.

# Sustainable Procurement Operations

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, delivery 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.

## Procurement Sustainability Strategy

As part of Arab Bank's sustainability strategy and objectives, the Bank is committed to enhancing its supply chain management by integrating social and environmental aspects, and raising suppliers' awareness in sustainable procurement practices. In 2015, 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 10th, 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 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](http://www.ilo.org).

Furthermore, towards the end of 2015, the Procurement division prepared a special flyer for all its suppliers to raise awareness about several aspects related to sustainable procurement including: definition of sustainable procurement, Arab Bank's sustainable procurement process, and social and environmental criteria for sustainable procurement. This flyer will be distributed to all the Bank's suppliers during January, 2016.

The Bank continued to support the Jordanian economy in 2015 by contracting with locally based suppliers, where 85% of procurement spending was with local suppliers. These suppliers are also screened against the Arab Bank Internal Blacklists (SafeWatch).

## Material Consumption

The Bank continues its efforts to reduce material consumption of paper and plastic through several initiatives and enhancements in internal operations (see page 93). During 2015, the Procurement division contributed to reducing the consumption and disposal of around 52% of plastic bottles that were previously used by all employees as the main source of drinking water. The Bank also reduced its paper consumption and has achieved a reduction of around 24% during 2015.

In addition to reducing internal consumption, and as part of the Bank's efforts to reduce waste to landfill, the Bank reused as many of its internal assets including IT assets (such as PCs, scanners, printers, etc.) and non-IT assets (such as desks, chairs, tables, photocopiers, etc.) by refurbishing damaged equipment and reusing them at the Bank or disassembling them into spare parts to be used elsewhere. For instance, during 2015 the Bank collaborated with Talal Abu-Ghazaleh Organization to donate 1,150 PCs to be refurbished and used at schools and youth centers in the most deprived areas in the Kingdom (see page 126).



# Promote for Sustainability in our Internal Operations and Raise Awareness

Arab Bank is committed to engaging internal and external stakeholders in its journey toward achieving sustainable development, and to raise awareness on issues related to sustainability through several initiatives that are implemented throughout the year. The initiatives aim to encourage employees to integrate social and environmental aspects into their daily operations.

## Sponsoring a Dedicated CSR Column

Since 2012, the Bank has been sponsoring a dedicated CSR column in Al Ghad, which is a major daily Jordanian newspaper. Through monthly articles, the column focuses on raising awareness and building knowledge about 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, through 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" (see page 69). The Sustainability Corner includes updates on sustainability and CSR-related programs, initiatives implemented during each quarter, details about upcoming volunteering activities, plus helpful tips related to employees' health and environmental awareness.

## Integrating Sustainability within the Induction Training Program

Our sustainability approach and strategy, as well as our CSR initiatives, are a key part of the induction training provided to all new employees (see page 75). This comes as part of the Bank's commitment to ensure that all employees are sustainability ambassadors within their divisions and can perform their duties ethically, responsibly and with excellence. Subsequently, this helps to spread the concept of sustainable development and the culture of volunteerism amongst new employees.

## Raising Stakeholders' Awareness on Sustainability

The Bank provided a number of awareness sessions and training courses in collaboration with several institutions and NGOs to raise awareness and exchange experiences with different stakeholders on the concept of sustainable development. For instance, the Bank held an awareness workshop in collaboration with the RSCN for a group of students who are completing their higher education in the United States and are interested in learning more about sustainable development and achievements in Jordan. The Bank highlighted its experience in preparing its sustainability strategy and developing its report to address social, environmental and economic achievements. Furthermore, the Bank collaborated with INJAZ to hold another awareness session for their partner institutions from the public and private sectors to highlight the sustainability concept and the process of preparing a comprehensive sustainability strategy including stakeholder engagement.

The Bank has participated in national conferences such as the Fourth CSR Forum organized by the Association of Banks in Jordan, where the Bank presented its experience in preparing sustainability reports along with its social, economic and environmental contributions to the community. The Bank also presented its environmental protection programs and the initiatives in its sustainability strategy during the first conference for the Socio-Economic Benefits of Natural Reserves that was organized by the RSCN (see page 123).



# Quality Management

Arab Bank has developed quality management of its operations to ensure the optimization of our internal systems, enhance customer service and business relationships, and reduce direct and indirect environmental impacts.

## Enhance Internal Systems

Several enhancements took place during 2015, focusing on banking channels including online banking and ATMs.

### Enhancement of Online Banking Channel (Arabi Online)

As part of the Bank's efforts to enhance its online banking channel to better serve customers' ambitions, several enhancements were made that primarily contributed to reducing paper consumption, conserving internal resources and reducing customers' transportation to and from branches. These enhancements include:

#### *Enhance the eFAWATEERcom service:*

The Central Bank of Jordan launched eFAWATEERcom in 2014 as a nationwide bill payment service to enable customers in Jordan to pay their bills electronically. During 2015, Arab Bank has introduced this feature on the Mobile Banking service and the available payees on eFAWATEERcom were extended to include: Income and Sales Department Biller, Jordan University, American University, Princess Sumaya University, Water Company, Water Authority, Tamweelcom, Electricity Distribution Company, Yarmouk Water Company and others.

#### *Credit Card Payment Option:*

To enhance customers' ability to control their payments remotely, this service allows customers to amend the monthly payment option to their credit cards through Internet banking without the need to call the Contact Center or to visit a branch.

#### *Booking and amending Term Deposits*

To further enhance flexibility of our offerings, this service allows customers to book and amend their term deposits without the need to visit the branch or call the contact center

## Enhancement of ATM Services

As part of the Bank's efforts to enhance its ATM services to better serve customers, Arab Bank built a new ATM switch offering ATM services with a variety of features to customers across the region.

# COMMUNITY COOPERATION



# Community Cooperation

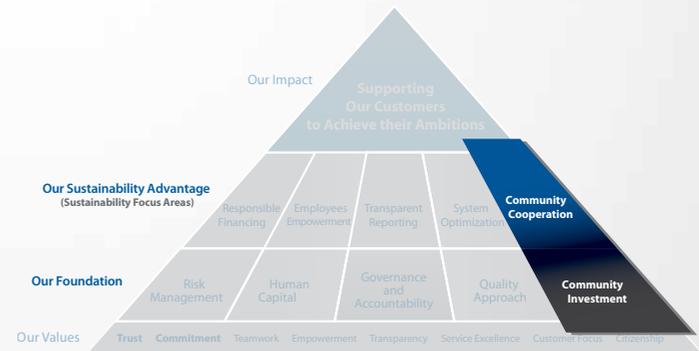
Since its foundation in 1930, and building on the Bank's mission to enable the Arab world to achieve preeminence, the Bank continues to pursue its sustainability mission to create long-term sustainable financial and non-financial value for the Bank and its stakeholders through constantly supporting and contributing to the achievement of their ambitions.

Emerging from the Bank's strong foundation of community investment, the Bank developed an inclusive stakeholder model to become a leader in community cooperation. This model relies heavily on the engagement of several stakeholders, including the community, employees, the environment and customers with one purpose; to create shared value and leave a positive impact on the community.

Community cooperation is classified into three main approaches:

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

In 2015, the Bank's total community investment spending reached JOD 8.48 million, representing 3% of our total PLC net profits before tax compared to 2.8% during 2014.



# Sponsorships and Donations

At Arab Bank, we believe in giving back to the communities in which we operate by supporting community-based organizations (CBOs), non-governmental organizations (NGOs) and other foundations and initiatives focusing on the four main areas of: health, poverty alleviation, environmental protection and education/ orphan support (see page 119).

In 2015, total spending on donations and sponsorship reached JOD 2.9 million. The following diagram highlights the main organizations supported during 2015.



## Abdul Hameed Shoman Foundation (AHSF)



The Abdul Hameed Shoman Foundation was established in 1978 by 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 its establishment, the Foundation continues to play 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 cultural and social innovation to positively impact the communities it serves through thought leadership, arts and literature, and innovation and employment. In line with its mission, and to achieve its vision for a society of culture and innovation, the year 2015 marked numerous achievements for the Foundation on the local and regional levels within the three strategic pillars.

One of the most prominent events during 2015 was the Foundation's invitation to the former Prime Minister of Malaysia, H.E. Tun Dr. Mahathir bin Mohamad to be the keynote speaker of a public talk and discussion titled: **The Rise of a Nation - Lessons from the**

**Malaysian Experience** to shed light on the successful Malaysian experience in achieving economic and social development. H.E.'s visit, which comes as part of Abdul Hamid Shoman Cultural Forum's activities, also included several round table discussions with Jordanian experts, public figures, the media, economists, politicians, youth, social activists and civil society representatives. H.E. toured the Foundation and commended the role of Arab Bank in achieving sustainable development through supporting innovation, entrepreneurship and reducing unemployment rates in Jordan.

In terms of collaboration with regional organizations, the Foundation signed an MOU with Mohammed bin Rashid Al Maktoum Foundation to collaborate on cultural and social innovation projects aimed at raising awareness and promoting the culture of innovation amongst Arab communities.

The Foundation also signed an agreement with the Central Bank of Jordan to support the national program for financial education in schools in Jordan, targeting students from grade 7 to grade 12. The signing took place in the presence of the Chairman, Mr. Sabih Al Masri and the Arab Bank's CEO, Mr. Nemeah Sabbagh.



Another prominent achievement was the **Abdul Hameed Shoman Award for Arab Researchers** in its 33rd Edition, where the Foundation awarded fifteen 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 the culture of scientific research. This contributes to addressing challenges in high priority areas at the local, regional and international levels. This year's ceremony was held under the patronage of H.E. the Prime Minister Dr. Abdullah Ensour in the presence of several national and Arab research and cultural entities.

Through the **Abdul Hameed Shoman Scientific Research Fund**, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan and the region. This year, the Foundation provided grants for twenty-one researches in the fields of engineering, chemistry, biology, agriculture and nutrition, humanities 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 in the 2014 edition on literary works in the category of "**Short Story for Early Childhood**". The Foundation presented the award to three winners in a ceremony that was held under the patronage of HRH Princess Rym Ali and in the presence of several local and Arab Cultural Foundations.



The **Science and Education Program**, which was launched in 2014, aspires to promote a culture of scientific research and innovation amongst children and youth, and to positively influence education in Jordan. It aims at building the capacity of science teachers and interested students and contributing to improved, more dynamic and thought provoking science. This program, in cooperation with the Ministry of Education, supports Jordanian students' participation in Intel International Science and Engineering Fair (ISEF), and is currently working on launching the Abdul Hameed Shoman Young Scientists Fair and reviving Abdul Hameed Shoman Science Teachers Award.

During 2015, the program supported the Jordanian students' participation in the Intel Arab and International Science Fair for Science and Engineering and provided them with the needed guidance and trainings on presentation and leadership skills. The Jordanian students achieved three awards among the top five awards in the international competition, and the second place in the regional competition.

In late 2015, the Young Innovators Lab was launched targeting passionate children in science (ages 10 – 13) aiming at fostering their critical thinking skills through experiments and scientific projects.

## The Knowledge Path Library

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth from different age groups to read, interact and participate in fun and creative activities as part of their intellectual and creative journey to self-discovery and awareness. In 2015, the Library served and reached out to around 17,000 patrons and hosted 80 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's books, science shows and children book club sessions in collaboration with local and international parties.

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 informed 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.

This year, the Library held the **Children Poetry Days**, celebrating the importance of Poetry in enriching children's Arabic language skills. Also it hosted and organized screenings and activities for the "Science Film Festival" for the second year in a row in cooperation with Goethe Institute – Jordan.



## The Abdul Hameed Shoman Cultural Forum

The Abdul Hameed Shoman Cultural Forum continued to host prominent Jordanian, Arab and regional intellectuals through its weekly program. It also held various activities including seminars, debates, sessions and closed roundtable discussions 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 also held a number of exhibitions, various book launches and hosted youth initiatives, regional and international events such as West Asia – North Africa (WANA) Forum and “**60 Solutions against Climate Change**” Exhibition.

## Poetry Nights

In 2015, The Foundation launched the Poetry Nights Program in partnership with Watar Foundation for Culture and Creativity. The program aims to celebrate poetry as a rooted form of literature in Arabic heritage, it hosted renowned poets to hold live poetry readings and introduce the passion of poetry to a wider audience. This year witnessed several readings for prominent poets.

## The Cinema

The Foundation’s Cinema Program continued to offer screenings of carefully selected Arabic and international movies followed by discussions about the films, which comes as part of its weekly program every Tuesday.

In 2015, the Cinema program celebrated its 25th Anniversary commemorating one of the sustainable programs dedicated to cinema in Jordan and the region. In this occasion, the cinema committee published a book titled “Selection of World Films” featuring a collection of 110 film reviews, which were screened throughout 25 years by the program. The program also organized three film festivities; namely the Tunisian Film Week, The Emirati Film Days and the 25 Years of Cinema. These events included also lectures on scenario and direction.

The Children’s Cinema Program continued its monthly screenings aimed to enhance the critical thinking of children and youth, and heighten their appreciation for arts.



## Abdul Hameed Shoman Foundation Cultural Days

As a continuation of its efforts to extend its activities in different governorates and outside Jordan in order to introduce a comprehensive cultural and artistic program that targets all age groups reflecting the Foundation's diverse initiatives in collaboration with local cultural organizations, the Foundation launched Abdul Hameed Shoman Foundation Cultural Days. The year 2015 witnessed three events namely:

### Jabal Amman Cultural Week 2

The Foundation held the Second Edition of **Jabal Amman Cultural Week** 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) and in cooperation with 11 educational and cultural entities.

The event offered several cultural activities and functions targeting all age groups and interests. These activities included screenings of Jordanian films and international films for children, musical and poetry evenings, panel discussions, poetry reading, a book fair including book signings, photos exhibition, caricature exhibitions by Jordanian cartoonists in addition to weeklong children activities at Jara Street and Knowledge Path Children's Library. The activities engaged approximately 8,000 people.



## Abdul Hameed Shoman Foundation Cultural days in Aqaba

The event was held in cooperation with the Aqaba Special Economic Zone Authority (ASEZA) and included a four-day intensive and comprehensive cultural program targeting all age groups and interests. The program included a range of cultural activities such as the public screening of the film “Theeb” (the Jordanian film nominated for the Oscars) in the presence of one of its producers and actors, music performances, a comedy session titled “Made in Jordan” and used-book fair, which entailed book signings and artistic activities for kids and youth in collaboration with the National Gallery for Fine Arts. Also, the Knowledge Path library team held various edutainment activities for the public and in different schools in addition to an introductory session for the Grants and Support program, along with a capacity building session for librarians. The activities engaged around 3,500 people.



## Abdul Hameed Shoman Foundation Cultural Days in Dubai

The week-long event was held in partnership with Sultan bin Ali Al Owais Cultural Foundation. The event presented a comprehensive cultural program shedding light on Jordanian cultural and artistic offerings including a poetry evening, a cultural panel discussion, a public screening of the Jordanian film “Theeb” in the presence of its producer, a musical concert, a folklore dance performance, and an art exhibition of 60 paintings by prominent Jordanian artists.



## 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 2015 to satisfy its patrons' educational and research needs. In addition, the Library held more than 10 capacity building workshops for its patrons and launched a program dedicated to shed the light on the promising writers through more than 13 book launches and signings, and also hosted various book club discussions. The Library also held courses and workshops that aim to build up the capacities of librarians from different Arab countries.

During this year, the total number of library patrons exceeded 251,833, which is a 62% increase from 2014. The number of library memberships also increased by 22% reaching 1,612 registered members recording a combined total of more than 40,000 members.

Since its establishment, and as part of its community outreach, the Library contributed to establishing and launching more than 17 libraries across the Kingdom and 14 municipal libraries in Palestine. The Library also continued to provide support to the Ministry of Culture's "Jordanian Family Library", and renewed its financial support for Haya Cultural Center's mobile library while also providing it with children books.

## Abdul Hameed Shoman Musical Evenings

Launched in 2014, the program aims to promote the rising musical talents in Jordan and the region, as well as to expose the wider Jordanian public to diverse musical genres. It provides a free platform for local and regional artists to perform and exhibit their musical talents and styles.

During 2015, in addition to the monthly Musical Evenings and to further enhance its outreach, the Foundation held a two-day event titled "AHSF Musical Nights Downtown Amman" celebrating Jordanian and international talents through several musical and arts concerts.



## Grant and Support Programs 2015

Through its different grants and support programs, the Foundation received 367 requests this year, 67 of which were approved for funding across the three strategic pillars

- Under the Thought Leadership pillar, the Foundation aims to support scientific pursuits that tackles the most pressing societal issues and encourages accessibility of science and education for all. Accordingly, the Foundation supported several scientific awards, competitions and conferences. The Foundation also supported various scientific, educational spaces and cultural entities in Jordan and the Arab world. Examples include the Intel award and Waqt Al Farah Channel on YouTube.
- 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, music, literary events and competitions, in addition to projects that aim to preserve national heritage. Examples include, the premier screening of the Jordanian Film "Theeb" in its mother village Al Shakrieh in Wadi Rum, album launching by two rising Jordanian musicians, in addition to the Royal Film Commission's 4th cycle of the Med Film Factory.
- Under the Innovation and Employment pillar, the Foundation strives to support innovation and creativity focusing on youth, women and local communities. The Foundation also aims at supporting entrepreneurial projects that contribute in building youth capacities for the job market, in addition to supporting projects that accelerate societal gains while addressing pressures critical to our region through innovation and entrepreneurship. In 2015, the Foundation supported three projects that focus on providing learning opportunities for youth and improve their employment opportunities. These projects were by PACES and Tomorrow's Youth Organization, and the Family Development Association.



## Our CSR Program “Together”

“Together” is the Arab Bank’s Corporate Social Responsibility (CSR) program, which focuses on encouraging the Bank’s employees, customers and NGOs to become active members of the community through various activities. The program collaborates with several local NGOs to give our employees, along with their families and friends, the opportunity to volunteer their time and share their knowledge through different activities to support the local community. Since its inception in 2009, more than 206 activities have been implemented with around 2,508 employees participations, reaching more than 240,000 beneficiaries. The program also gives our customers the chance to be involved in the community and be part of the Bank’s journey by utilizing our service channels that are engaged in achieving sustainability development.

The Together program’s activities focus on several areas that are aligned with the community’s needs and priorities: health, poverty alleviation, environmental protection and education/ orphan support. In line with the identified focus areas and the Bank’s strategic approach towards CSR, the Together program emphasizes the following objectives in its CSR programs:

- Employees’ volunteering (see next page).
- Building up the capacities of NGOs’ employees (see page 127).
- Utilizing banking channels for customers’ donations (see pages 40-41).



**Since the Together program’s  
inception until 2015:**

- More than 206 volunteering activities were implemented
- Around 2,508 employees participations
- More than 240,000 beneficiaries

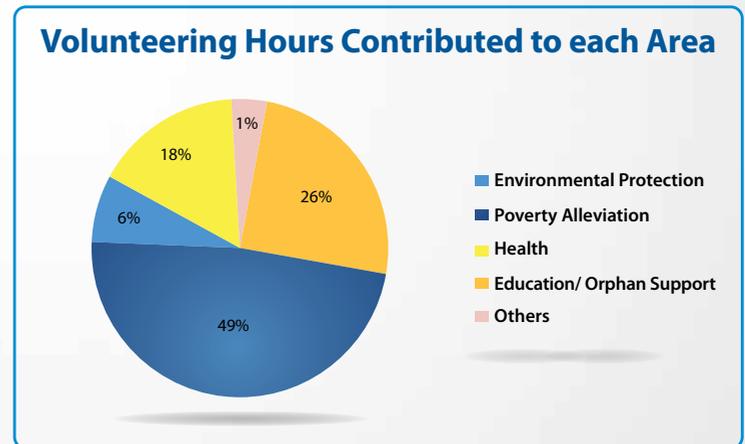
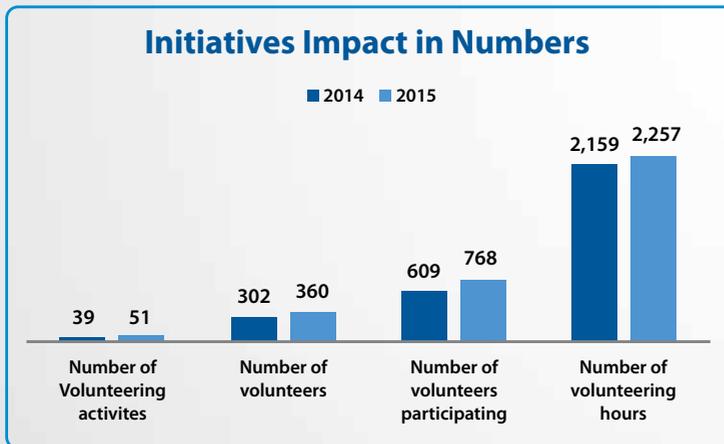
## Employees Volunteering

Volunteering has always been a vital part of the Bank's culture and history. Our employees are encouraged to donate their time, efforts and experience to implement initiatives and programs, which are aligned with our four focus areas.

Giving our employees the opportunity to volunteer in the community fosters a sense of greater responsibility and citizenship. Accordingly, each year the Together program engages employees from the Bank and its subsidiaries in a wide range of volunteering activities to further spread the volunteering concept amongst the Bank's Group.

In collaboration with different local NGOs, and as a result of our employees' passion and enthusiasm, the Bank implemented 51 initiatives during 2015. Participation from 360 employees meant that they were able to positively affect more than 88,000 beneficiaries across the Kingdom. Our employees also volunteered for a total of 2,257 hours of their own time in activities supported by Arab Bank.

During 2015, the Together program achieved substantial numbers compared to 2014. The diagrams below highlight some important figures:





In 2015, the Bank's contribution to the Together program was 10% of the Bank's total community investment budget compared to 5% during 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 4,144 in 2015.

The Bank has collaborated with experienced and reputable NGOs for each of the Together program's main areas, and has implemented several initiatives and programs to achieve long-term and sustainable impact to better serve their beneficiaries and the community. The next section briefly highlights the main achievements and initiatives implemented during 2015.

Health	Poverty Alleviation	Environmental Protection	Education/ Orphan Support
King Hussein Cancer Foundation	Tkiet Um Ali	The Royal Society for the Conservation of Nature (RSCN)	Al-Aman Fund for the Future of Orphans
			

## Together Initiatives at a Glance

### Health

Several initiatives were implemented to support cancer patients through direct collaboration with the King Hussein Cancer Foundation (KHCF). The main initiatives are listed below:

- **Blood Donation:** For the sixth consecutive year, the Bank held four blood donation campaigns for the benefit of cancer patients currently being treated at the King Hussein Cancer Center (KHCC). Bank employees donated a total of 190 blood units.
- **Cancer Patients Inspirational Days Out:** In collaboration with the Raneen Foundation, the Bank held two recreational days for cancer patient children at the Abdul Hameed Shoman Foundation's library (Knowledge Path). The aim was to motivate creative thinking and provide moral support to help these children in their fight against cancer. Twenty employees accompanied 28 children and their families for a day filled with fun activities including storytelling, arts, singing and other creative and educational initiatives.
- **Early Detection Test for Breast Cancer:** In collaboration with the Jordan Breast Cancer Program, and in recognition of Breast Cancer Awareness month, the Bank held two early detection breast examinations, where a specialist nurse tested 87 female employees. This initiative aimed to promote the importance of early detection tests and adopting a healthy lifestyle among our employees.
- **King Hussein Cancer Foundation Ramadan Campaign:** During the holy month of Ramadan, and for the third 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.
- **Goal for Life Tournament:** For the second consecutive year, the Bank participated in the Goal for Life tournament organized by KHCF, which aims to promote the importance of living a healthy lifestyle and playing sports whilst making a difference to the lives of cancer patients.

In addition to the volunteering initiatives, and emerging from the Bank's interest to support health programs, the Bank continued to support the Jordan National Football and youth leagues through a four-year sponsorship of the Jordan Football Association.

Moreover, the Bank was the Gold sponsor for the Amman International Marathon for the seventh consecutive year, covering participation costs of around 1,313 employees with their family and friends in the Amman International Marathon and the Dead Sea Ultra Marathons.



## Poverty Alleviation

During 2015, the Bank continued its support for Tkiyet Um Ali (TUA) through the following programs:

- **Family Support:** For the sixth 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 Al Karak and Ajloun with monthly food packages for one year.
- **Winter Campaign (Lamset Dafa):** The Bank was the exclusive sponsor for the "Lamset Dafa" campaign for the fourth consecutive year. Thirty-three employees from the Bank's Head Office and six branches distributed more than 1,285 blankets to more than 748 underprivileged families in poverty pockets in Amman, Irbid, Jerash, Mafraq, Aqaba, Zarqa, Al Karak and Jordan Valley, aiming to help them cope with the cold winter.
- **Charitable Iftar in Ramadan:** In collaboration with TUA, the Bank held a charitable Iftar at Haya Cultural Center for more than 175 orphan children giving them an unforgettable entertainment and educational experience.



- **Volunteering activities:** For the sixth consecutive year, the Bank's volunteers from different governorates and branches participated in a variety of activities during the year. 109 employees and their family members prepared more than 490 food packages and conducted four field assessment visits for more than 95 potential underprivileged families. The Bank also supported two Iftar events at the TUA's premises benefiting approximately 2,400 people, with the participation of 38 volunteers. Additionally, 59 employees from the Bank and its subsidiaries from Amman, Tafilah, Salt, Zarqa, and Mafraq and Irbid branch were involved in distributing food packages to 841 needy families.



### *Environmental Protection*

In 2015, the Bank supported the Royal Society for the Conservation of Nature (RSCN) in implementing several initiatives and events, including:

- **The Socio-economic Benefits Conference:** The Bank was the exclusive sponsor for the “Socio-economic Benefits of the Natural Reserves in Jordan” conference, which was the first of its kind in the region. The conference aimed to promote the natural reserves’ role in socio-economic development of the local communities and contributed to raise environmental awareness.
- **Redevelopment of Al Zarah Area:** The Bank’s employees participated in the rehabilitation project at Al Zarah hot water area in the Dead Sea through several volunteering activities including cleaning and planting trees. 44 employees participated to transform the area into a clean, organized and unique tourism destination.



For the third consecutive year, and as part of our continuous collaboration with Al Shajarah Society to support the Bank’s forest in Jerash, 40 employees with their friends and family members participated in a group activity to plant and irrigate 300 seedlings. The activity was a great opportunity for fostering our values of teamwork, responsibility and citizenship.

### *Education and Orphan Support*

To support orphan students complete higher education, the Bank continued to support eight university students and another eight students to complete their vocational studies for the third consecutive year. It is worth mentioning that the Bank has committed to support these students for four years, starting from the academic year 2013-2014.



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

### *INJAZ*

- **University Adoption Program (UAP):** The Bank was the exclusive sponsor for the university adoption program, which focused on adopting training course programs at three main public universities: Mutah University in Karak, Hashemite University in Zarqa and Al-Balqa' Applied University in Salt. The main goal of this program is to develop the educational sector and empower students with the knowledge and skills to begin their working career. Through this program, we were able to reach out to more than 2,282 students, benefiting them directly by delivering business and entrepreneurial skills courses that will equip them with critical personal and professional skills.
- **Destination Imagination (DI) Program:** The Bank was the exclusive sponsor for the Destination Imagination program in five public schools. The main goal of this program is to inspire and equip students to become the next generation of innovators and leaders. Through this program, we reached approximately 450 beneficiaries from public and private schools, and two employees from the Bank volunteered to implement this program at two of the schools adopted by the Bank.
- **INJAZ Courses:** In 2015, 14 employees actively conducted special classes to students on various topics that are not covered through ordinary schools and universities' curricula. The courses included: Money and Banks, My Entrepreneurial Project, Managing My Finances, Communication Skills and Business Leaders Campaign.
- **Business Leaders Campaign:** During 2015, and for the second consecutive year, two of the Bank's senior management employees participated in the Business Leaders Campaign benefiting a total of 100 students from needy schools. This program aims to connect youth with strong role models from the business community to deepen students' understanding of the qualities which breed success and to empower them to chart their own career path and aspire to leadership and entrepreneurship roles.

### *Charity Clothing Bank (CCB)*

- **Sponsoring the Orphans' Day:** For the second consecutive year, the Bank exclusively supported the Orphans' Day, which aims to support orphans and alleviate poverty. This program entails providing 1,200 needy and underprivileged orphans with new clothes and toys. Through this initiative, the Bank and Clothing Bank hosted 100 orphans every month for an entire year covering the governorates of Amman, Salt, Mafraq and Zarqa.



- **Shopping with Orphans:** Nine volunteering activities were implemented with the participation of 106 employees and their families in an exciting initiative “Shopping with Orphans” where staff accompany orphans to the Clothing Bank’s showroom and help them choose new clothes.

### ***Business Development Centre***

The Bank signed a cooperation agreement with the Business Development Center (BDC) to support the Youth Employability, Entrepreneurship and Empowerment program in Al Tafilah for an entire year (see page 43). The program targeted 750 university graduates, undergraduates and youth from the local community in various workshops and training courses. The objective of the program is to bridge the gaps between recent graduates and the labor market and link youth with employers. Another important aspect is to encourage youth to become self-sufficient entrepreneurs through customized capacity building programs.

### ***Raneen Initiative***

The Raneen Initiative aims to enhance the Arabic audio content in libraries at local schools and provide an exceptional opportunity for visually impaired children to read and learn through visual and audio libraries. The Bank supported the Raneen Initiative by providing workshops in different public schools and other organizations including the Children’s Museum, Haya Cultural Center and the Knowledge Path library at Abdul Hamid Shoman Foundation. The Bank also participated in the launch event for the “5th Short Story Series” at the Blind Academy, in addition to several activities with cancer patients at the AHSF.

### ***Al Jude Foundation***

As part of our support to the youth community, the Bank was the main sponsor for the New Think Festival. This two-day event hosted more than 16,000 people at the Cultural Village in King Hussein Park. Segments took place in a variety of formats including speakers and performers of different backgrounds and talents, covering interesting topics and experiences such as entrepreneurship, education, social media, environmental protection, health and volunteering.

### ***Central Traffic Department***

Arab Bank continued to support the Traffic Department for the sixth consecutive year to enhance road safety by sponsoring their awareness campaign “Back to School” which entails distributing 5,000 school bags to students in underprivileged areas and poverty pockets in different governorates around the Kingdom. The bags contained stationary, notebook and coloring booklet, in addition to distributing 50,000 educational booklets that include important guidelines and advises presented in a student friendly way to promote road safety to contribute in preventing car and road accidents.

### *Children's Museum*

For the second consecutive year, the Bank sponsored a charity Iftar at the Children's Museum during Ramadan and hosted approximately 200 children between the ages of 7 and 13 from several local orphan associations that are 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.

### *SOS Jordan*

- **Family House Adoption:** In line with one of Arab Bank's CSR program's main focus areas of 'supporting orphans', the Bank signed an agreement with the Jordanian SOS Children's Village to be the exclusive sponsor for one of the houses at the village in Amman. This sponsorship entailed giving children educational training to prepare them for self-reliance when they leave the village as young independent adults.
- **Recreational and Educational Day:** In collaboration with Haya Cultural Centre, the Bank held a recreational and educational day for 15 orphans from the SOS village. The event featured several activities and gave children aged between 6-13 years old a fun experience while providing them with knowledge on historical figures and traditions. Nine volunteers from the Bank accompanied the children to read stories and ensured they had a great experience through educational and fun games.



### *LOYAC*

**Internship program (DARB):** In collaboration with King Abdullah Fund for Development (KAFD) and LOYAC, the Bank was the Gold Sponsor for this program. Arab Bank hosted 10 students from different Jordanian universities in a 6-8 week long paid internship program at the Bank's branches in Amman, Zarqa, Madaba, Salt, Mafraq and Irbid.

### *Talal Abu Ghazaleh*

As part of Arab Bank's efforts to support youth and contribute to providing proper tools to enhance education and capacity-building for students, the Bank collaborated with Talal Abu-Ghazaleh Organization to donate 1,150 PCs to be refurbished and used at schools and youth centers in the most deprived areas in the Kingdom. This national initiative aims to promote information technology and support education in the Kingdom.



## Build up NGOs' Capacities

As part of the Bank's responsibility toward our partner NGOs, and with the objective of enhancing their employees' capacities and skills, the Bank implemented the Capacity Building Program for the fourth consecutive year. The program utilized employees' skills and talents to empower local NGOs and engage them with the community.

Throughout 2015, the Bank implemented seven successful courses covering various topics customized to meet the needs of the NGOs participating in the Together program. The courses for this year covered the following topics: Service Excellence, Project Management, Advanced MS Excel, Telephone Handling Skills, Presentation Skills, Total Quality Management and Time Management, benefiting 107 employees.



# Appendix A: Stakeholder Map

Our Stakeholders	How We Engage	Stakeholder Priority Issues
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Annual, semi-annual and quarterly reports</li> <li>• Directors briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Increase profits and dividends</li> <li>• Transparent communication</li> <li>• Compliance with all laws and regulations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Arabina Intranet portal</li> <li>• Emails</li> <li>• Human Resources Management Systems (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 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>• Volunteering program 'Together'</li> </ul>	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Healthy and safe workplace</li> <li>• Training and development</li> <li>• Competitive salary and benefit packages</li> <li>• Responsibility and opportunity for growth</li> <li>• Transparent and accountable management team</li> <li>• Equal opportunity</li> <li>• Financial rewards</li> <li>• Access to needed and essential information</li> <li>• Engage with community</li> <li>• Personal and professional satisfaction</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <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>• Feedback tools and methods</li> <li>• Customer care</li> </ul>	<ul style="list-style-type: none"> <li>• Innovative and diverse products, services and customer support</li> <li>• Quality of service delivery in terms of confidentiality, speed and accuracy</li> <li>• Facilitated loans</li> <li>• Transparent communications</li> <li>• Strong awareness on varied products and services</li> <li>• Well trained and professional employees</li> <li>• Minimal security and risk incidents</li> <li>• Attractive and competitive pricing</li> <li>• Protect customer information</li> <li>• Engagement with the community</li> <li>• Secured financial operations</li> </ul>

Our Stakeholders	How We Engage	Stakeholder Priority Issues
<b>Community</b>	<ul style="list-style-type: none"> <li>• Volunteering campaigns</li> <li>• Social media</li> <li>• Sponsorships and events</li> <li>• Sustainability reports</li> <li>• Capacity building programs</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate responsibility and citizenship</li> <li>• Invest in the community (financial and human resources)</li> <li>• Capacity building for local NGOs</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Restoration initiatives</li> <li>• Support for environmental NGOs</li> <li>• Operational improvements</li> <li>• Lend environmental friendly infrastructural projects</li> </ul>	<ul style="list-style-type: none"> <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 with vendors</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Invitation to bidding</li> <li>• Contracts</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability and integrity in dealings</li> <li>• Financially rewarding, long-term and secured contracts</li> <li>• Timely payment upon delivery</li> </ul>
<b>Governments</b>	<ul style="list-style-type: none"> <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 style="list-style-type: none"> <li>• Adherence to national policies and standards</li> <li>• Compliance with laws and regulations</li> <li>• Support 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 directives that affect the daily operations of the Bank.</li> </ul>

Our Stakeholders	Arab Bank's Priority Issues	Our Response
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Maintain and enhance profitability</li> <li>• Attract more shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining consistent profitability and growth (see page 13)</li> <li>• Good corporate governance and accountability (see page 79)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Enhance employee motivation and productivity</li> <li>• Attract and retain highly qualified calibers</li> <li>• Apply 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> <li>• Protect our customer base and sensitive information</li> <li>• Enhance employees' loyalty, productivity and motivation</li> <li>• Retain high level performers and reduce turn over rate</li> <li>• Avoid and address causes of employee dissatisfaction</li> <li>• Provide training and development</li> <li>• Maintain solid and up-to-date level of awareness and knowledge on essential issues, laws, regulations and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in our employees (see page 73)</li> <li>• Equal opportunities (see page 63)</li> <li>• Maintaining a safe and healthy workplace (see page 67)</li> <li>• Adopt new systems and applications</li> <li>• Listening to our employees (see page 69)</li> <li>• Engaging employees (see page 69)</li> <li>• Promoting Welfare and satisfaction (see page 69,72)</li> <li>• Hiring highly capable, well-experienced and competent staff (see page 63,68)</li> <li>• Adhering to applicable laws, regulations and corporate Policies (see page 72)</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Growing customer base</li> <li>• Enhance service and communication channels</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 style="list-style-type: none"> <li>• Diverse products and services (see page 11,30)</li> <li>• Enhance access to banking services (see page 31,65)</li> <li>• Innovative engagement methods and tools (see page 91)</li> <li>• Safeguarding customers' information and assets (see page 57)</li> <li>• Professional and expert employees (see page 35,127)</li> <li>• Achieve and maintain customer satisfaction and loyalty</li> <li>• Enhance service culture (see page 34)</li> <li>• Engage customers with the community (see page 40)</li> <li>• Acquire new customers and enhance relationships with existing customers</li> </ul>

Our Stakeholders	Arab Bank's Priority Issues	Our Response
<b>Community</b>	<ul style="list-style-type: none"> <li>• Advance corporate citizenship</li> <li>• Contribute to community well-being</li> <li>• Access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Strong community cooperation (see page 106,116)</li> <li>• Engage employees in volunteering initiatives (see page 106-107)</li> <li>• Support relevant community projects (see page 27,30,52-54)</li> <li>• Provide the public with access to educational resources (see page 123-127)</li> <li>• Leverage the Bank's channels to support local NGOs (see page 40)</li> <li>• Enhance financial inclusion and financial literacy (see page 42,56)</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Minimize environmental impact and enhance the environmental situation</li> <li>• Optimize operational costs</li> </ul>	<ul style="list-style-type: none"> <li>• Support environmental projects (see page 52-54,123)</li> <li>• Encourage efficient operations (see page 91-100)</li> <li>• Integrate environmental risk assessment in lending criteria</li> <li>• Support environmentally friendly projects</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <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 style="list-style-type: none"> <li>• Maintaining mutually beneficial cooperative relations (see page 98)</li> <li>• Increasing the number of suppliers with preference to local suppliers where possible</li> <li>• Enhancing suppliers' performance (see page 98)</li> </ul>
<b>Governments</b>	<ul style="list-style-type: none"> <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 style="list-style-type: none"> <li>• Effective corporate governance (see page 79)</li> <li>• Support the local economy (see page 31-33,52-54,106)</li> <li>• Compliance with local and national laws, regulations, and standards which are specific to the financial services industry and which are issued by legislative and regulatory bodies that are relevant to the Arab Bank Group's businesses or reputation (see page 85-87)</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

In preparation of our 2015 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

**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 2015 performance for the financial year ending on December 31, 2015. 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

Sustainability Pillar	Material Aspect	Most Concerned Stakeholders						
		Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
Supporting Customer in Achieving their Ambitions	Continual development of our products and services							
	Excel in customer service							
	Customer engagement and fair treatment							
	SME support							
	Encourage sustainable development and entrepreneurship							

5 - IS=Internal Stakeholders  
6 - ES=External Stakeholders

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

Sustainability Pillar	Material Aspect	Most Concerned Stakeholders						
		Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
Transparent Reporting	Governance and accountability							
	Annual reporting							
	Internal policy and code of conduct							
	Anti-corruption, anti-bribery and anti-money laundering							
	Compliance							
System Optimization	Digitalization and paperless environment							
	Internal management of environmental resources							
	Sustainable procurement operations							
	Promote for sustainability in our internal operations and raise awareness							
	Sustainable procurement operations							
	Quality management							

Sustainability Pillar	Material Aspect	Most Concerned Stakeholders						
		Employees (Internal Stakeholder)	Customers	Government	Suppliers	Shareholders (Internal Stakeholder)	Environment	Community
Community Cooperation	Sponsorships and donations							
	Abdul Hameed Shoman Foundation							
	Our CSR program "Together"							
	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.
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.
ISO 26000	The ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way through adopting ethical and transparent practices that contribute to the health and welfare of the society.
Money Laundering	The act of concealing the identity, origin or destination of often illegally-obtained money.

Term	Definition								
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.								
SMEs	<p>According to the Central Bank of Jordan, the below criteria were launched in June 2011 to identify small and medium enterprises as follows:</p> <table border="1" data-bbox="360 377 1294 577"> <thead> <tr> <th data-bbox="360 377 826 418">Small Enterprise</th> <th data-bbox="826 377 1294 418">Medium Enterprise</th> </tr> </thead> <tbody> <tr> <td data-bbox="360 418 826 459">Assets or sales less than JOD MM 1</td> <td data-bbox="826 418 1294 459">Assets or sales between JOD MM 1-3</td> </tr> <tr> <td data-bbox="360 459 826 501">Between 5-20 Employees</td> <td data-bbox="826 459 1294 501">Between 21-100 Employees</td> </tr> <tr> <td data-bbox="360 501 826 577">Not a public shareholding, insurance or financial intermediary</td> <td data-bbox="826 501 1294 577"></td> </tr> </tbody> </table>	Small Enterprise	Medium Enterprise	Assets or sales less than JOD MM 1	Assets or sales between JOD MM 1-3	Between 5-20 Employees	Between 21-100 Employees	Not a public shareholding, insurance or financial intermediary	
	Small Enterprise	Medium Enterprise							
	Assets or sales less than JOD MM 1	Assets or sales between JOD MM 1-3							
	Between 5-20 Employees	Between 21-100 Employees							
Not a public shareholding, insurance or financial intermediary									
Stakeholder Engagement	A commitment from the organization to transparent honest dialogue with key stakeholder groups, not only to make them aware of the organizations activities, but also to understand and address their concerns through a two-way dialogue.								
Stakeholders	Group or persons who impact the organization or are impacted by the organization directly or indirectly. Stakeholders include: shareholders, employees, customers, suppliers, the environment, local communities and the government.								
Sustainable Procurement	Is a process whereby organizations meet their needs for goods and services in a way that considers the economic, environmental and social impacts. It aims to reduce the adverse impacts of purchased products throughout their lifecycle and can include considerations such as waste disposal and the cost of operation and maintenance over the products' lifecycle.								
Sustainable 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	Is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.								

# Appendix E: Acronyms

AB: Arab Bank

ACH: Automated Clearing House

AHSF: Abdul Hameed Shoman Foundation

ALM: Asset and Liability Management

AML: Anti-Money Laundering

ASEZA: Aqaba Special Economic Zone

ATMs: Automated Teller Machines

BAS: Business Alternate Site

BCM: Business Continuity Management

BDC: Business Development Center

BoD: Board of Directors

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

CRO: Customer Relationship Officer

CSR: Corporate Social Responsibility

CTF: Combating Terrorist Financing

DBR: Debt Burden Ratio

DRS: Disaster Recovery Site

ECC: Electronic Clearing Cheques

ECM: Enterprise Content Management

EMEA: Europe, the Middle East and Africa

EPP: Easy Payment Plan

ESG: Environmental, Social and

Governance criteria

EP: Equator Principles

EVP: Executive Vice President

FM: Facility Management

GAM: Greater Amman Municipality

GHG: Greenhouse Gas

GIA: Group Internal Audit

GJ: Gigajoules

GPS: Global Positioning System

GRC: Group Regulatory Compliance

GRI: Global Reporting Initiative

GRM: Group Risk Management

GWh: GigaWatt per hours

HCC: Haya Cultural Center

HRMS: Human Resources Management System

ICT: Information and Communications  
Technology

IIA: Institute of Internal Audit

ILO: International Labor Organization

IPCC: Intergovernmental Panel for Climate  
Change

IPP: Independent Power Producer

ISO: International Organization for  
Standardization

JOD: Jordanian Dinars

JLGC: Jordan Loan Guarantee Corporation

JWPC: The Jordan Wind Project Company

KAFD: King Abdulla Fund for Development

KHCC: King Hussein Cancer Center

KHCF: King Hussein Cancer Foundation

kWh: kilowatt hours

KYC: Know Your Customer

LED: Light Emitting Diode

M3: Cubic Meter

MENA: Middle East North Africa

MW: Mega Watts

NGOs: Non-Governmental Organizations

OPIC: Overseas Private Investment Corporation

PCI – DSS: Payment Card Industry – Data  
Security Standard

PLC: Public Limited Company

PPM: Planned Preventive Maintenance

RECM: Real Estate and Construction

Management

RSCN: The Royal Society for the Conservation  
of Nature

SDG: Sustainable Development Goals

SMEs: Small to Medium Enterprises

SMS: Short Message Service

SVP: Senior Vice President

S&P: Standard and Poor

TUA: Tkiyet Um Ali

UDHR: Universal Declaration of Human Rights

UNGC: United Nations Global Compact

VaR: Value at Risk

VRV: Variable Refrigerant Volume

WANA: West Asia and North Africa

# Appendix F: GRI (G4) Content Index



General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>GENERAL STANDARD DISCLOSURES</b>					
General Standard Disclosures	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>STRATEGY AND ANALYSIS</b>					
G4-1	5-6, 13	Not applicable	Not applicable	Not applicable	No
G4-2	19, 21, 26-28	Not applicable	Not applicable	Not applicable	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>ORGANIZATIONAL PROFILE</b>					
G4-3	1, 8	Not applicable	Not applicable	Not applicable	No
G4-4	11-12, 31-33	Not applicable	Not applicable	Not applicable	No
G4-5	9	Not applicable	Not applicable	Not applicable	No
G4-6	9-10	Not applicable	Not applicable	Not applicable	No
G4-7	10	Not applicable	Not applicable	Not applicable	No
G4-8	9-12	Not applicable	Not applicable	Not applicable	No
G4-9	11-13, 26-27, Annual Report (Pages 19, 71)	Not applicable	Not applicable	Not applicable	No
G4-10	62-64, 66; There are no significant variations in employment numbers compared to last year.	Not applicable	Not applicable	Not applicable	No
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	98	Not applicable	Not applicable	Not applicable	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-13	9-10, Annual Report (Page 65); No major changes in size, structure, ownership.	Not applicable	Not applicable	Not applicable	No
G4-14	51, 56-57, 84-87	Not applicable	Not applicable	Not applicable	No
G4-15	22-23, 51, 98, 132	Not applicable	Not applicable	Not applicable	No
G4-16	10, 46, 51	Not applicable	Not applicable	Not applicable	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	7, 9-10 ; All financial statements for Arab Bank Group and PLC are outlined in our 2014 Annual Report (Page 10, 93).	Not applicable	Not applicable	Not applicable	Yes, 2014 Annual report <a href="http://arabbank.com/uploads/File/AnnualReport2014EN.pdf">http://arabbank.com/uploads/File/AnnualReport2014EN.pdf</a> (Page 212-213)
G4-18	134-135	Not applicable	Not applicable	Not applicable	No
G4-19	21	Not applicable	Not applicable	Not applicable	No
G4-20	136-139; All material aspects outlined on page 21 apply to Jordan only unless mentioned otherwise in the report.	Not applicable	Not applicable	Not applicable	No
G4-21	21, 134, 136-139	Not applicable	Not applicable	Not applicable	No
G4-22	No restatements took place in previous reports.	Not applicable	Not applicable	Not applicable	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-23	No significant changes from previous reports.	Not applicable	Not applicable	Not applicable	No
<b>STAKEHOLDER ENGAGEMENT</b>					
G4-24	17	Not applicable	Not applicable	Not applicable	No
G4-25	16, 20	Not applicable	Not applicable	Not applicable	No
G4-26	16, 128-131; No engagement was conducted specifically on the report.	Not applicable	Not applicable	Not applicable	No
G4-27	128-131	Not applicable	Not applicable	Not applicable	No
<b>REPORT PROFILE</b>					
G4-28	2015 Calendar year	Not applicable	Not applicable	Not applicable	No
G4-29	May - 2015 for Sustainability Report 2014.	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	7, 143-151	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 216-217.	Not applicable	Not applicable	Not applicable	No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>GOVERNANCE</b>					
G4-34	79-81, Annual Report (305-307)	Not applicable	Not applicable	Not applicable	No
G4-35	18, 80-81				No
G4-36	18				No
G4-37	16-17, 20, 128, 130				No
G4-38	79-80, Annual Report (Pages 37-47).				No
G4-39	79				No
G4-40	79-80, Annual Report (Pages 299-300).				No
G4-41	Annual Report (Pages 296, 310-311); 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

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-42	18, 79, Annual Report (Pages 300-302)				No
G4-43	18, 80, 82; 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	79-80, Annual Report (Pages 309-310); 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	79-81, 84, 86-87				No
G4-46	57, 80-81, 84, Annual Report (Pages 306)				No
G4-47	79-80, Annual Report (Pages 300-301).				No
G4-48	82				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-49	81, 85				No
G4-50	79-80, 85	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	66, 80, Annual Report (Pages 118-119, 310).				No
G4-52	66, 80, Remuneration in Arab Bank is determined on the basis of different factors, one of which is market surveys that are conducted in each local market where AB operates. Salary surveys are conducted by highly profiled consultants specialized in banking studies and are independent of the management. Based on the results received from vendors, AB salaries and benefits are benchmarked versus the market according to which, actions may be taken if necessary.				No

General Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-53	Stakeholders' views regarding employees' remuneration are sought via Function Heads proposals where continuous coordination is done to keep remuneration in a competitive status and the retention of staff is given the right significance. Remuneration policies are reviewed on yearly basis by the Risk Management, Compliance and Legal Departments among the other HR policies to ensure compliance and adherence to local laws and regulations.				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
<b>ETHICS AND INTEGRITY</b>					
G4-56	81, 84, 86-87, 2014 Sustainability Report (Page 10)				No
G4-57	81, 85				No
G4-58	81, 85				No
<b>SPECIFIC STANDARD DISCLOSURES</b>					

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
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: ECONOMIC</b>					
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>					
G4-DMA	Annual Report (Pages 67, 87, 91-92)				Yes, Annual report (Page 67, 87, 91-92)
G4-EC1	13, 26-27, Annual Report (Pages 219-220).				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EC2	52-55, Arab Bank considers investments 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 13.25% of the employees' social security deductible salaries while employees pay 7% 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
G4-EC4	The Bank doesn't receive financial assistance from the government.				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>Financial Service Sector</b>					
G4-DMA	27-28, 106-107, 116				No
G4-EC1	43, 100, 106-107, 118, Annual Report (Pages 126,220), Amount of investments is classified as the following: Education JOD 1,913,7941 Sports JOD 194,186 Health JOD 755,311 Culture, art and scientific research JOD 4,763,000 Environment JOD 27,836 Poverty JOD 218,111 Forums & Conferences JOD 129,858 Others JOD 486,192				No
<b>MATERIAL ASPECT: MARKET PRESENCE</b>					
G4-DMA	66, Annual Report (Pages 64)				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EC5	Entry wages are higher than the minimum wage by 30%. Minimum and maximum wages are determined by approved salary scales, which are based on market studies of salaries and are linked to the job contribution and added value regardless of gender.				No
G4-EC6	62				No
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>					
G4-DMA	40-41, 47-48, 52				No
G4-EC7	42, 47, 52-54				No
G4-EC8	43, 46-47, 56, 123-124				No
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES</b>					
G4-DMA	98-99				No
G4-EC9	98-99; Annual Report (Page 69)				No
<b>CATEGORY: ENVIRONMENTAL</b>					
<b>MATERIAL ASPECT: ENERGY</b>					
G4-DMA	93-96				No
G4-EN3	94-96				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EN4	94				No
G4-EN5	94-96				No
G4-EN6	94-96				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
<b>MATERIAL ASPECT: WATER</b>					
G4-DMA	54, 93, 97				No
G4-EN8	97; 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
<b>MATERIAL ASPECT: EMISSIONS</b>					
G4-DMA	93-97				No
G4-EN15	93				No
G4-EN16	93				No
G4-EN17		Other indirect greenhouse gas emissions (scope 3)	The information is currently unavailable	Currently, the Bank doesn't calculate this	No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EN18	93				No
G4-EN19	93-96				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
<b>Financial Service Sector</b>					
G4-EN15		Greenhouse gas emissions resulting from business travel	The information is currently unavailable	The Bank doesn't calculate its emissions from business travel	NO
G4-EN16		Emissions of the financing portfolio	The information is currently unavailable	The Bank doesn't calculate emissions of the financing portfolio	NO
G4-EN17		Greenhouse gas emissions resulting from business travel	The information is currently unavailable	The Bank doesn't calculate its emissions from business travel	NO
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	85,87				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-EN29	No monetary value of significant fines and non-monetary sanctions.				No
<b>MATERIAL ASPECT: TRANSPORT</b>					
G4-DMA	93				No
G4-EN30	93-96				No
<b>MATERIAL ASPECT: OVERALL</b>					
G4-DMA	93-96				No
G4-EN31	96				No
<b>CATEGORY: SOCIAL</b>					
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>					
<b>MATERIAL ASPECT: EMPLOYMENT</b>					
G4-DMA	62-66,68				No
G4-LA1	63,68				No
G4-LA2	65-66				No
G4-LA3	64				No
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>					
G4-DMA	67				No
G4-LA5	67; 100% of employees are represented by the health and safety committee.				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
G4-LA6	67; Around 72% of work related injuries happened to male employees; most injuries were minor and related to employees slipping on the stairs, other kitchen injuries and two 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 calculate 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
<b>Financial Service Sector</b>					
G4-DMA	58-59, 65, 67, 85				No
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>					
G4-DMA	35-36, 73-76				No
G4-LA9	73-74; 23 hour / employee.	Average hours of training by gender and employment category	The information is currently unavailable	The Bank did not track the data in 2015	No
G4-LA10	35-36, 74-76				No
G4-LA11	69				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>					
G4-DMA	62-65				No
G4-LA12	62, Annual Report (pages 37-47)				No
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>					
G4-DMA	66, Annual Report (Page 64)				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: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>					
G4-DMA	98-99				No
G4-LA14	99; 100% of suppliers are screened using labor practices criteria.				No
G4-LA15	98-99; 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

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS</b>					
G4-DMA	72				No
G4-LA16	72				No
<b>SUB-CATEGORY: HUMAN RIGHTS</b>					
<b>MATERIAL ASPECT: INVESTMENT</b>					
G4-DMA	72,87-88				No
G4-HR1	100% of agreements signed with suppliers include human rights clauses and underwent human rights screening.	Number 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
<b>Financial Service Sector</b>					
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 clauses	The information is currently unavailable	The Bank didn't identify number of contracts and agreements with such clauses	No
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>					
G4-DMA	62-65, 72				No
G4-HR3	No incidents of discrimination was received during the reporting period.				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>MATERIAL ASPECT: CHILD LABOR</b>					
G4-DMA	72,98-99				No
G4-HR5	72,98-99; As a Banking sector, our operations have low level of risk of child labor.				No
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>					
G4-DMA	72, 98-99				No
G4-HR6	72,98-99; As a Banking sector, our operations have low level of risk of forced or compulsory labor.				No
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>					
G4-DMA	98-99				No
G4-HR10	98; 100%				No
G4-HR11	98; 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

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>SUB-CATEGORY: SOCIETY</b>					
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>					
G4-DMA	43,106-107,116-117				No
G4-SO1	40, 43, 46-47, 116				No
G4-SO2	No negative impacts have been identified.				No
<b>Financial Service Sector</b>					
FS 13	42-43, 56, 121-122				No
FS 14	37-38, 43, 56, 127				No
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>					
G4-DMA	81, 84-88				No
G4-SO3	84-85, 87; 100% of operations are assessed for risk related to corruption.				No
G4-SO4	84-85, 87-88				No
G4-SO5	There are no confirmed incidents of corruption.				No
<b>MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>					
G4-DMA	84-87				No
G4-SO7	No legal actions for anti-competitive behavior and violations of anti-trust in Jordan during the reporting period.				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	79-80, 84-87				No
G4-SO8	There is no monetary value of significant fines neither non-monetary sanctions for non-compliance with laws and regulations.				No
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>					
G4-DMA	87, 98-99				
G4-SO9	87, 98-99; Around 55 suppliers (100%) were subject to assessments for their impacts on society.				No
G4-SO10	98-99; No significant actual and potential negative impacts on society in the supply chain.				No
<b>MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>					
G4-DMA	16, 37-38, 70-72, 129				No
G4-SO11	No grievances about impacts on society was filed through formal grievance mechanisms during the reporting period.				No

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>					
<b>Financial Service Sector</b>					
G4-DMA	11, 38-40,56				No
<b>MATERIAL ASPECT: Product Portfolio</b>					
<b>Financial Service Sector</b>					
G4 - DMA	22, 40, 80, 82, 91, 101-102				No
FS6		Percentage of the portfolio for business lines by specific region and size (e.g. Micro/ SME/Large) and by sector	The information is currently unavailable		No
FS7		Monetary value of products and services designed to deliver social benefit for each business line	The information is currently unavailable		No
FS8	52-54	Each business line broken down by purpose	The information is currently unavailable		No
<b>MATERIAL ASPECT: MARKETING COMMUNICATIONS</b>					
G4-DMA	31-34, 37-39				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

Specific 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
<b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>					
G4-DMA	34-38, 58				No
G4-PR8	No incidents of substantiated complaints regarding breaches of customer privacy or loss of customer data.				No
<b>Material Aspect: Audit</b>					
<b>Financial Service Sector</b>					
G4-DMA	51, 80				No
<b>Material Aspect: Active Ownership</b>					
<b>Financial Service Sector</b>					
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

Specific Standard Disclosure	Page Number (Or Reference)	Identified Omission	Reasons for Omission	Explanation of Omission	External Assurance
FS10	51-54, 123; The Bank interacts with many companies, NGOs, CBOs and governmental institutions on environmental and social issues.	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
FS11	51	Percentage of assets subject to environmental or social screening	The information is currently unavailable	The Bank didn't calculate percentage of assets subject to environmental or social screening	No