



SUSTAINABILITY REPORT 2016

البنك العربي
ARAB BANK



Success is a journey



ABOUT THIS REPORT

GRI 102-45

As part of our sustainability strategy, we are committed to issuing an annual sustainability report that follows the Global Reporting Initiative's (GRI) standards. This is our seventh sustainability report, and the report has been prepared in accordance with the GRI Standards: Comprehensive option. It was submitted for the GRI Materiality Disclosures Service, and GRI confirmed the correctness of the locations of the materiality disclosures (GRI 102-40 to 102-49).

This report provides information on our social, environmental and governance achievements and commitments until December 31, 2016, and 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.

This report highlights progress on the Bank's main material aspects outlined on page 11, 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.

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A MESSAGE FROM OUR CEO



Dear Stakeholders,

Welcome to our seventh sustainability report, in which we highlight Arab Bank's progress and achievements in the social, environmental and economic fields for the year 2016 in accordance with the new GRI Standards.

Since 2010, we have been actively pursuing our sustainability journey towards meeting our stakeholders' needs and expectations. Our efforts continue to focus on contributing to the development of our local community, investing in our people, conserving environmental resources, enhancing internal operations and adopting local and global policies and best practices.

We are proud of the progress we made in 2016 against our sustainability goals. Among our several accomplishments at the environmental level was advancing our commitment to a paperless operations environment, which enabled us to reduce operational costs and enhance our environmental performance. We have also continued our efforts in helping our customers reduce their environmental footprint by offering them paperless banking services through digitalization. This is in addition to our active role in financing environmentally-friendly infrastructure projects aimed at supporting environmental conservation and expanding clean energy usage across Jordan.

On the other hand we remained focused on expanding our social impact by engaging our staff in diverse community-based activities through volunteering. We were pleased to record an 18% increase in the number of volunteers and 27% increase in volunteering hours by our employees during the year. This goes hand-in-hand with increasing community contribution, which has grown by 21% to reach over JOD 10.2 million in 2016.

We acknowledge that sustainability is a journey and that we will need to continue to align with the evolving expectations of our stakeholders, providing them with the needed support to achieve their goals and ambitions. We look into the future with a sense of optimism and a firm belief that we can continue building on our successes to create long-term sustainable financial and non-financial value for the Bank and our stakeholders.

I would like to invite you to be part of this journey by providing us with your views on our performance.

Nemeh Sabbagh
Chief Executive Officer

ARAB BANK AT A GLANCE

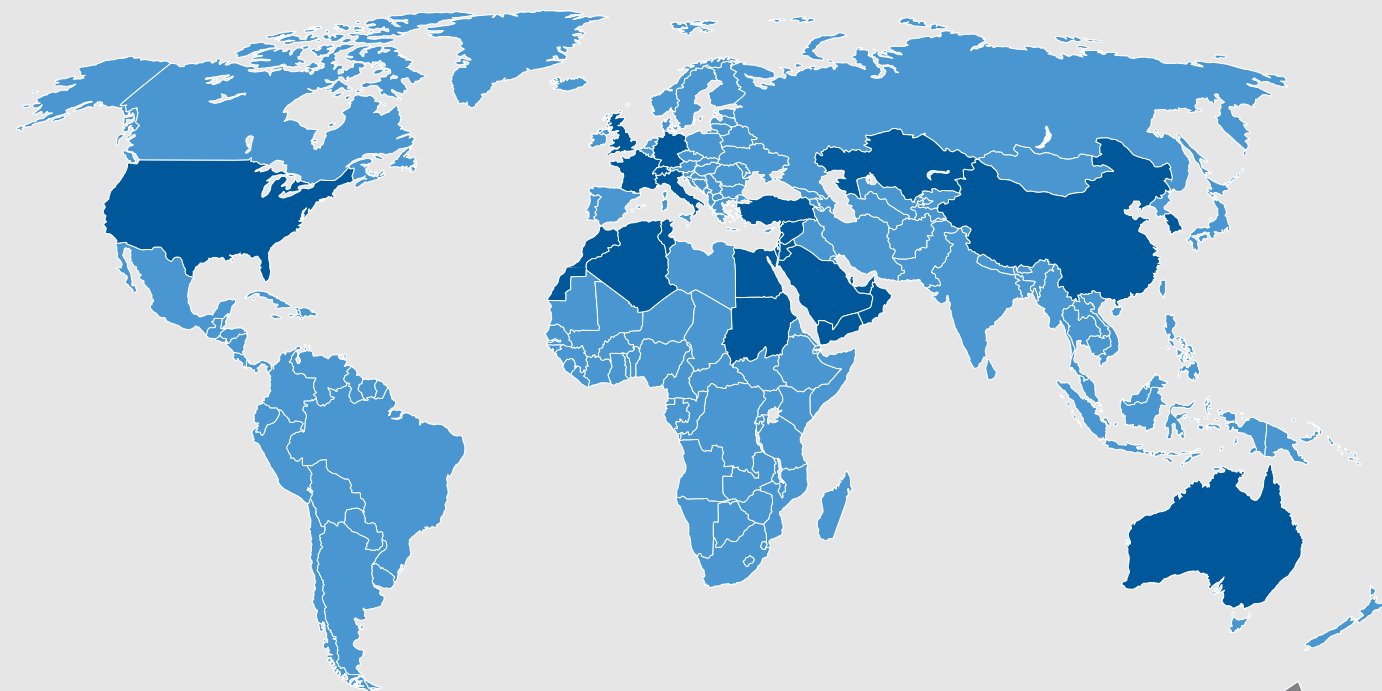


ARAB BANK AT A GLANCE

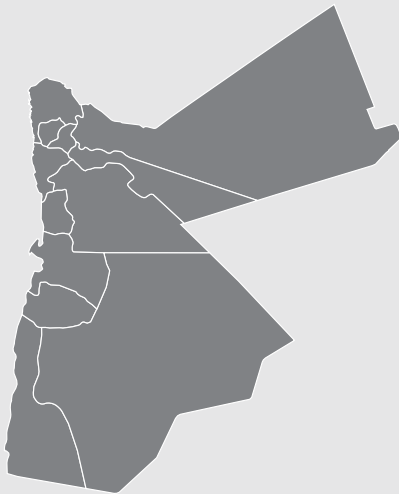
Our Global Presence

Established in 1930, Arab Bank headquartered in Amman, Jordan has one of the largest global Arab banking networks with over 600 branches spanning five continents. Arab Bank's extensive network covers key financial markets and centers such as London, Dubai, Singapore, Geneva, Paris, Frankfurt, Sydney and Bahrain.

600+
branches in
5 continents



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



2,990
of the total Arab Bank PLC workforce is located in Jordan

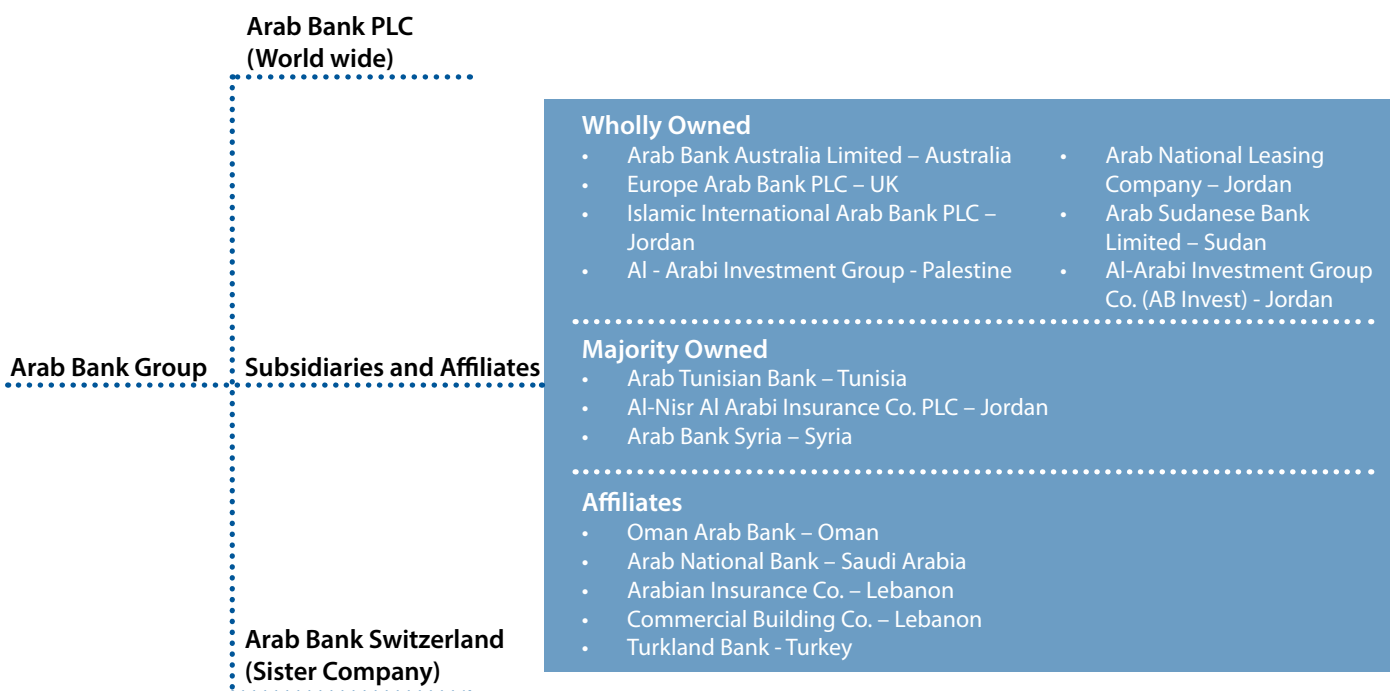


This represents **45.3%**
of total Arab Bank PLC employees



75
Branches across Jordan (Including the Head Office)

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, the UAE, Yemen, and Jordan.



Products and Services

Consumer Banking

In addition to the basic type of accounts, the Bank offers a complete suite of programs designed to meet the financial needs of the different individual segments based on their life cycle. The programs cover: children, youth, salaried employees, executives, self-employed as well as medium and high net-worth individuals. The Bank also offers personal loans, overdraft facilities, home loans, auto loans, credit cards, term deposits, fund transfers, currency exchange and investment opportunities. Several banking 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.

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 customers. The range of services includes:

- Commercial lending for projects 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
- Bank-to-bank business and relationship management

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.

2016 ACHIEVEMENTS

Despite the prevailing conditions in the region and the relatively unstable global economy in 2016, the Bank was able to maintain growth of its business across the different markets while simultaneously managing risks very effectively.

Arab Bank Group reported a net operating income at the end of 2016 of USD 1.1 billion and a net income after tax and provisions of USD 533 million compared to USD 442 million in 2015. In light of these results, the Board of Directors has recommended distributing cash dividends of 30% for the year 2016.

At the same time the underlying performance of the Bank was strong in 2016. Excluding the effect of foreign currency devaluations, loans and advances grew by 6% to reach USD 23.7 billion and customer deposits grew by 3% to reach USD 33.6 billion. The Group's loan-to-deposit ratio stood at around 70%, whilst capital adequacy ratio calculated in accordance with the new Basel III regulations has improved further to reach 15.7%.

Performance Highlights

Net Operating Income

(USD billion)

1.1

Net Income (USD million)

533

2016

20% ↑

Increase

LOANS AND ADVANCES (USD billion)

23.7

2016

6%* ↑

Increase

* Excluding the effect of foreign currency devaluations

Customer Deposits (USD billion)

33.6

2016

3%* ↑

Increase

* Excluding the effect of foreign currency devaluations

70%

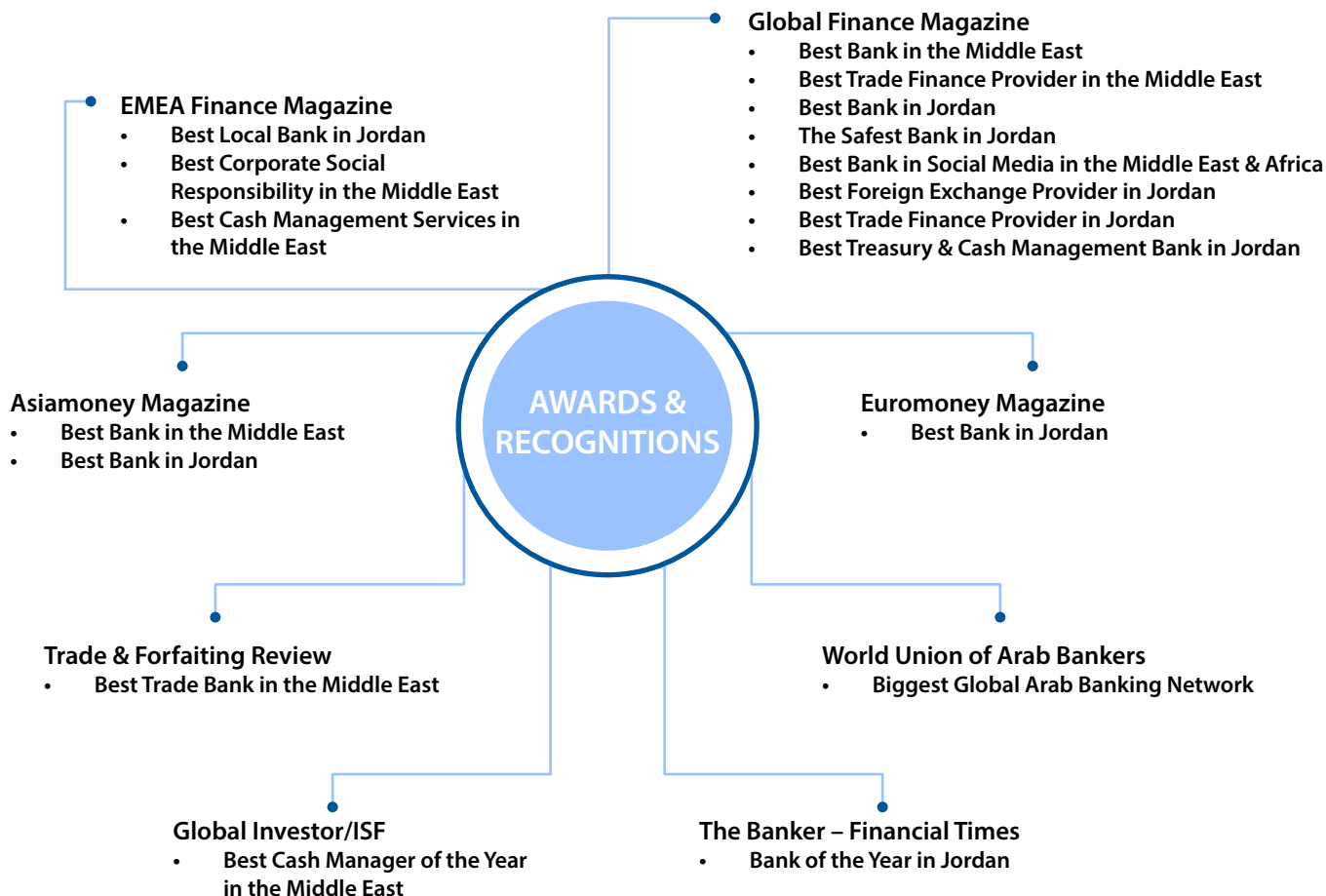
Loan to Deposits Ratio

15.7%

Capital Adequacy Ratio

AWARDS AND RECOGNITIONS

Throughout the year, Arab Bank has received several awards and recognitions from leading international parties, most notably the award for Best Bank in the Middle East by both Global Finance and Asiamoney, in addition to receiving the Best Corporate Social Responsibility in the Middle East award from EMEA Finance magazine.



Global Sustainability Recognition

Arab Bank has also 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.

BEST CORPORATE SOCIAL RESPONSIBILITY PROGRAMME IN THE MIDDLE EAST AWARD

As evidence of our leadership in sustainability during 2016, Arab Bank was recognized as 'Best Corporate Social Responsibility Program in the Middle East' from EMEA Finance for the second year.

S&P/Hawkamah Pan Arab ESG Index

The S&P/Hawkamah ESG Pan Arab Index includes the top 50 Pan Arab companies based on their performance on almost 200 Environmental, Social and Governance (ESG) metrics.

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 and 2016.

SUSTAINABILITY AT ARAB BANK: BUILDING OUR COMMUNITIES



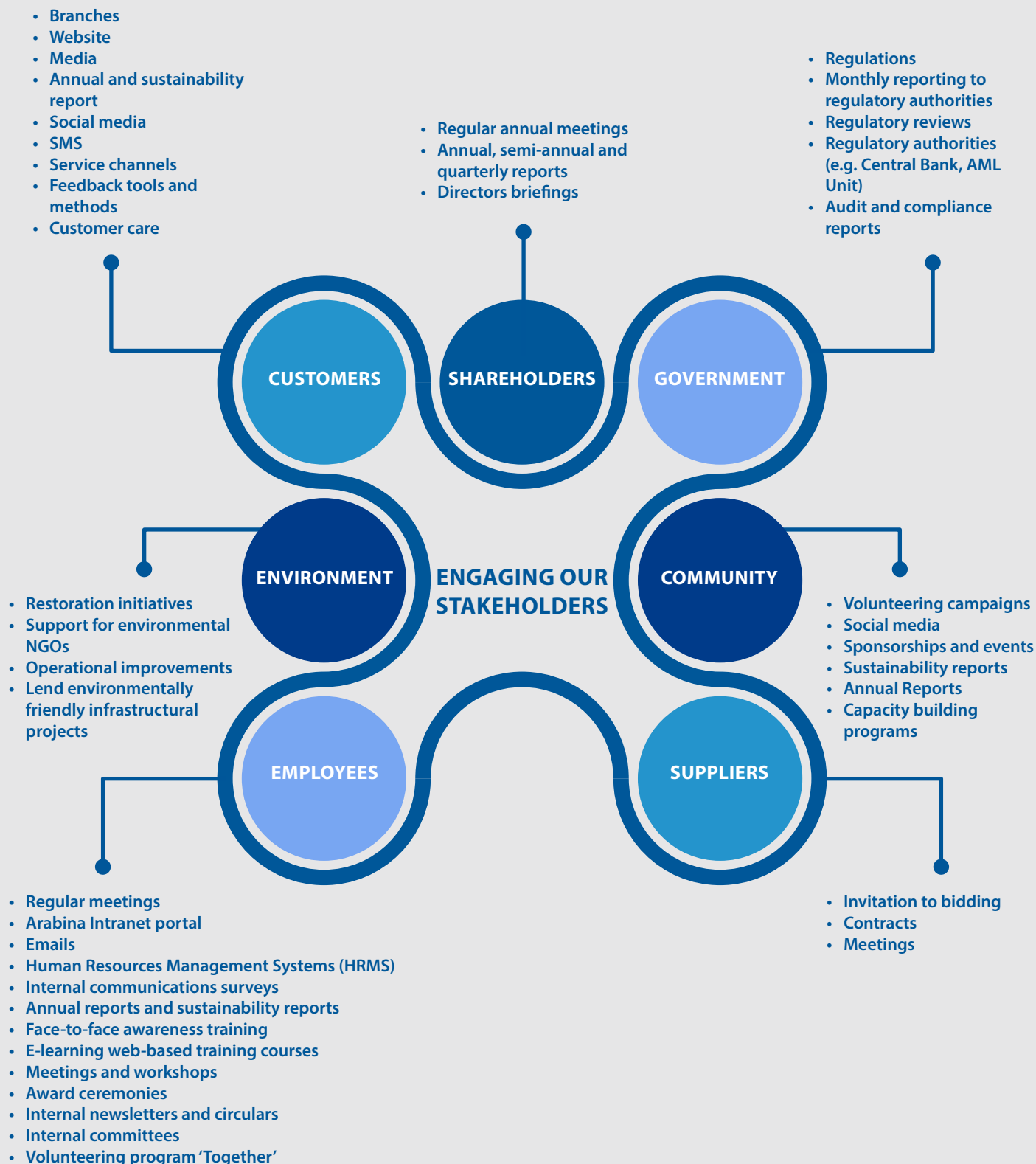
OUR RESPONSIVE APPROACH: MEETING OUR STAKEHOLDERS' NEEDS

At Arab Bank, we 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 and in the future.

Consequently, the Bank has built its sustainability strategy based on a 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.

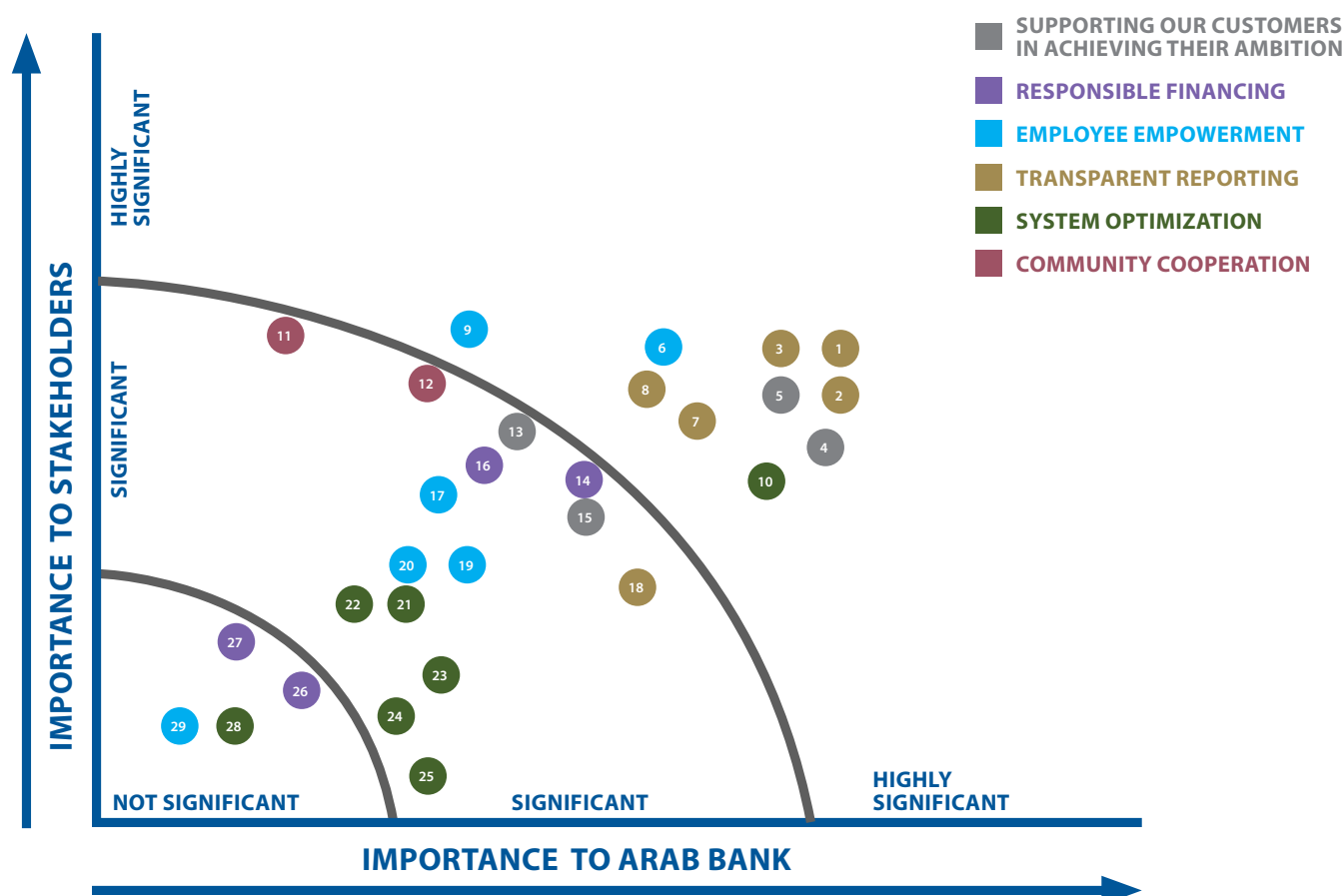
At Arab Bank, we engage our stakeholders and respond to their expectations and priorities as a cornerstone to enhancing our strategy and operations by creating a two-way channel for communicating stakeholder needs and the Bank's impact.

To better understand our stakeholders' needs, we regularly map their needs with the support of our Sustainability Champions to capture our methods of engagement, identify priority issues for both the Bank and the stakeholders, and track 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.



We want to focus our efforts on topics that are important to our stakeholders and strategically significant to our business. Thus, establishing prioritization among the sustainability topics enriches our understanding of our stakeholders' needs and focuses our strategic priorities.

Material issues are those that reflect our organization's most significant environmental, social and governance impacts, or those that influence the assessments and decisions of our internal and external stakeholders. Comprehensive assessment of the Bank's material issues takes place on an annual basis. As we have done in previous years, we have analyzed all the relevant material issues and examined them with our sustainability champions. As a result of our materiality process, we have revised our materiality issues and succeeded in identifying 25 material sustainability issues; presented in our Materiality Matrix below. A full explanation of our materiality approach and boundaries of the material issues can be found in Appendix B.



Our Sustainability Focus

Building on mapping our stakeholders' needs and expectations, and addressing our most material issues, Arab Bank has developed a strategic sustainability approach that helps the Bank grow while ensuring creating value to all our stakeholders.

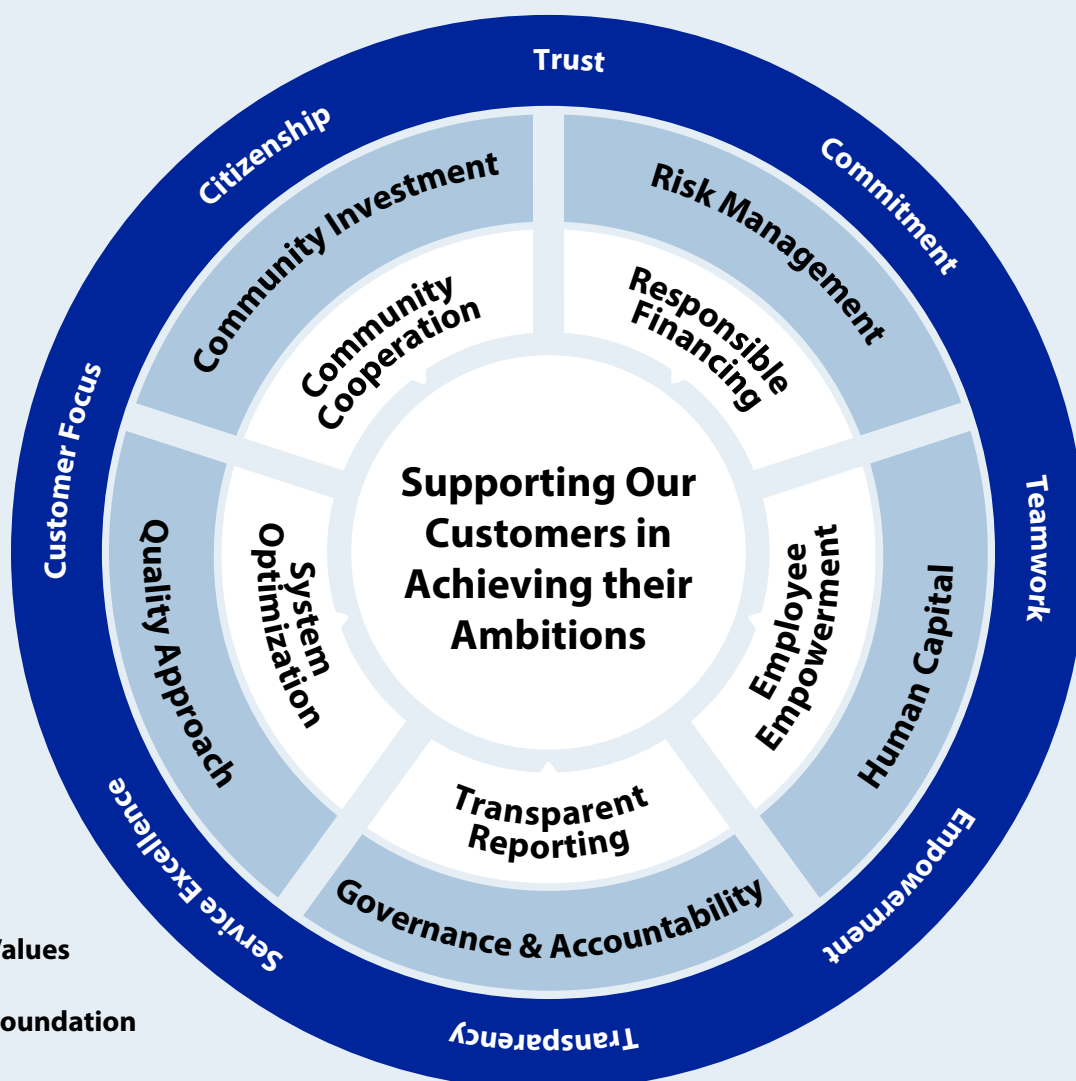
Arab Bank strives to ensure that our products and services meet our customers' primary financial ambitions while providing solid financial return for the Bank and its shareholders. At the same time, these products and services should contribute to the social and environmental development of the local 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.

Sustainability Strategy and Framework

GRI 102-44

Our sustainability framework is built on our values that underpin our foundation of stable and principled banking practices and organizational operations. It charts the Bank's approach of integrating sustainability concept into our core business 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 Bank's Sustainability Framework below.



Management of Sustainability

At Arab Bank, sustainability is an integral part of our day-to-day operations, through clear management lines. In 2011, the Bank has established the Sustainability Department, which coordinates all the sustainability efforts across the Bank with other departments through the Sustainability Champions. The Sustainability Department falls under the Branding Division, which reports directly to the Chief Executive Officer (CEO) on all progress on sustainability programs and initiatives.

Case Study: Arab Bank 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 are 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.



Adhering to 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). Additionally, our strategy and management of sustainability issues are aligned with ISO 26000 Social Responsibility Standards.

Arab Bank has also been reporting on sustainability using the Global Reporting Initiative (GRI) guidelines since 2010; the most recognized and widely used guidelines for sustainability reporting globally. Over the past five years, the Bank has been expanding 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 standards that have been issued in November 2016.

Measuring Our Performance

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

RESPONSIBLE FINANCING

OVER USD 164 MILLION

in loans and facilities provided to support environmentally friendly infrastructure projects since 2012

499 MW

Annual capacity of total renewable energy





OVER 805,000 TONS

of estimated cuts in annual carbon dioxide emissions

EMPLOYEE EMPOWERMENT

2,990

Total Workforce

2016		2,990
2015		2,934
2014		2,826
2013		2,817



38.4%

Females' participation in workforce

16%

of the Bank's senior management are females

6.2%

Employee Turnover

2013	2014	2015	2016
5.9%	8.5%	8.7%	6.2%



13

average hours of training provided per employee per year

TRANSPARENT REPORTING

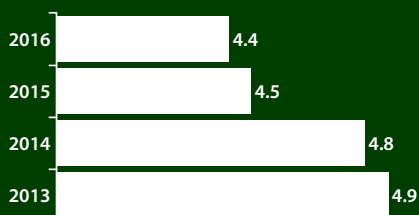
Cash dividend per share

JOD 0.30 (Arab Bank PLC)

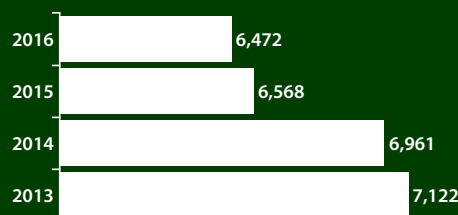
42% of the Bank's board members are independent

SYSTEM OPTIMIZATION

4.4 tons of CO₂e/employee
GHG emissions per employee



6,472 kWh/employee
Total electricity consumption per employee

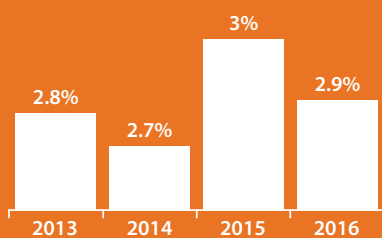


13.4 m³/employee
Total water consumption per employee

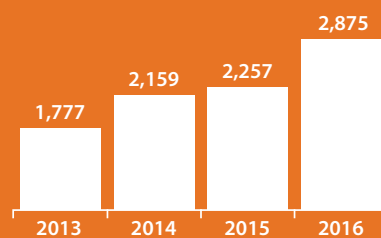


COMMUNITY COOPERATION

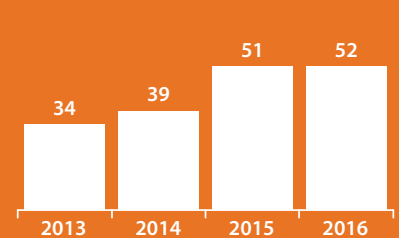
2.9% of the Bank's pre-tax profits are invested in the community



OVER 2,875
total of volunteering hours for initiatives

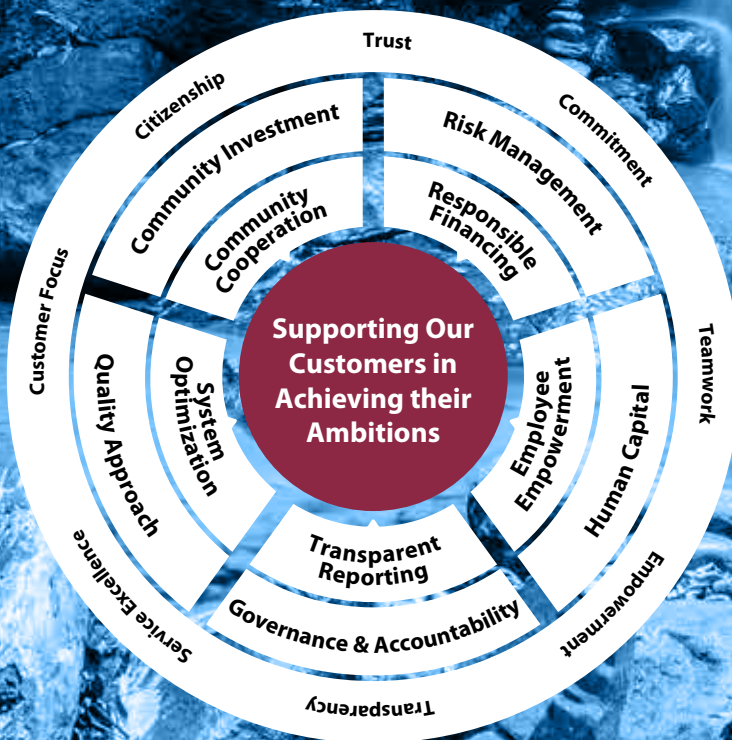


52
community initiatives



Over **175,000** members of the community benefits from our community initiatives

OUR IMPACT: SUPPORTING OUR CUSTOMERS IN ACHIEVING THEIR AMBITIONS



LAUNCHED SEVERAL STATE-OF-THE-ART DIGITAL SERVICES INCLUDING FINGERVEIN AND INTERACTIVE TELLER MACHINES (ITM) IN JORDAN



23% INCREASE IN TOTAL DONATIONS MADE BY OUR CUSTOMERS IN 2016, COMPARED TO 2015, REACHING OVER **191,700 JODs**

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 the extensive range of banking services we offer them, along with other non-banking activities. Ultimately, this enables the Bank to attract new customers in line with our mission of becoming the leading financial institution in the Arab world.

Arab Bank is achieving this through:

- Continuously developing our products and services to meet the evolving needs of our customers.
- Excelling in our customer services across our banking channels and our commitment to fair engagement with our customers.
- Fulfilling the socio-economic ambitions of our customers.

Material Aspects

- Customer Privacy and Data Security
- Accessibility to Products and Services
- Communicate Transparently with Customers
- Customer Experience and Satisfaction

Continuous Development of our Products and Services

At Arab Bank, we offer a wide variety of products and services to meet the evolving needs of corporate and individual customers based on the diverse sectors and segments.

Our philosophy revolves around providing our customers with responsive banking solutions. This philosophy is manifested through offering a wide range of value propositions supported by seamless channels to optimize their banking experience. For full information on our products and services, please refer to our [2016 Annual Report](#).



Corporate and Institutional Banking (CIB)

As part of the Bank's strategy to be aligned with the recent digital trends and best practices, CIB continued to provide corporate clients with advanced digital banking solutions. Through an innovative and comprehensive commercial banking platform, CIB provides the cash management and trade finance electronic platforms, which offer an array of products that allow clients to efficiently manage banking transactions using state-of-the-art technology.

Consumer Banking (CB) – Arabi Online Developments

The Bank's online banking services platform, Arabi Online, has undergone a major upgrade to provide Arab Bank customers with a variety of enhanced services. The platform became more flexible with an enhanced interface that offers a holistic view of all customer accounts and services. It now provides better accessibility through the definition of shortcuts and default services. A new alerting system was also introduced to enhance customer communication and notification. In addition, the interface was customized per customer segment for a more personalized look and feel.



Internet Banking

Arabi Rewards

As part of Arab Bank's focus on customer loyalty, a new Arabi Rewards feature was recently introduced over Arab Bank's electronic channels. Customers can now inquire about their available credit card reward points and redeem them into gift vouchers or deposit them as cash into the card account through the new Cash Back service. This service is fully online and available through Arabi Online.



Treasury

The Treasury Department deployed state-of-the-art treasury and risk management software in five countries by the end of 2016. This system gives the Bank far better information and higher quality analyses, and this investment will ensure that we continue to meet developing business needs and regulatory standards with increased earnings. The Treasury Department will complete the deployment of this software in 2017.

Excel in Customer Service

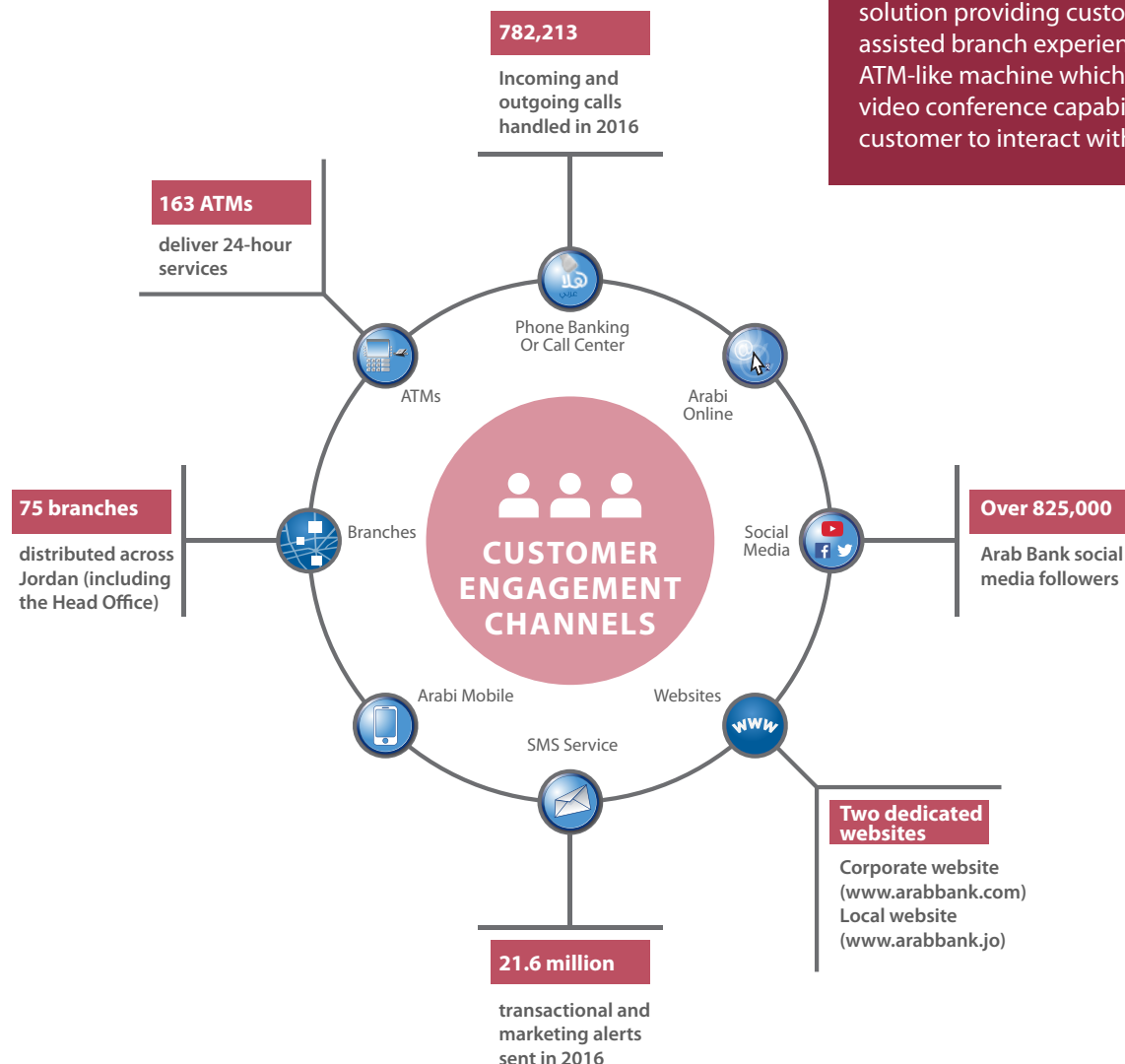
Providing excellent customer service is at the heart of our business model, which is why we strive to continuously improve efficiency across our operations, and aim to excel in satisfying our customers by actively monitoring a set of service standards that were created according to industry best practices.

Provide Customers with a Seamless Banking Experience

At Arab Bank, we are committed to improving our service proposition through the constant development of our banking channels, thus we invest considerable resources in identifying ways to better serve our customers and adapt to their evolving needs. In the process, we ensure that our customers enjoy a seamless banking experience at the different touch points. The Bank utilizes an array of banking channels to engage with customers. These tools provide our customers with different convenient banking options.

Interactive Teller Machine (ITM)

In 2016, Arab Bank launched the Interactive Teller Machine (ITM), which is an innovative solution providing customers with a teller-assisted branch experience through an ATM-like machine which is equipped with video conference capabilities, enabling the customer to interact with a remote teller.



Direct Communication with Our Customers

In line with the Bank's commitment to provide convenient digital banking channels, and as part of the Bank's efforts to educate customers on the benefits and usage of such channels, we continued our in-branch campaign that was launched in 2015 through dedicated employees located in branches, all in order to raise customers' awareness on how to use alternative channels to conduct banking transactions with comfort and ease.

Empowering Our Employees in Branches to Deliver Outstanding Customer Experience

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. Our approach to achieve this is through having knowledgeable and experienced employees, who understand our customers' needs and expectations.

Knowledgeable and Experienced Employees

To ensure that we increase the level of knowledge and experience of our branch staff, Arab Bank continuously conduct training courses in order to pave the way for employee career growth and excellent service delivery to our customers.

Customer Service: Certified Elite Relationship Program

Developing frontline leaders has been reinforced during 2016 via a tailored training program on Elite Customer Relationship Management. 22 Elite Relationship Managers (RMs) in Jordan attended this program, which aimed 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.

Advanced Telephone Sale Techniques for Arab Bank Call Center

The Call Center is one of the crucial touch points with our customers, therefore a group of Arab Bank call center agents attended Advanced Telephone Skills training during 2016, with the aim to continuously ensure 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 frontline new recruits to ensure that they 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 gaining outstanding levels of customer service and satisfaction.

Customer Experience Monitoring Tools

The Bank continued to implement monitoring tools including "knowledge health checks" and "did you know email" 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, the clean desk policy and general employee behavior.

Voice of Customers (VOC^{plus})

Voice of Customers (VOC^{plus}) is another tool that aims to obtain direct feedback from customers on Arab Bank's products, programs, services, process and general satisfaction. The tool uses a mix of automated surveys and direct personal surveys.

Customer Engagement and Fair Treatment

Clear and transparent engagement is an essential component of providing excellent services to our customers, maintaining their trust and loyalty, and empowering them to make the right financial decisions.

Our Social Media Channels

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



Over 375,000 followers for Corporate page
Over 380,000 followers for Shabab page



Over 25,800 followers for Corporate Twitter account
Over 1,700 followers for Shabab Twitter account



Over 47,000 followers

A special policy was endorsed to ensure that transparent, ethical and fair treatment and engagement with customers is a core value of our operations. ***The Transparency and Dealing with Customers Fairly 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 Human Resources, Consumer Banking, Small and Medium Enterprises and Compliance departments.

Support the Socio-Economic Ambitions of Our Customers

At Arab Bank, we use our financial services to support our customers' social and economic ambitions through supporting SMEs, fostering entrepreneurship and enabling our customers to support the local community through our donation channels.

SMEs Support

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

Collaboration with Stakeholders to Support SMEs

Arab Bank has collaborated with several stakeholders to support SMEs through engaging in the loan guarantee programs. These loan guarantee programs opened new prospects for SMEs, allowing them to obtain facilities from Arab Bank to expand and grow their businesses.

Overseas Private Investment Corporation (OPIC)

During 2016, we continued our collaboration with the Overseas Private Investment Corporation (OPIC), which seeks to support SMEs by providing banks with guarantees for loans extended to SMEs.

Jordan Loan Guarantee Corporation (JLGC)

The Bank also continued its collaboration 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.

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. In addition, Arab Bank has signed an agreement with JLGC aimed to support start-up companies, whereby JLGC guarantees 85% of loans granted to these companies, up to JOD 100,000 for each customer.

Central Bank of Jordan

The Bank maintained collaboration with the Central Bank of Jordan to support SMEs through three loan agreements, in which the third was signed in 2016. 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 was for JOD 2.8 million with the Arab Fund for Economic and Social Development, as well as a third loan agreement amount to JOD 3.6 million aiming to support small and medium-sized companies. Additionally, the Bank utilized the Central Bank of Jordan Financing program, amounting to JOD 50 million, to support the industry, agriculture, tourism and renewable energy sectors in Jordan.

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.

Support and Foster 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. 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.

Arab Bank Invest in 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.

Making the Connection

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.

In 2016, Arab Bank was the Platinum sponsor of Endeavor Jordan's Fourth Annual DealMakers event; an event focusing on matching entrepreneurs and investors in the ICT sector to address business challenges and opportunities in an open dialogue, contributing to the design of a more efficient and dynamic deal-making ecosystem.

Enable Our Customers to Support the Local Community

Arab Bank's various banking channels were equipped with a donation functionality, which enables our customers to support the local community by making direct donations to the Bank's partner NGOs.

Together is a CSR program launched by Arab Bank, which aims at involving the various stakeholders and encouraging them to be active members in the community. The Bank engages its customers by incorporating a donation mechanism through its banking 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. Donation channels include: Internet banking, phone banking, ATMs, branches and the Together Platinum credit card.

Arab Bank Partner NGOs



Health



Poverty Alleviation



Education/Orphan Support



Environmental Protection

 King Hussein Cancer Foundation
King Hussein Cancer Center



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

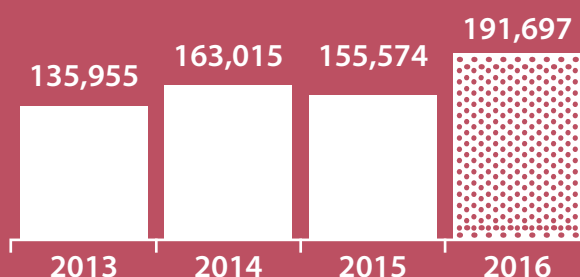


Customer Donations by Channels (JOD)

Channel	2013	2014	2015	2016
ATM	13,534	11,693	13,772	12,278
Internet Banking	113,065	142,976	135,052	176,236
Phone Banking	1,563	508	586	92
Together Card	7,792	7,838	6,164	3,091

23% increase

in total donations made by our customers in 2016, compared to 2015



RESPONSIBLE FINANCING



OVER USD 164 MILLION
IN LOANS AND FACILITIES PROVIDED TO
SUPPORT ENVIRONMENTALLY FRIENDLY
INFRASTRUCTURE PROJECTS SINCE 2012



499 MW TOTAL RENEWABLE ENERGY
ANNUAL CAPACITY CONTRIBUTED TO THE
JORDANIAN GRID

RESPONSIBLE FINANCING

Arab Bank is committed to providing financial services that enable sustainable growth and economic progress based on responsible financing practices. Responsible financing at Arab Bank demonstrate our commitment to deliver, act responsibly, manage risks and adhere to the highest ethical standards. By doing so, we ensure that we constantly meet our stakeholders' and business needs and maintain customers' trust and business continuity.

Arab Bank is realizing this commitment by:

- Ensuring compliance with regulatory requirements and industry standards regarding the financing of businesses, projects and individuals
- Implementing prudent risk management to screen our customers' risks and integrating ESG aspects into lending criteria
- Supporting green infrastructure projects in Jordan
- Developing green products and services.

Material Aspects

- ESG Topics in Portfolio
- Offering Sustainable Products and Services

Compliance Screening

Arab Bank follows a stringent approach in conducting business to ensure compliance with regulatory requirements as well as with international leading practices in all countries in which the Bank operates.

At Arab Bank, we are committed to maintaining the integrity of our financial system and to applying appropriate controls to prevent the misuse and criminal exploitation of our products and services. Our 'Know Your Customer, Anti-money Laundering, and Combating Terrorist Financing' Policy (KYC, AML, and CTF Policy) implementation helps protect the financial system from money-laundering and terrorist financing, and ensures compliance with regulatory requirements including their relation to customer identification, screening customers' names against blacklists, and recognizing and reporting suspicious activities. A comprehensive screening process is implemented via "Safe-Watch".

"Safe-Watch" System

Safe-Watch, the Arab Bank Group Internal Blacklists, is a consolidation of countries/ jurisdictions, individuals, vessels, and entities identified by the international community and competent regulatory authorities as linked to Weapons of Mass Destruction (WMD), Money Laundering, Terrorist Financing, Fraudulent Activities, etc.

Prudent Risk Management of ESG Issues

As the leading Jordanian financial institution, we recognize that our lending activities can have an impact on the environment and society. As such, we use sound risk management practices to identify, evaluate and mitigate, to the extent practical, the environmental and social impacts of our lending and financing lending activities, and we avoid dealing with borrowers who have poor environmental and social risk management track records.

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 lending and financing risks that the Bank is exposed to through our financial activities. This is done by the Corporate Credit Risk Management Department through addressing environmental and social risks at the Bank Credit Policies. For further details about our Risk Management approach, see page 44 of this report.

Responsible Lending

Our responsible financing in lending is twofold; selling the right products and services to the right person, and working on enhancing their financial literacy.

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, and then this is matched with product risks to ensure our customers receive the right products with minimal risks through implementing the relevant credit approval policies. These policies, which are reviewed on an annual basis, consider the customers' ability to repay in a manner that reduces risk to the individual and the Bank. They also focus on maintaining the Debt Burden Ratio (DBR) in line with Central Bank Regulations and minimum required salary at acceptable thresholds.

Emerging from the Transparency and Dealing with Customers Fairly policy, the Bank's products and services, including loans and facilities, are built to cater to the needs and reasonable expectations of customers. The customers are then informed about the financial components of the facilities (e.g. repayment, interest rate, tenor) with the aim of assisting them to make an informed and educated decision. 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 all new products are designed to be appropriate to their target group and test driven, while customer feedback is taken into account in the design and implementation phases.

Arab Bank Supports Financial Literacy Nationwide

Built on a strong belief in the importance of supporting youth education and the significance of financial literacy for building a good future, the Bank 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).

The program aims to bridge the gap between financial knowledge and behavior, while acquainting students with basic economic and financial concepts, targeting students from grade 7 to grade 12. In 2016, the curriculum was implemented for the 7th, 8th and 11th grades.

Project Finance

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 the 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. Projects financed by the Bank are assessed based on these standards and provide special Environmental Impact Assessment studies. In addition, the Bank also ensures that projects financed in Jordan are in line with prevailing Jordanian environmental and social laws.

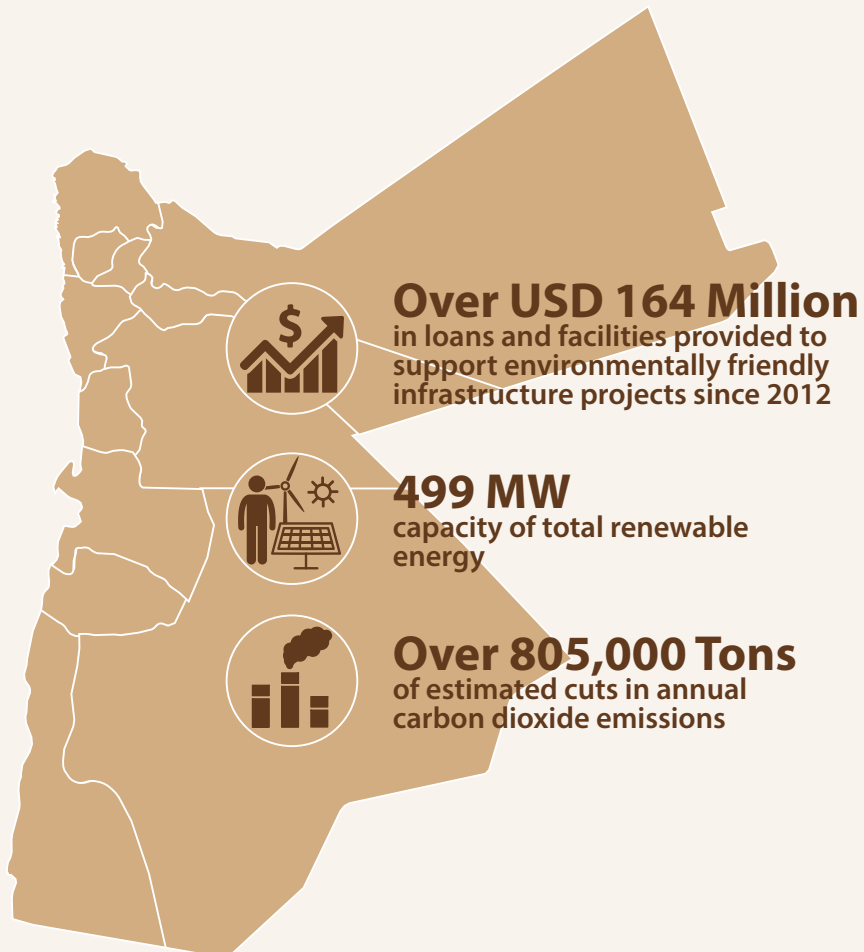
Leading by Example

As part of the Bank's sustainability strategy, our Project Finance department engages with corporate customers to raise their awareness on environmental and social risks and opportunities. This is done by sharing our sustainability report with customers and participating in local and regional events and meetings related to sustainable finance and sustainable development.

Financing Green Infrastructure Projects

It is our responsibility to provide positive environmental impact in our community. Thus the Bank actively seeks opportunities to support and finance environmentally friendly and renewable energy infrastructure projects.

ARAB BANK GROUP GREEN INFRASTRUCTURE INVESTMENTS IN JORDAN



Help Advance Renewables in Jordan

Arab Bank is a member of the EDAMA (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. Through this support, Arab Bank supports Jordan's progress towards a green economy.



Jordan Wind Project Company, JWPC3

Offer Green Products and Services

Responsible Financing demonstrates a financial institution's commitment to contribute to broader environmental issues. At Arab Bank, we work on achieving the environmental ambitions of our customers by offering them a range of green products and reducing the environmental impacts of our services.

Growing market activity and increased global attention to environmental issues have highlighted the importance of engaging with our customers to enable them to reduce their ecological footprint. This is done by working on developing a range of green products to encourage our customers to adopt environmentally friendly practices as part of their lifestyle. Thus, 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 of up to 12 months with a 0% interest rate when using a credit card in selected outlets, and a 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 car loans:** The Bank offers special terms for hybrid cars loans, including reduced loan fees and other benefits to enable customers to purchase hybrid cars.

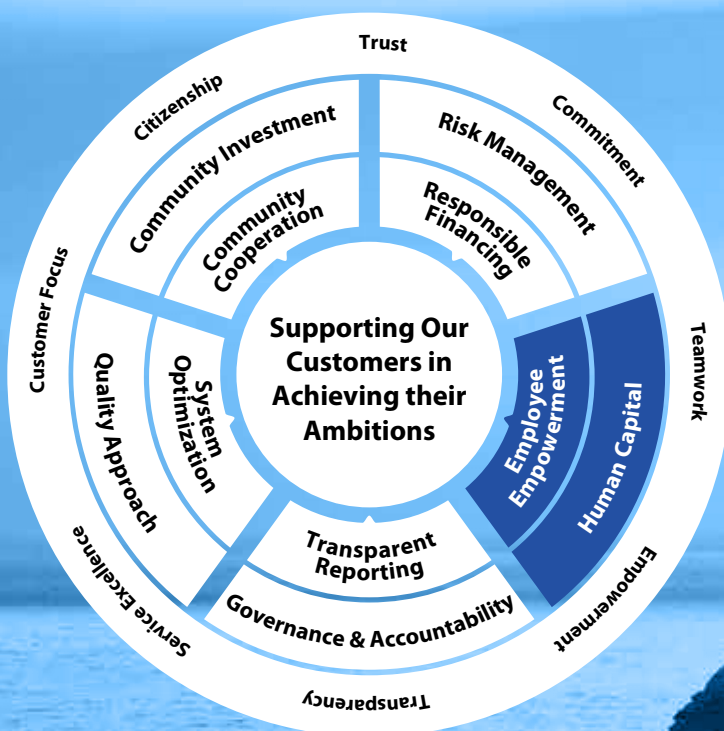
We also work on supporting our customers in reducing their environmental footprint resulting from our services by working on designing a range of green services that focus on efficiency and reducing material and energy consumption. Our green services include eStatement, eAdvice, and the Interactive Teller Machine (further details on page 52).



Arab Bank eStatement and eAdvice Services

To reduce paper consumption and help conserve natural resources, Arab Bank encourages the use of eStatement / eAdvice which enables the customer to view and download the electronic version of statement and advice through Arabi online. Besides reducing of paper consumption, eStatement/eAdvice Service also bring the convenience of simple and easy layout that can be easily saved/printed and the timely and secured accessibility.

EMPLOYEE EMPOWERMENT



2,990 TOTAL WORKFORCE IN JORDAN



38.4% FEMALES PARTICIPATION IN WORKFORCE



36,375 TRAINING HOURS
PROVIDED THROUGH OVER 11,000
TRAINING OPPORTUNITIES PROVIDED TO
OUR WORKFORCE

EMPLOYEE EMPOWERMENT

At Arab Bank, people matter, and we are creating an environment where our employees can align their efforts with the Bank's values and vision to deliver our promise to our customers, shareholders and the community.

We believe that when our employees are engaged and inspired to make a difference in the lives of our customers and communities, they can deliver a great customer experience and sustained growth in shareholder value. Thus, we are creating a diverse and inclusive environment for our employees, where they can find the opportunity for personal and professional growth that allows them to reach their potential.

Material Aspects

- Diversity and Equal Opportunity
- Competitive Benefits
- Employees Wellbeing
- Employees Engagement
- Training and Development

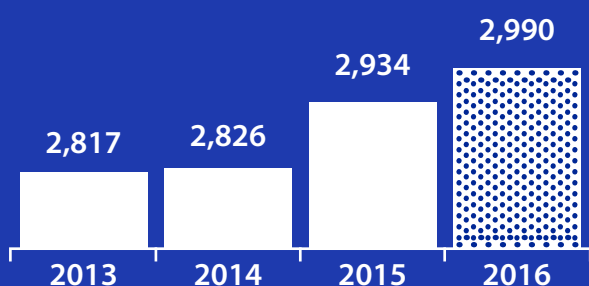
Diversity and Equal Opportunities

At Arab Bank, we believe that maintaining a diverse and fair working culture is key to provide us with diversity of thought and perspectives, which will produce better value to our stakeholders.

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 2016, the Bank's total workforce reached 2,990 in Jordan, representing 45.3% of Arab Bank PLC's total employees.

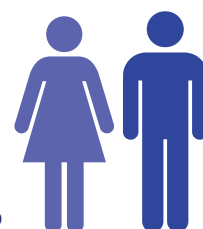
The Bank favors local talent, with 99% of the entire workforce in Jordan being Jordanian nationals. This reflects the Bank's strong commitment to invest in and develop national talent.

A total of **2,990 employees** contribute to delivering our promise to our customer shareholders and the community.



Workforce Distribution by Gender and Governorate

Region	Female	Male	Total
Ajloun	2	3	5
Amman	1,063	1,737	2,800
Aqaba	9	10	19
Balqa'a	9	19	28
Jerash	1	4	5
Karak	6	3	9
Ma'an	4	6	10
Madaba	3	5	8
Mafrq	4	5	9
Tafleh	4	3	7
Zerqa	27	27	54
Irbid	17	19	36
Total	1,149	1,841	2,990



Equal Opportunities

The Bank strives to provide equal opportunities for growth and development to all employees regardless of age, gender or other factors. We value all our employees and hire and promote them based on their contribution and merit.

Total Workforce by Age Group				
	2013	2014	2015	2016
18-30	1,126	1,057	1,101	1,064
31-40	981	1,043	1,107	1,193
41-50	574	574	563	558
51-60	133	149	160	170
Above 60	3	3	3	5

Total Workforce by Employment Level				
	2013	2014	2015	2016
Number of Senior Level Employees	40	41	35	38
Number of Middle Management Employees	879	856	883	946
Number of Non-Management Employees	1,623	1,657	1,742	1,733
Number of Non-Clerical Employees	275	272	274	273

New Hires Indicators			
	2014	2015	2016
Total number of new hires	296	454	317

Number of New Hires by Gender			
	2014	2015	2016
Females new hires	98	167	120
Males new hires	198	287	197

Number of New Hires by Age Group			
	2014	2015	2016
18-30	236	363	238
31-40	52	73	65
41-50	5	14	13
51-60	3	4	1
Above 60	0	0	0

Supporting Females in the workforce

Arab Bank aims to foster a culture that is supportive of females in the workplace.

In 2016, females comprised 38.4% of our total workforce, 32% of our total middle management and 16% of our senior management levels. The ratio of the basic salary for men to women per employee category remained at 1:1 during 2016, in alignment with the Bank's commitment to gender equality.

Female Participation in Workforce				
	2013	2014	2015	2016
Females in the Workforce (%)	38%	39%	38%	38.4%
Females in Senior Management (%)	14%	15%	17%	16%
Females in Middle Management (%)	30%	31%	31%	32%

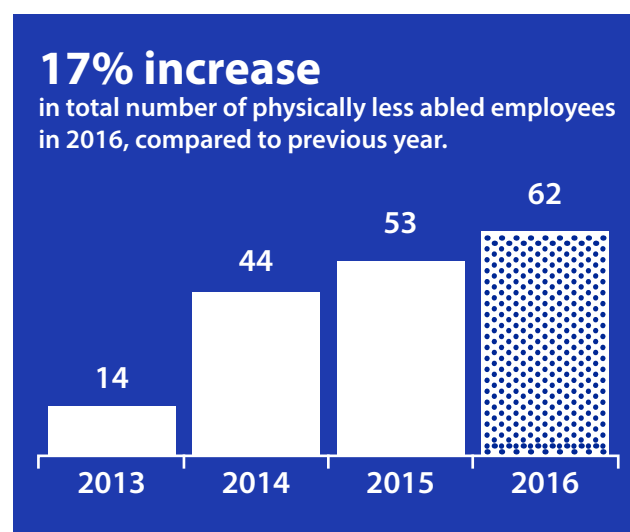
In 2016, 85 of the Bank's female employees took maternity leave, with only 3 of them leaving work because of family and personal reasons.

Indicator	2016 Figures
Number of Females on Maternity Leave	85
Female Employees who Returned to Work after Maternity Leave Ended	75
Females who Left Employment After Maternity Leave	3
Females who were Still on Maternity Leave By End of the Year	7

Employees with Physical Disabilities

At Arab Bank, we believe that qualified physically less abled employees can enrich the talent pool of our workplace. This accessibility strategy supports the employability and integration of those who are physically less abled. The recruitment of physically disabled employees requires evaluation of each individual's type of disability, skills and competencies to meet job requirements.

Additionally, we are working on eliminating the physical barriers of hiring physically less abled candidates. 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.



Competitive Benefits

The Bank provides 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 2016. 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.

Supporting Working Mothers

With the aim of supporting working mothers among our employees, and help them to secure proper childcare while they are at work during the day, the Bank started to contract nurseries to take care of our female employees' children under the age of four. Replacing the old financial compensation scheme, around 46 working mothers benefited from this program in 2016, sending around 55 children under the age of 4 to the nurseries.

Supporting Our Employees' Children's University Education

The Bank also continues to provide scholarships to educate employees' children at Jordanian universities, where the total amount of support reached JOD 107,627 in 2016, enabling 90 employees to benefit from the program, resulting in the enrolment of 101 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. Thus, we have established the Bank's Occupational Health and Safety Committee in 2012. The committee comprises of seven members from different departments and focuses on advancing health and safety systems and plans. All occupational health and safety related queries and complaints are tracked by the committee and results of any inspections, including incident and investigation reports and action plans are documented.

To ensure that all new employees are aware of vital health and safety aspects, we include specialized health and safety courses as part of the induction training for new employees, in which their job requires this knowledge, in addition to other courses, to cover issues related to distress events response and handling, firefighting, first aid, CPR (Cardiopulmonary Resuscitation) and evacuation that are presented periodically to our employees.

Emergency Information Card

In 2016, a new Emergency Information Card has been introduced and distributed to all employees. This easy-to-carry card provides each employee with all necessary information to deal with emergency incidents, as well as emergency contact details.



Four evacuation fire drills were conducted at four 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.

Cancer Care Coverage Program

In 2016, and with the aim to enhance our employees' welfare, the Bank enrolled all our employees in Cancer Care Program membership, one of King Hussein Cancer Foundation's programs. Under this program, all the Bank employees have cancer treatment insurance at King Hussein Cancer Center.

This is coincided with our annual "Early Detection Test for Breast Cancer" that we hold with the Jordan Breast Cancer Program for our female employees.

Employee Engagement and Transparent Communications

Arab Bank believes that proactive engagement with all employees contributes to enhanced productivity, creativity and satisfaction.

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.

We engage our employees through different channels including our Annual Performance Reviews, Our internal newsletter, and the Bank's Intranet platform "Arabina".

Annual Performance Review

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.

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 present a unique employee engaging tool used in campaigns and internal communications, which increases the visibility of such campaigns.



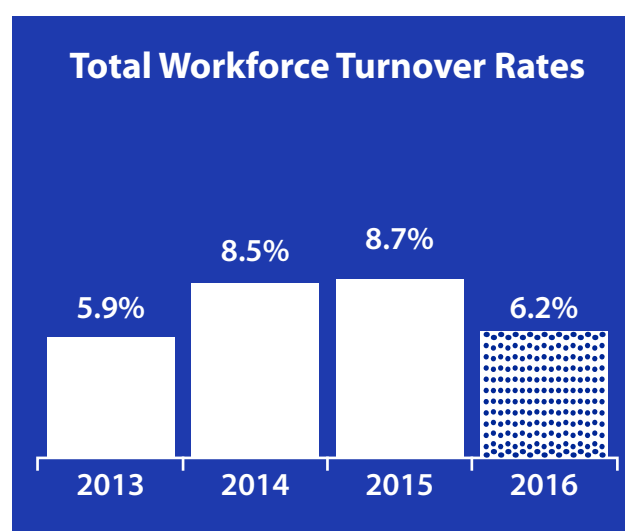
In the Circle

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.



Employees' feedback, including complaints, is gathered through exit interviews, along with the Employee Relations Committee that is dedicated to processing internal grievances. During 2016, there were no incidents or complaints escalated to the Employee Relations Committee related to discrimination or human rights.

A company's turnover rate is often considered to be a proxy measure of employee satisfaction and retention. In 2016, our turnover rate has reached 6.2%. Turnover rates are presented by employee level, gender and age group.



Workforce Turnover				
	2013	2014	2015 ⁽¹⁾	2016 ⁽¹⁾
Total Workforce Turnover by Employee Level (%)				
Senior Level Employees	4.9	9.7	0.1	0.1
Middle Management Employees	4.8	8.3	2.2	1.7
Non-Management Employees	7.2	9.6	6.3	4.3
Non-Clerical Employees	1.8	2.2	0.1	0.1
Total Workforce Turnover by Gender (%)				
Female Employees	2.2	2.6	3.5	2.3
Male Employees	3.7	5.9	5.2	3.9
Total Workforce Turnover by Age Group (%)				
18-30	3.8	4.8	5.3	3.6
31-40	1.5	2.9	2.8	1.7
41-50	0.5	0.7	0.5	0.8
51-60	0.1	0.1	0.1	0.1
Above 60	0.0	0.0	0.0	0.0

(1) Turnover breakdown numbers calculation method has been modified. For further details, please refer back to Appendix C

Employee Training and Development

We operate in a skill-centered and fast moving industry where our strongest competitive advantage lies in the knowledge and skills of our employees. Thus, investing in the learning and development of employees is our foremost sustainability objective.

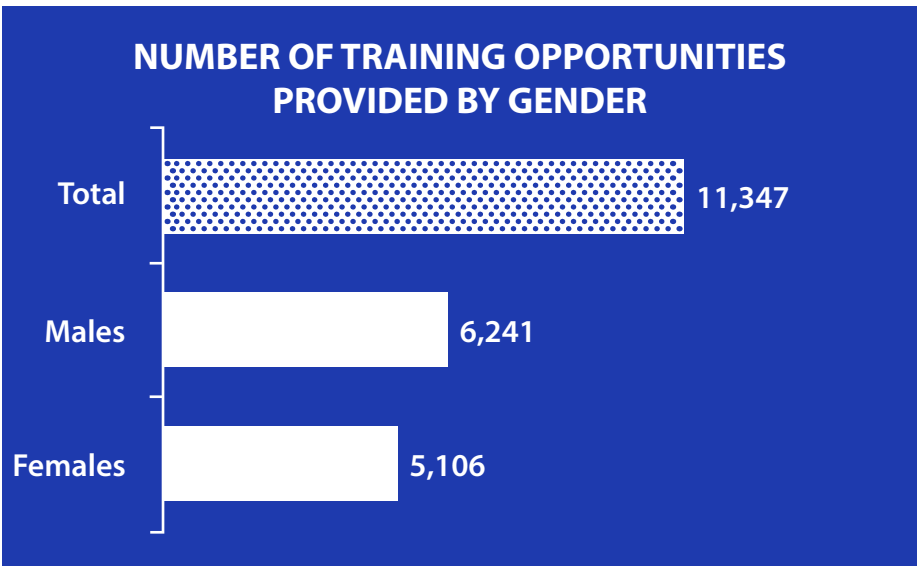
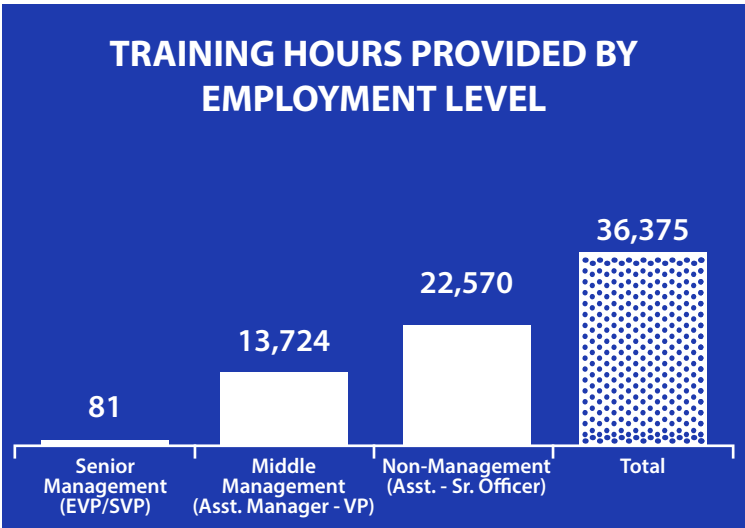
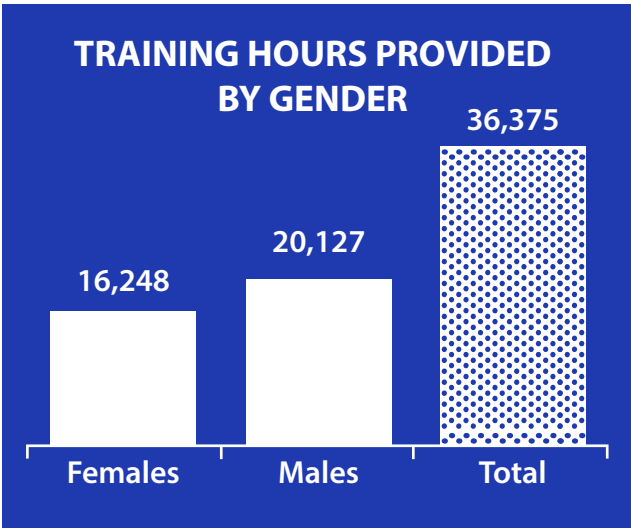
Training courses are designed and developed internally or in collaboration with training vendors based on assessment of employees’ training and development needs. The aim of our training programs is to provide employees with skills and capacity building opportunities that meet the needs and expectations of our operations. Our training programs include internal and external training opportunities. Employee career development is also ensured through several tools including talent management and succession planning.

Online Interactive Career Path Model

As part of the HR digitalization strategy, our Human Resources Division has expanded its services by launching the Online Interactive Career Path Model.

This model provides employees with a virtual outlook on career diversification at Arab Bank and the optimal leading path through scenarios’ navigation.

Aiming to enhance operations and achieve service excellence, Arab Bank launched numerous training programs and initiatives in 2016. A total of 36,375 training hours have been provided through 11,347 training opportunities offered to our employees, with 13 average hours of training per employee throughout the year.



Induction Training

Our Induction Training ensures that, right from the start, all new employees are actively engaged and have the support they need to succeed. In addition, the 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, as well as social and environmental responsibilities.

Number of Employees Attending Induction Training

88
2015

116
2016

32%
increase

Arab Bank Internship Program

The Bank hosted 201 students in several branches and its Head Office in 2016 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.

Arab Bank E-Learning Portal

As part of Arab Bank's efforts to reduce its total consumption of environmental resources, 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.

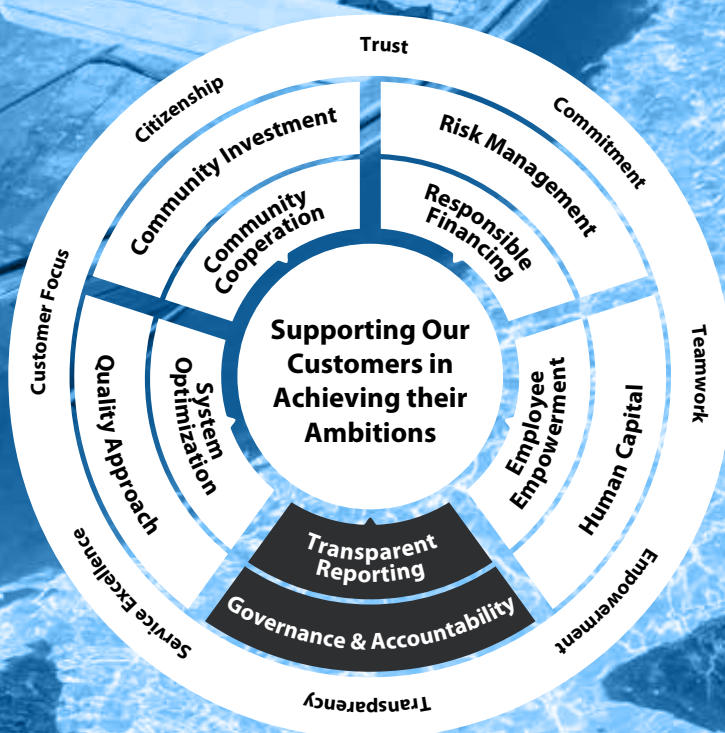
768

Training courses provided in 2016

8,284

Training opportunities in 2016

TRANSPARENT REPORTING



First sustainability report
BASED ON THE NEW **GRI Standards**
IN JORDAN



DEVELOPED **Supplier Code of Conduct** TO ALIGN SUPPLIERS' BUSINESS CONDUCT WITH THE BANK'S ETHICAL STANDARDS

TRANSPARENT REPORTING

Our strong corporate governance system enables the Bank to adopt proper management strategies for our operations and to integrate ethical, accountable and transparent values into the Bank's daily operations at all levels.

Building on this solid foundation in good governance and business conduct practices, transparent reporting is integrated as a main tool to reinforce the Bank's commitment to our stakeholders through engaging with them and strengthening trust, loyalty and accountability.

Material Aspects

- Legal and Regulatory Compliance
- Governance and Accountability
- Transparent Disclosure of Performance
- Anti-corruption Processes
- Responsible and Ethical Behavior
- Risk Behavior and Culture

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 of 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, was 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 2016, is comprised of twelve members, five 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 are outlined in our 2016 Annual Report.

The roles of the Chairman and the Chief Executive Officer (CEO) are separated in line with the Corporate Governance Regulations for Banks issued by the Central Bank of Jordan and best practices. Overall board performance is assessed on an annual basis, and individual board members can be nominated for additional terms. All members receive remuneration for their services 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, which was followed by the establishment of the Corporate Governance Committee in 2002. The Nomination and Remuneration Committee was established in 2006, while the Risk Management Committee and The Corporate Strategy Committee were formed in 2007. All details related to the committees' tasks and members are outlined in our 2016 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.

Ensuring Quality Operations: Renewing ISO 9001

Group Internal Audit has renewed its ISO 9001 certificate after passing a successful audit by a certified third-party. The ISO 9001 is a standard that sets out the requirements for a Quality Management System (QMS), helps organizations to be more efficient and improves stakeholders' satisfaction.

GIA has 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 to ensure that environmental and social aspects are integrated into our internal auditing operations.

Mainstreaming Best International Standards

As part of GIA's continuous efforts to sustain alignment with the International Standards for the Professional Practice of Internal Auditing (IIA) and the GIA principles & methodology, GIA has organized a 3-day workshop that brought together Arab Bank Internal Audit Managers from branches abroad.

The workshop provided a forum to present and discuss practical aspects addressing latest developments relating to the profession. The participants also discussed ways to adopt new practices and continuous improvement of the internal audit services rendered.

Ethical and Responsive Business Practices

At Arab Bank, we realize that being ethical and accountable in our operations is key for our business excellence. Thus, we follow a prudent approach in our business conduct that complies with the letter and spirit of regulatory requirements, and monitor our operations to ensure safe and sound systems while being proactive in managing risks.

To ensure proper implementation of Bank policies, Arab Bank has established an online policy center in 2011 serving as a hub for developing and implementing the policies. This center is accessible to all employees with access to vital information through our employees' online portal (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 including anti-money laundering and combating terrorist financing as well as anti-corruption.

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

Anti-Corruption and Anti-Bribery Policy

The policy aims to enforce controls to combat bribery and defines restricted activities through clarifying Arab Bank's commitment and practices, internally and externally with all stakeholders.

The policy is communicated to all Arab Bank PLC employees, who must report any violations of this policy or potential violations of applicable laws and regulations in accordance with the Bank's whistle-blowing policy.

The policy is also communicated to our suppliers, contractors, business partners and the wider stakeholders' group, on a risk-based approach.

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

The Bank's KYC, AML and CTF policy ensures that all legal requirements are met in relation to exercising the required due diligence to determine the true identity of Arab Bank customers, screening customers' names against blacklists, and reporting activities identified as unusual and/or suspicious.

A Strong Ethical Foundation – Arab Bank Code of Conduct

The Code of Conduct (CoC) is a crucial high-level policy that sets the foundation of the Bank's strong commitment to conduct business in accordance with the highest ethical standards and uncompromised integrity across all operations and jurisdictions. The Code of Conduct serves as the guidelines according to which all employees are held accountable in carrying out their responsibilities, while adhering to legal and ethical obligations. The CoC is accessible to all our employees through our employees' online portal (Arabina). At Arab Bank, all employees are required to submit an annual acknowledgement confirming they abide with all aspects mentioned in the CoC.

Our Code of Conduct reinforces our commitment to legal and ethical obligations and transcends it to every employee

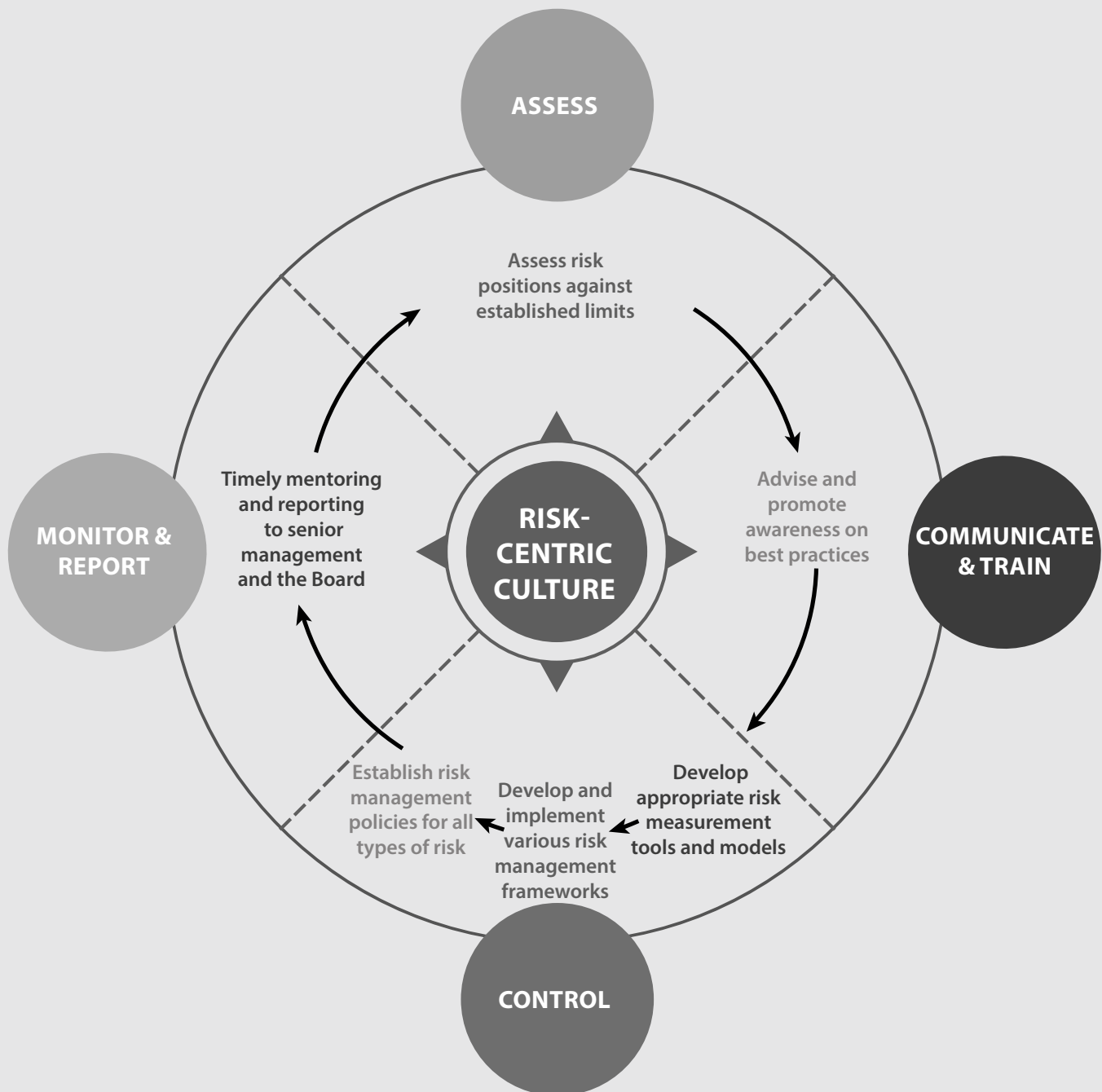
Ethics Committee

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

Our Ethics Committee reflects the Bank's commitment to promote strong ethical culture and behavior in all our operations

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 six main departments.



Prudential Regulatory Procedures and Sound Practices in Risk Management Forum

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, including:

Department	Description
Market and Liquidity Risk Management	<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 included the roll out of an internally developed methodology for the calculation of deposit stickiness.</p>
Business Risk Review	<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 recommends 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>
Credit Risk Management Department	<p>The Credit Risk Management Department is responsible for ensuring that the Credit Risk taken are commensurate within the Bank's overall risk appetite and risk is proactively managed through credit policies and early warning reporting. The Department issues a monthly credit risk reports on Corporate and Retail portfolios and reviews the credit policies across the Bank Group on annual basis. Moreover, it is administrating the customers risk rating system "Moody's Risk Analyst (MRA)" and managing its enhancement including back testing and validation of the system and its output. The Credit Risk Management Department also carries out credit stress testing on group/country level and the Internal Capital Adequacy Assessment Process (ICAAP) in coordination with Market & Liquidity Risk Management and the Capital Management Department. In addition, the Department assesses the impact and requirements of any new local or host regulations together with the Finance Division</p>
Information Security Department	<p>From an ISO/ISMS perspective, Arab Bank is working to ensure ongoing compliance with all central banks' regulations and alignment with best practices (i.e. ISO/ISMS, ITIL & COBIT) as applicable to the Bank's business module, and to be PCI compliant where and as required. A cornerstone of the information Security Department efforts are directed at enhancing awareness and at integrating the risk culture with Bank customers and staff to support global business growth and digitalization.</p>
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. A key achievement in 2016 was obtaining a BCM ISO 22301 certificate and the enhancement of the Bank's Business Continuity Plan specifically in the area of Cyber Risk. This is supported by continuous development of Business Continuity awareness and culture throughout the Bank through workshops, issuance of the BCM Emergency Information Card, and publishing of awareness material at Arab Bank's internal portal (Arabina).</p>
Operations Risk	<p>Main initiatives implemented during 2016 focused on enhancing the Bank's risk culture through creating the awareness needed for all employees to manage operational risks, as well as manage operational risk through a better understanding of the Risk Profile, all supported by a Key Risk Indicator framework and the dedicated Risk & Control Self Assessment workshop and training.</p>

Compliance

The Bank adopts a robust system for the identification and management of regulatory compliance requirements in all jurisdictions in which we operate. Our enterprise compliance program enhances Arab Bank's "reputational capital" through demonstrating compliance to highest ethical standards.

Program success mandates effective and consistent implementation of policies, procedures, and training programs to meet regulatory requirements, as well as a system of internal controls, including periodic monitoring and reporting, that ensure continued compliance across the Bank's global network.

Our approach balances our business practices, revenue growth, customer experience and risk management, so that the risk taken is the risk intended.

Reinforcing Compliance Culture

At Arab Bank, we believe compliance is everyone's responsibility. To that end, the Bank continues building its employees' understanding and awareness of governance aspects and internal policies as key to full compliance and adherence. To enhance employees' compliance understanding, we issue regular internal newsletters on ethical and compliance issues and provide specialized training courses including for new hires.

Internal Newsletters

"Ethics Aware" Newsletter

Provides general guidelines on how to integrate ethical practices in business operations, along with general expectations for employee conduct.

"Compliance Aware" Newsletter

Covers 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

Code of Conduct E-Learning

Aims to enhance employees' understanding of the importance of ethical behavior, and provides them with guidance to recognize and prevent questionable conduct.

646 employees took the course in 2016

KYC, AML, and CTF E-Learning

Aims to enhance staff's understanding of the issues of anti-money laundering and combating terrorist financing.

44 employees* took the course in 2016
** Offered for newly hired employees*

Advanced KYC, AML and CTF E-Learning

Addresses vulnerabilities of various products and services that can be misused by criminals, and the controls developed to mitigate the risks.

3,019 employees took the course in 2016

Anti-Corruption & Anti-Bribery E-Learning

Clarifies 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.

597 employees took the course in 2016

Treating Customers Fairly E-Learning

Aims to raise staff awareness of the key pillars of the Bank's Treating Customers Fairly policy in relation to communications, products and services, and managing customer complaints.

427 employees took the course in 2016

Supporting the Launch of the MENA Financial Crime Compliance Group (MENA FCCG)

After extensive work, the MENA FCCG was officially launched by the Union of Arab Banks in September 2016 with the key involvement of Arab Bank's Group Compliance.

The establishment of the Group is a significant milestone for banks in the MENA region as it seeks to bring collective action in the fight against financial crime.

Whistle-blowing

To ensure ethical and compliant operations, Arab Bank's Code of Conduct includes a whistle-blowing policy that requires employees to promptly report any potential violations of the Code of Conduct, Arab Bank policies, and/or applicable laws and regulations to the Ethics Committee. 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 the Head Office.

Increasing Transparency

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

Sustainability Reporting

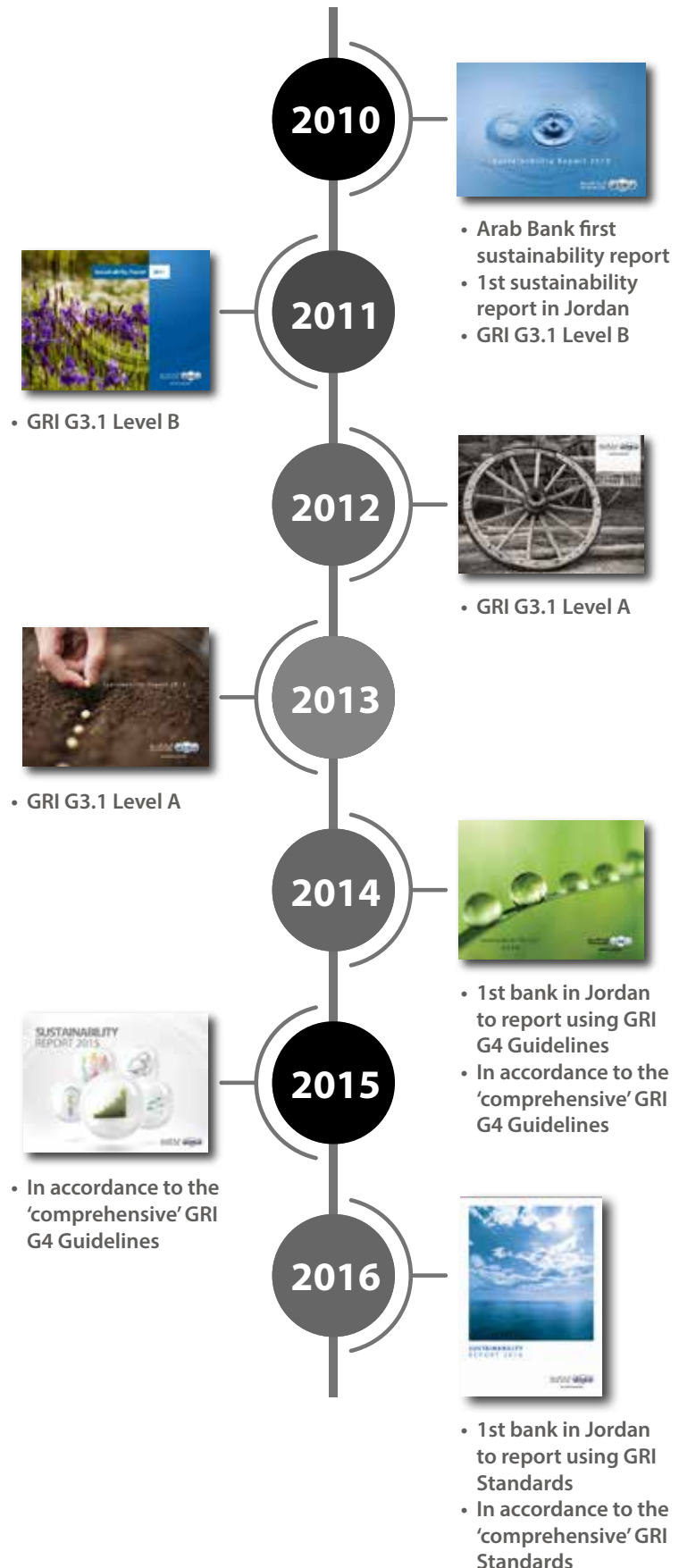
The Bank has been committed to launching annual sustainability reports since 2011, based on the Global Reporting Initiative (GRI) guidelines, which are the most widely recognized and used guidelines for sustainability reporting globally. These reports aim to highlight the main challenges, achievements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

In 2016, the Bank has successfully aligned its report with the newly issued GRI Standards, the first global standards for sustainability reporting. By issuing our report in accordance 'comprehensive' option of the GRI Standards, Arab Bank was the first bank in Jordan to align with the new standards.

Financial Reporting

We issue annual and semi-annual reports on the Bank's financial performance and are constantly introducing higher levels of transparency and disclosure through reporting, enabling both shareholders and customers to appreciate our ever-growing earning power, the prudent risk approach and strong financial position.

The financial report presents a comprehensive transparency of information related to governance practice, structure and codes, in addition to a full disclosure of the [financial statement of the Bank](#).



SYSTEM OPTIMIZATION



7.2 Million Sheets OF PAPER
SAVED IN 2016



9% REDUCTION IN TOTAL ELECTRICITY
CONSUMPTION PER SQUARE AREA



2% REDUCTION IN TOTAL GHG EMISSIONS
PER EMPLOYEE



80% OF TOTAL PROCUREMENT SPENDING
ON LOCAL SUPPLIERS

SYSTEM OPTIMIZATION

As part of our constant commitment to adopting a quality approach, we continue to 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, reduce our environmental footprint and thus reduce costs.

We are realizing this commitment through working on reducing the environmental footprint of our products and services through paperless banking, working on embracing operational efficiency as our mantra, promoting sustainable procurement practices, and continue promoting sustainable culture among our employees.



Internal Management of Environmental Resources

Arab Bank's sustainability strategy entails adopting environmentally responsible operations, monitoring our consumption of internal environmental resources and embracing efficiency as a way to reduce the environmental footprint of our operations.

Our direct environmental impacts are limited to paper, energy, water consumption, and the greenhouse gases (GHG) emissions they produce. We currently have no premises located or planned in areas of high biodiversity value. Still we take these responsibilities seriously, given the scarce nature of water and the national energy bill in Jordan.

Paper Consumption

Due to the nature of our business, paper continues to be the natural resource most-utilized in our offices and branches, including operations, contracts and correspondence, services offered to clients and promotional materials. Thus, Arab Bank is committed to introduce and improve services that aim to reduce or eliminate paper consumption for our customers and optimize our internal operations.

Our approach to reducing the environmental impact of our paper consumption is twofold; optimizing our internal operations through moving to a paperless environment, and introducing products and services that aim to reduce and eliminate paper consumption for our customers through digitalization.

Arab Bank Paper Reduction Framework



Paperless Operations Environment

In 2016, we continued our efforts to move to a paperless operations environment by embedding the paperless benefits in most of the Bank's projects. 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 a paperless operations environment, including Enterprise Content Management (ECM) and Business Process Management Software Solution.

Enterprise Content Management (ECM)

The ECM solution represents the unique comprehensive storehouse for all the Bank's electronic contents (customer files, financial transactions, and departmental correspondence in addition to statements, advice and reports), thereby eliminating the need for hard copy retrieval, photocopying originals, and storing space for the old paper-based files. In addition, ECM achieves a complete and comprehensive 360° view of customers' documents within a single system, thus enhancing the operations overall efficiency.

As part of ECM, the Bank implemented the Digital Signature initiative. Under this initiative, employees are now able to digitally read, approve and digitally stamp the daily reports, without the need to print and sign them.

Business Process Management Software Solution

Arab Bank has purchased an enterprise wide world leading Business Process Management software solution with the aim of transforming the Policies and Procedures documentation process from a cumbersome manual and paper based set up to an automated electronic set up. The structure enables a holistic view that encompasses processes, people, systems, risks, controls and related documentation thus acting as a central repository and single source of reference for staff in all Arab Bank divisions.

Going Paperless with our Customer

We realize that part of our paper consumption is resulted from our products and services we offer for our customers. Therefore, we work on supporting our customers in reducing their environmental footprint by offering them paperless banking services through further digitalization..

Moving to "digital banking" means the use of digital technologies to make our customers' experience a seamless one that also reduces the environmental impacts of the customers through eliminating or reducing the paper consumption of those services. Arab Bank's Operations Division initiated several initiatives to reduce the paper consumption of the products and services offered to our customers, including eStatements, eAdvice (for further details see page 29), Mail Reengineering, Finger Vein, and Interactive Teller Machines (ITMs).

Mail Reengineering

This system aims to optimize the mail processes to become more efficient in order to enhance the design of the statement, provide customers with more channels to deliver their statements, and reduce paper consumption.

Finger Vein

Finger Vein is a new biometric technology that the Bank started to offer to our customers in order to identify and authenticate our customers while performing banking transactions. This technology is integrated with the Digital Voucher Solution in order to achieve fully digitalized counter transactions.

We successfully succeeded in fully digitalizing Cash Deposit and Cash Withdrawal transactions, and now the customers can be identified using their Finger Vein and perform these transactions using the Signature Pad installed on the counters and without the need to fill any paper forms, thus eliminating all papers needed in the process. Arab Bank is pioneering introducing this new solution to the Jordanian Market.

Interactive Teller Machines (ITMs)

Interactive Teller Machines (ITMs) enables the Bank to offer its customers the benefits of both self-service video banking and the branch experience in one solution through a combination of video banking collaboration and remote transaction processing banking technology embedded within the ITM. Thus, we give our customer the choice of self-service or connecting with a remote teller in a highly personalized, two-way audio/video interaction and with zero paper consumption for all kinds of transactions.

By migrating routine transactions away from the teller counter, ITMs provides the combined benefits of lower processing costs, faster transactions and reduced paper consumption.

Energy Consumption

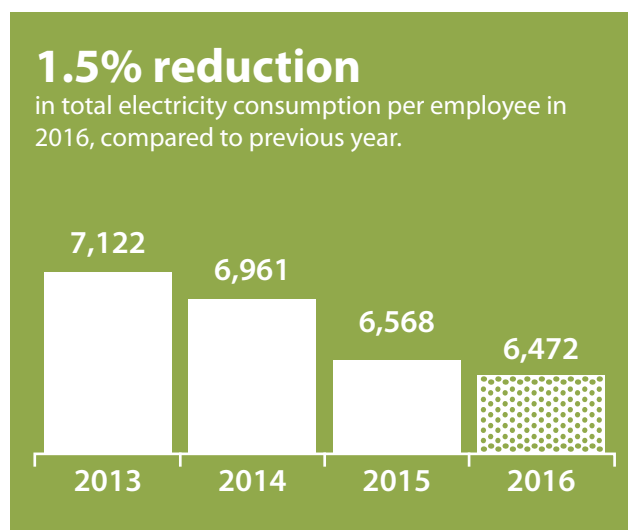
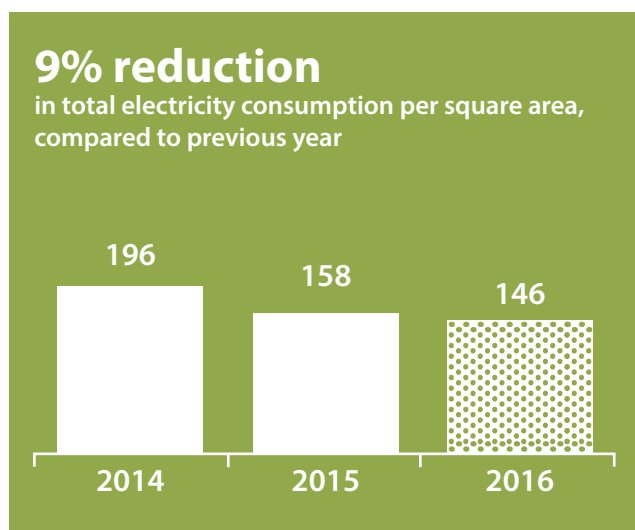
Although our operations are not energy intensive, we continuously seek to reduce our energy consumption. The main source of the Bank operations' energy consumption is electricity entirely purchased from third-party suppliers and heating fuel for our Head Office and all branches across Jordan. In addition, energy consumption comes from transportation fuel for our fleet and business-related travel.

Indirect Energy

In 2016, our electricity consumption increased slightly by 0.4% compared to 2015. However, our overall performance has increased, as the Bank's energy intensity performance (electricity consumption per employees) continued to drop, reaching 6,472 kWh/employee, a 1.5% reduction relative to 2015 levels. Additionally, while the Bank's built-up area increased by 9%, total electricity consumption increased only by 0.4%, reflecting an enhanced electricity efficiency performance with an 8% reduction in electricity consumption per square meter in 2016, compared to 2015 performance.

Electricity Consumption				
	2013	2014	2015	2016
Total Consumption (kWh)	20,061,920	19,671,084	19,270,129 ⁽¹⁾	19,350,383
Total Consumption in Gigajoules (GJ)	72,223	70,816	69,372	69,661
Area Occupied (m ²)	N/A	100,254 ⁽¹⁾	121,751 ⁽¹⁾	132,664

(1) Numbers have been changed due to changes in calculation methodology. See Appendix C for further information.



Reducing our Electricity Consumption

In 2016, the Bank's Real Estate and Construction Management (RCM) continued its efforts to reduce electricity consumption from the Banks facilities by implementing several initiatives, including:

- The Bank began replacing lighting in all of its buildings to either LED units or more efficient power consumption systems, which contributed significantly to the reduction in energy consumption during the year
- Installing a new Variable Refrigerant Volume (VRV) in the Head Office to better control heating and cooling demands, thus reducing energy consumption while providing our employees with a comfortable working environment
- Continuing to separate the ATM AC system from the branches. The 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

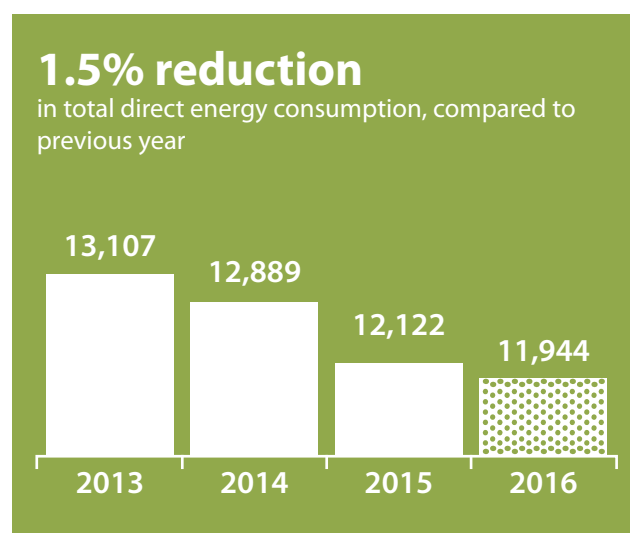
Direct Energy

Our total direct energy consumption comes from heating fuel consumption and fuel to mobilize our fleet. In 2016, our fleet energy consumption witnessed a 6% increase in fuel consumption, compared to 2015. This is due to adding three armored cars to our fleet with a large motor capacity in-line with the Bank's security standards for money transfer.

Vehicle Fleet Fuel Consumption				
	2013	2014	2015	2016
Fleet Diesel Consumption (Liters)	60,000	79,471	65,757	70,791
Fleet Gasoline Consumption (Liters)	90,000	113,102	112,373	118,682
Diesel for Heating and Standby Electricity Generators (Liters)	239,000	187,725	178,980 ⁽¹⁾	161,689
Fleet Diesel Consumption (GJ)	1,980	2,623	2,170	2,336
Fleet Gasoline Consumption (GJ)	3,240	4,072	4,045	4,273
Heating Diesel and Standby Electricity Generators (GJ)	7,887	6,195	5,906	5,336

(1) Numbers have been changed due to changes in calculation methodology. See Appendix C for further information.

The Bank has achieved a remarkable decrease of 10% in heating fuel consumption in 2016 through the installation of a Variable Refrigerant Volume (VRV) system to better control heating and cooling demands, as well as consumption.



Water Consumption

Although our water consumption is minimal with regard to our activities, we are aware of the importance of responsible water consumption in Jordan. Our activities in terms of water use are related mainly to employee usage and use for cleaning purposes.

We have continued to work on reducing our water consumption by installing water saving devices. Despite the Bank's efforts to reduce water consumption, total utility water consumption increased slightly by 6% in 2016 due to the increase in total number of employees in 2016.

Water Consumption				
	2013	2014	2015	2016
Total Utility Water Consumption (m ³)	34,700	36,289	37,875	40,128
Total Water Consumption per Employee (m ³)	12.3	12.8	12.9	13.4

GHG Emissions

Greenhouse Gas (GHG) emissions are created directly as a result of the Bank's fleet of vehicles consuming diesel and gasoline, as well as burning diesel fuel for heating buildings. The Bank also accounts for indirect GHG emissions produced as a result of consuming electricity from the Jordanian national grid.

At Arab Bank, we see measuring performance as the first step for better managing our impacts effectively. To this extent, in 2016, we have reviewed our GHG emissions calculation methodology to align it with the international GHG Protocol. This has resulted in changing the emissions factors that we have been using and therefore our emissions performance for previous years. For further details about Arab Bank's GHG emission calculation methodology and emission factors, please see Appendix C.

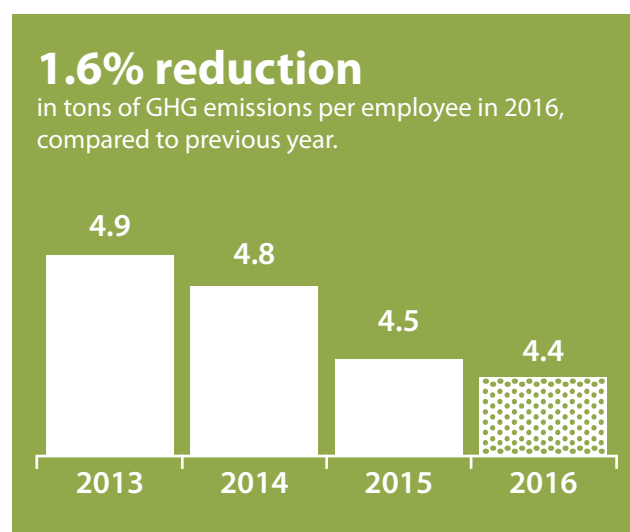
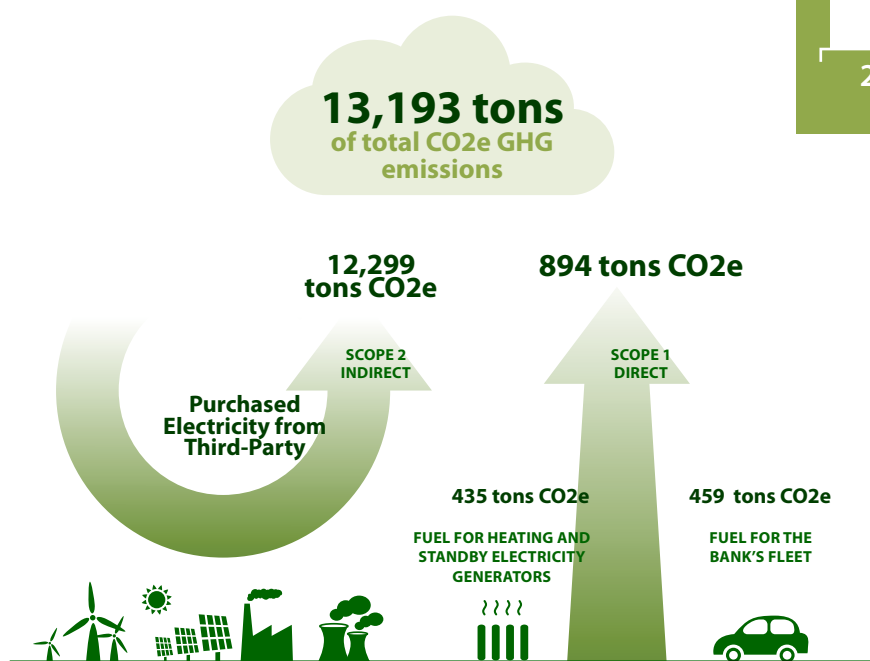
In 2016, our GHG emissions almost remained at the same levels of 2015. However, our GHG emissions intensity ration (emissions per employee) has dropped by 1.6% to reach 4.4 tons of CO₂e, compared to 4.5 tons of CO₂e in 2015.

Direct GHG Emissions (Tons)				
	2013	2014	2015	2016
Direct Emissions: Vehicles ⁽¹⁾	365.0	469.6	431.2	459.1
Direct Emissions: Heating and Generators	643.1	505.1	481.6 ⁽²⁾	435.1
Indirect Emissions: Electricity ⁽¹⁾	12,751.7	12,503.3	12,248.4	12,299.4
Total GHG Emissions	13,759.8	13,478.0	13,161.2	13,193.5

(1) Numbers have been changed due to changes in calculation methodology. See Appendix C for further information.

(2) Numbers have been modified to reflect the change in energy consumption for the same year.

ARAB BANK 2016 GHG EMISSIONS SOURCES AND PERFORMANCE



Sustainable Procurement Operations

At Arab Bank, we acknowledge that our procurement practices have an impact on Jordan's economy through our supply chain. Thus, we are committed to reinforcing our supply chain management by supporting local suppliers, integrating social and environmental aspects, and raising suppliers' awareness to sustainable procurement practices.

Sustainability Screening of Our Suppliers

We believe effective management of our supply chain is vital to the sustainability of our business and to creating positive value through minimizing impact on the environment, reducing the costs and demonstrating best practice. We work with our suppliers to materialize this value through raising their awareness to ensure sourcing high-quality products that reinforce our quality commitment, while screening them for social and environmental aspects.

In 2016, the Global Procurement Division continued its initiatives 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). Moreover, a special flyer was prepared and distributed to all suppliers to raise their 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.

Supplier Code of Conduct

In 2016, the Bank developed a Supplier Code of Conduct, which outlines the requirements for suppliers to conduct their business in alignment with the Bank's ethical standards. This new code of conduct includes clauses covering employment, health and safety, as well as environmental standards.

By implementing this code of conduct, we continue to build on our ethical foundation by communicating to suppliers how important these issues are to us and reaching out to suppliers who share our values.

Supporting Local Procurement

The Bank continued to support the Jordanian economy in 2016 by contracting with locally based suppliers. In 2016, our local suppliers represented 80% of our total spending.

Indicator	2016 Performance
Percentage of Local Procurement Spending	80%
Total Number of Suppliers	322
Total Number of Local Suppliers	242

Reinforce and Enhance Sustainability Culture

Arab Bank is committed to engaging internal and external stakeholders in our journey toward achieving sustainable development, and to raise awareness on issues related to sustainability.

Enhancing employees' knowledge and awareness of sustainability is key and is considered the first step towards building a culture of sustainability in any given organization. At Arab Bank, we work on enhancing this knowledge through several initiatives that are not only aimed at our employees, but also our stakeholders in general.

Promoting Sustainability Culture Internally

We promote sustainability among our employees primarily through two channels; our internal communications (e.g. Arabina, In the Circle newsletter) and the induction training program.

Integrating Sustainability into our Internal Newsletter

One of the tools to enhance internal awareness on sustainability issues is our dedicated Sustainability Corner within the Bank's internal quarterly electronic newsletter, "In the Circle". 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. This comes as part of the Bank's commitment to ensure that all employees are advocating sustainability within their divisions and are performing 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

Sponsoring a Dedicated CSR Column

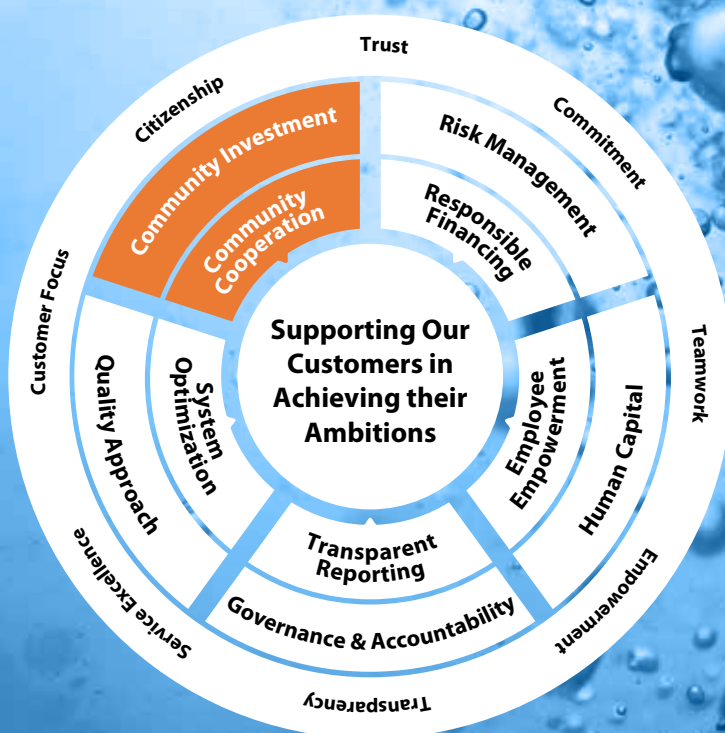
Since 2012, the Bank has been sponsoring a dedicated CSR column in Al Ghad, which is a major daily Jordanian newspaper. Through monthly articles, the column focuses on raising awareness and building knowledge about the latest efforts by the private and public sectors to engage in sustainability. This 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.

Sharing the Bank's Sustainability Knowledge with Stakeholders

As part of the Bank's commitment to increase the awareness on sustainability best practices among other stakeholders in Jordan, the Bank shared its experience on sustainability concepts and implementation with Amman Stock Exchange Management through a 3-day workshop. The workshop covered two main areas; the theoretical concept of sustainability management, and practical hands-on training on implementing the concepts of sustainability strategy and reporting for organizations.



COMMUNITY COOPERATION



WE SPENT OVER **JOD 10.2 million** ON COMMUNITY INVESTMENT INITIATIVES, REPRESENTING **2.9%** OF ARAB BANK PLC'S NET PROFIT BEFORE TAX



OUR EMPLOYEES VOLUNTEERED OVER **2,875** HOURS, THROUGH **52 community initiatives** IMPACTING THE LIVES OF OVER **175,000 beneficiaries**

COMMUNITY COOPERATION

Building on the Bank's mission to enable the Arab world to achieve preeminence, we continue to pursue our sustainability goal to create long-term sustainable financial and non-financial value for the Bank and our stakeholders.

Emerging from a strong foundation of community investment, the Bank developed an inclusive stakeholder model to become a leader in community cooperation. This model consists of three approaches for community cooperation:

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

Material Aspects

- Supporting Local Communities
- Engaging with Community-based Organizations

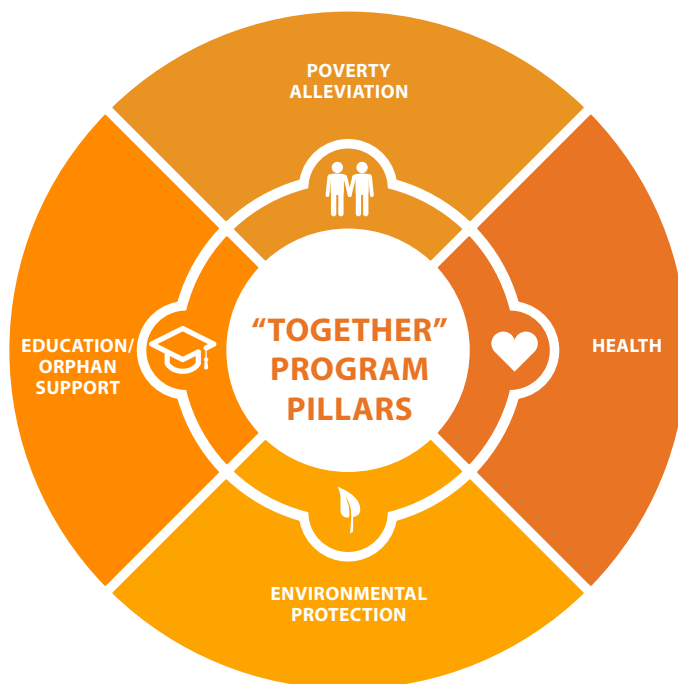
Our CSR Program “Together”

Our Corporate Social Responsibility (CSR) program, “Together”, focuses on enabling the Bank’s employees, customers and NGOs to become active members of the community through various strategic activities.

The Together program’s activities focus on investment in areas that are aligned with community 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 areas in its CSR programs:

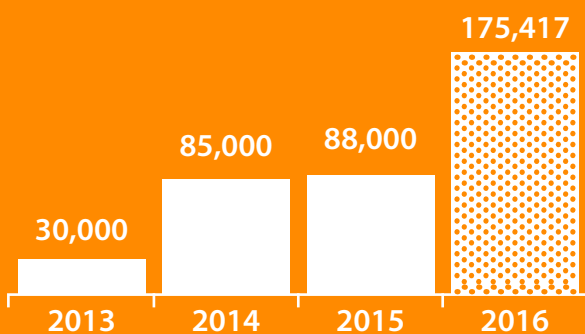
- Employee volunteering
- Building capacity within partner NGO’s
- Utilizing banking channels for customers’ donations (see page 24)

Since the program’s inception, Together has positively impacted lives across the country. In 2016, the total number of beneficiaries from our local community activities reached over 175,000.



99% increase

in numbers of community members beneficiaries from our programs, compared to previous year



Employee Volunteering

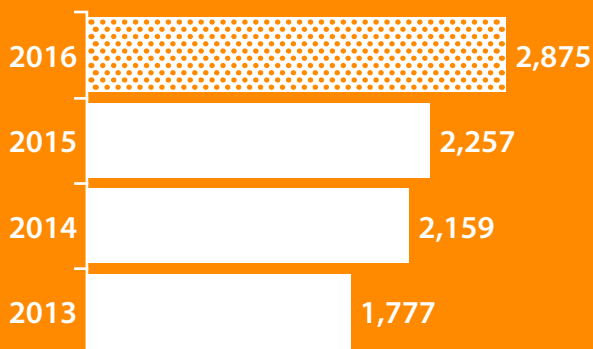
At Arab Bank, we work with partner NGOs to deliver impactful volunteering opportunities to our employees enabling them to give back to their communities.

Our employees are encouraged to donate their time, effort and experience towards initiatives and programs, which are aligned with our four focus areas.

In 2016, our volunteers contributed around 2,900 hours on community programs. From hands-on activities to skills-based opportunities, Arab Bank employees volunteered more than 868 times in 2016.

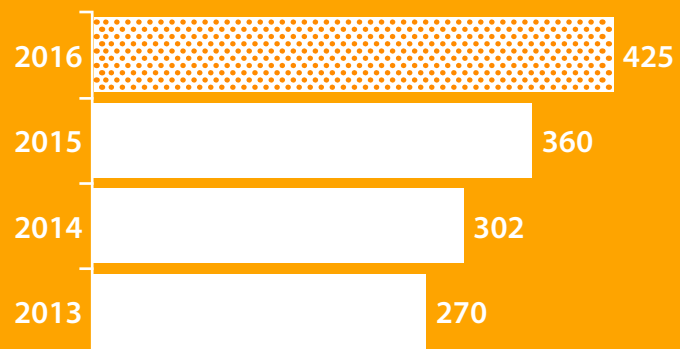
27% increase

in number of volunteering hours in 2016, compared to 2015



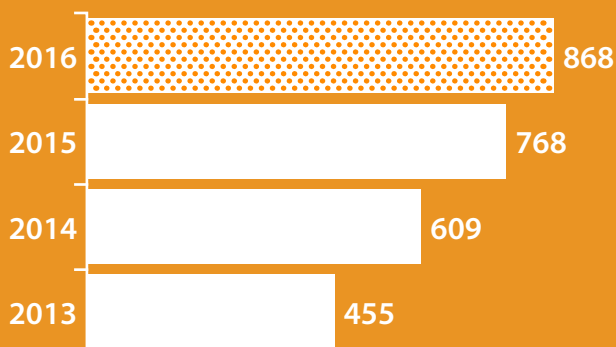
18% increase

in number of volunteers among our employees in 2016, compared to 2015



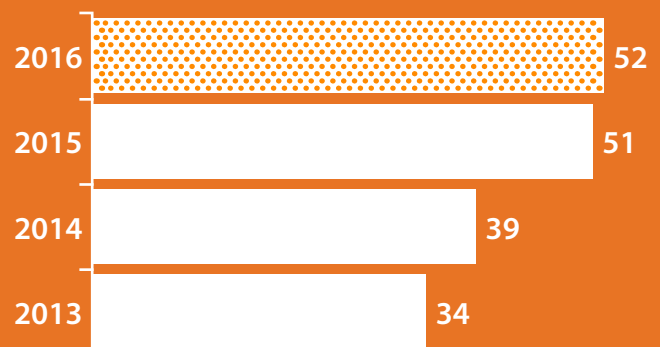
13% increase

in total number of volunteers participation , compared to previous year



52 volunteering activities

implemented in 2016, compared to 51 activities in 2015



Together Initiatives

We work with leading NGO partners to deliver high-impact programs in the communities that we operate in.

The Bank collaborates with experienced and reputable NGOs in each of the Together program's four focus areas. Together we implement initiatives and programs that achieve long-term and sustainable impact for the beneficiaries and the community.

Health

In 2016, Arab Bank worked in collaboration with King Hussein Cancer Foundation (KHCF) supporting cancer patients, in addition to Blood Bank and Jordan Air Ambulance Center (JAAC).

OUR PROGRAMS WITH KING HUSSAIN CANCER FOUNDATION

1

BACK TO SCHOOL

Engaging our employees in giving young patients a chance to continue their education while undergoing treatment at KHCC.

PROGRAM IMPACT

41 cancer patients received special tutoring classes on weekly basis on several subjects

OUR EMPLOYEES VOLUNTEERING

7 employees committed to give classes to cancer patient students for more than 12 weeks.

2

CANCER PATIENTS INSPIRATIONAL DAY OUT

Organized an inspirational day for cancer patient children at the Abdul Hameed Shoman Foundation's library.

PROGRAM IMPACT

9 cancer patients received moral support to boost their creative thinking, through fun activities including storytelling, arts, singing and other creative and educational initiatives

OUR EMPLOYEES VOLUNTEERING

15 employees accompanied the cancer patients for a whole day.

3

SUPPORTING KING HUSSEIN CANCER CENTER'S NEW BUILDING PROJECT

Arab Bank made a financial donation to KHCF to support the construction of a new waiting room as part of the Foundation's Naming and Recognition program.

4

GOAL FOR LIFE TOURNAMENT

The Bank participated in the Goal for Life tournament organized by KHCF for the third year, which aims at promoting the importance of living an active and healthy lifestyle.

5

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 100 female employees. This initiative aimed to promote the importance of early detection tests and adopting a healthy lifestyle among our employees.



As part of the Bank's interest in promoting sports among the young generation, the Bank continued to support the Jordan National Football and youth leagues through a four-year sponsorship of the Jordan Football Association, which was renewed in 2015. Moreover, the Bank was the gold sponsor for the Amman International Marathon, covering participation costs for nearly 800 employees, their family and friends.

The Bank has also worked with the Royal Health Awareness Society to sponsor the Healthy School program covering eight schools. The program aims to create a healthy environment at schools, which reflects positively on student's physical and social growth, as well as their academic performance.

Jordan Air Ambulance Center (JAAC)

The Bank supported the Jordan Air Ambulance Center (JAAC) to help raise the quality of transferring emergency medical cases and patients from remote areas of the country to Amman's hospitals.



Blood Donation Campaign

The Bank held three blood donation drives in collaboration with the Jordan Blood Bank. Our employees donated 203 blood units for patients across the kingdom.



In the area of poverty alleviation, Arab Bank continues to work with Tkiyet Um Ali (TUA) to alleviate poverty in Jordanian communities through: (1) Family Support, (2) Winter Campaign, and (3) Charitable Iftar in Ramadan.

OUR PROGRAMS WITH TKIYET UM ALI

1

FAMILY ADOPTION AND DIFFERENT TUA PROGRAMS

Supporting underprivileged families living below the poverty line by providing monthly food packages.

PROGRAM IMPACT

Serving over than **3,300** beneficiaries with food packages.

OUR EMPLOYEES VOLUNTEERING

- **96 employees and their families** prepared **662 food packages**
- **18 employees and their families** distributed food packages to **148 families**
- **18 employees** participated in field assessment visits.

2

WINTER CAMPAIGN (LAMSET DAFA)

Supporting underprivileged families in the Kingdom by providing blankets to help keep them warm during the winter season.

PROGRAM IMPACT

1,400 blankets distributed to **631 families** in 7 different governorates.

OUR EMPLOYEES VOLUNTEERING

32 employees participated in blankets distribution.

3

CHARITABLE IFTAR IN RAMADAN

Supporting two Ramadan Iftars for underprivileged families living below the poverty line.

PROGRAM IMPACT

3,600 individuals from underprivileged families.

OUR EMPLOYEES VOLUNTEERING

60 employees participated in food serving activities.



Additionally, we collaborated with the Jordan River Foundation (JRF) through the Jordan River Child Safety Program (JRCSP) to support the therapeutic shelter of Dar Al Aman, where a total of 40 children benefit from comprehensive and integrated academic, medical and psychosocial care services. The Bank was also the Platinum sponsor for the JRF Gala Fundraiser focused on supporting the Jordan River Child Safety Program.

In 2016, the Bank supported the Royal Society for the Conservation of Nature (RSCN) to focus on increasing awareness surrounding socio-economic development and supporting environmental tourism as a source of income for local communities.

An Exclusive Sponsor for the Second Socio-economic Conference

The Bank was the exclusive sponsor for the second Socio-economic Conference which promoted natural reserves' as an eco-tourism destination and community development mechanism. The conference contributed to raising the environmental awareness of local communities, highlighting their effort to implement development programs that promote Jordan as an eco-tourism destination.

Landscaping and Beautifying Al-Mujib Reserve

Arab Bank sponsored landscaping and beatifying of Al-Mujib Reserve visitor's Center and chalets area to make them a more attractive and unique tourism destination.

Our Employees Volunteering

108 employees volunteered over a period of three weeks to carry out the work of planting, organizing, and landscaping Al-Mujib Reserve visitor's Center and chalets areas.



Arab Bank provides support to organizations that improve the quality of youths' lives and provide them with the education needed to prepare them to be integrated into society and become self-reliant and productive members of their communities.

OUR PROGRAM WITH AL-AMAN FUND FOR THE FUTURE OF ORPHANS

SUPPORTING ORPHANS' HIGHER EDUCATION

Equip 35 orphan students with the education and skills necessary to become self-reliant productive members of society and will provide them with a better secured future.

PROGRAM IMPACT

Supporting **35 orphans** during the academic year 2015/2016 and 2016/2017.

OUR PROGRAMS WITH CHARITY CLOTHING BANK (CCB)

1

ORPHANS' DAY PROGRAM

Serve as the exclusive sponsor the Orphans' Day program, which aims to support orphans and alleviate poverty through providing needy and underprivileged orphans with new clothes and toys.

PROGRAM IMPACT

1,200 orphans were hosted by the Bank and Clothing Bank on the basis of 100 orphans each month for a full year.

2

SORTING AND FOLDING PROGRAM

Enable our employees to participate in sorting, folding and packaging of donated items to be displayed in the Charity Clothing Bank main showroom.

PROGRAM IMPACT

217 clothing packages were prepared with an approximate weight of **3.8 tons of clothes**.

OUR EMPLOYEES VOLUNTEERING

24 employees participated in sorting, folding and packaging activities.

3

SHOPPING WITH ORPHANS

Bank's employees participate in accompanying orphans to the Clothing Bank's showroom and help them choose new clothes and toys.

OUR EMPLOYEES VOLUNTEERING

136 employees participated in Shopping with Orphans activities.

OUR PROGRAMS WITH SOS JORDAN

1

FAMILY HOUSE ADOPTION

Sponsor one of the SOS houses to cover the running cost for a children's house at the SOS Children's Village in Amman, this sponsorship entails giving children educational training to prepare them for self-reliance when they leave the village as young independent adults.

PROGRAM IMPACT

9 orphans who live in the adopted house benefitted from the Bank's contribution for an entire year.

2

BACK TO SCHOOL

Educate students who are currently living at the SOS villages in Amman and Irbid , the curricula provided by the Ministry of Education in five main subjects including (English, Arabic, Math, Physics and Computer)

PROGRAM IMPACT

15 orphan students.

OUR EMPLOYEES VOLUNTEERING

5 employees participated in educating the orphan students for one academic year.

Orphans' activities at the Children's Museum

Arab Bank sponsored a charitable Iftar in collaboration with the Children Museum during Ramadan and hosted more than 200 orphan children, giving them an unforgettable educational and entertaining experience. Additionally, 19 employees accompanied 175 children for a day, creating unforgettable memories for both the kids and the volunteers.

The Bank has also supported initiatives as part of an effort to enhance the educational system in Jordan and provide students with practical training that prepares them for real work-life needs.

OUR PROGRAMS WITH INJAZ

1

JOB SHADOW

Provide the opportunity for public school students to spend a full day in different branches in Amman during a regular workday.

PROGRAM IMPACT

20 students spent a full day with our employees to get a closer look at what a real job is like and to help them decide whether they would like to pursue a career in that profession in the future.

OUR EMPLOYEES VOLUNTEERING

27 employees volunteered their time to coach the students for a full day.

2

INJAZ COURSES

In 2016, 14 employees conducted special classes to students on various topics that are not covered through schools and universities' curricula.

PROGRAM IMPACT

630 university and schools students benefited from these courses.

OUR EMPLOYEES VOLUNTEERING

14 employees volunteered to deliver extra curricula programs to schools and universities.

OUR PROGRAM WITH RANEEN

AUDIO LIBRARIES

Supported Raneen in enhancing the Arabic audio content in libraries at local schools and is providing training for teachers.

PROGRAM IMPACT

- Established **eight audio libraries** in schools in Amman, Irbid and Madaba
- Provided train-the-trainer courses for **60 teachers**
- Conducted **200 listening classes**, benefiting over **2,000 students**



“School Safety Awareness Campaign” with the Central Traffic Department

Arab Bank continued to support the Central Traffic Department to enhance road safety by sponsoring their awareness campaign “Madrasati Farhaty”. This involved distributing 40,000 educational booklets with guidelines and advice presented in a student-friendly way to promote road safety and prevent car and road accidents in underprivileged areas and poverty pockets across different governorates around the Kingdom.

Internship program (DARB)

In collaboration with King Abdullah Fund for Development (KAJD) and LOYAC, the Bank hosted 10 students from different Jordanian universities in a 6-8 week long paid internship program at the Bank’s branches in Zarqa, Salt, Mafraq, Irbid, Ajloun, Jerash, Karak, Tafilah and Aqaba.

New Think Festival

As part of our support to the youth community, the Bank was the main sponsor of 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.



DealMakers Annual Event

Endeavor Jordan works on catalyzing long-term economic growth by selecting, mentoring, and accelerating high-impact entrepreneurs in Jordan. Driven by its belief in the impact of entrepreneurship, Arab Bank was the Platinum sponsor of Endeavor Jordan’s Fourth Annual DealMakers event. The event drew the participation of ICT and ICT-enabled companies, angel investors and venture capital firms from ten different countries. The event entailed a series of conversations and collective design exercises, during which entrepreneurs and investors addressed business challenges and opportunities in an open dialogue, which contributed to the design of a more efficient and dynamic deal-making ecosystem.



The Bank has also supported initiatives under Queen Rania’s Foundation as part of an effort to enhance the education system in Jordan. These initiatives included:

- Supporting Edraak - sponsoring three online courses; Goal Setting & Self-Management, Guide to Mathematics and The Scientific Research Method for Syrian Researchers.
- Supporting the Madrasati Initiative - sponsoring the renovation of facilities and infrastructure for three schools, making the schools healthier, safer, more stimulating and more appealing to students.
- Supporting the Jordan Education Initiative - promoting the effective use of technology to transform schools into places of discovery, creativity and skills development, allowing Jordanian students to achieve their full educational potential. The initiative entailed providing a wireless network in three schools in addition to developing electronic content in line with the Jordanian curriculum.
- Supporting the “Teach Like a Champion” program under the Queen Rania Teacher Academy - whereby the program provides the basis for creating a powerful learning environment that helps educators improve their teaching techniques. 2,600 teachers were enrolled in this program during 2016.

Building NGOs' Capacities

We believe that building the capacity of partner NGOs and their staff is integral to sustainable community investment. We do this by utilizing our employees' skills and experience to train the NGO's staff in a way that will increase their performance and effectiveness.

The Capacity Building Program has been running since 2012 utilizing the expertise of the Bank's internal trainers who were able to provide special courses according to their needs, expectations and priority areas. In 2016, the Bank implemented nine successful courses covering three main areas: (1) functional capacity, (2) technical capacity, and (3) behavioral capacity.



FUNCTIONAL CAPACITY

Capacities that are relevant across various levels and are associated with managing the organization.

COURSES OFFERED

PROJECT MANAGEMENT

HR FOR NON-HR

BUDGETING AND COSTING

TECHNICAL CAPACITY

Technical skills that are relevant to an individual level to managing day-to-day tasks.

COURSES OFFERED

SERVICE EXCELLENCE

MICROSOFT EXCEL

MICROSOFT POWERPOINT

TELEPHONE HANDLING SKILLS

BEHAVIORAL CAPACITY

Capacities that have to do with cultural shifts and changes in attitude.

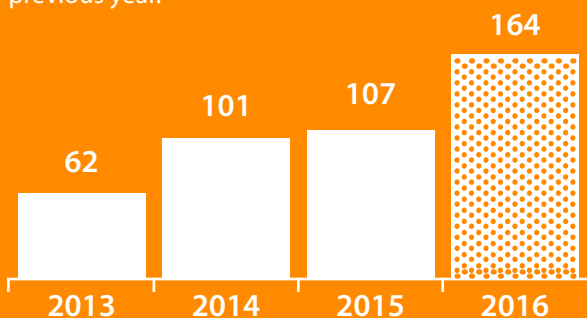
COURSES OFFERED

TIME MANAGEMENT

TOTAL QUALITY MANAGEMENT

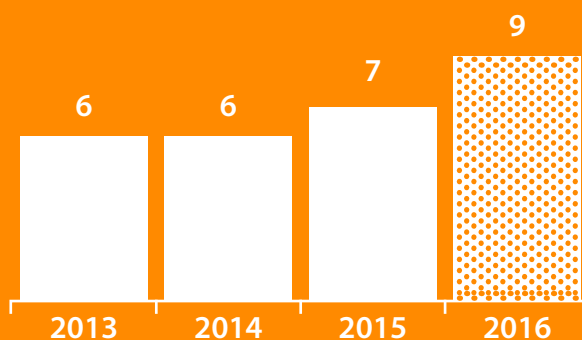
53% increase

in numbers of NGO employees attending the Bank's capacity-building courses compared to the previous year.



A total of 9 courses

were delivered by our employees in 2016 to our partner NGOs.



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.

Celebrating the 30th Anniversary of the Establishment of Abdul Hameed Shoman Public Library

In 2016, Abdul Hameed Shoman Public Library celebrated its 30th anniversary in a ceremony entitled “An Evening at the Library” held under the kind patronage of the Chairman Mr. Sabih Al Masri and the presence of the Foundation’s Board and the Arab Bank’s CEO Mr. Nemeh Sabbagh. During the event, a number of the Foundation’s former General Managers and library members were honored in recognition of their efforts in maintaining the library as a house of knowledge and soul of the society. The celebration continued for a week and witnessed specialized seminars, including one entitled “The library as an engine for change” presented by two international experts for the librarians, the public and the audience. In addition, there were multiple cultural activities such as readings, workshops, and hosting of reading clubs sessions.



The Foundation’s mission is to invest in cultural and social innovation to positively impact the communities it serves through thought focusing on three strategic pillars; **leadership, arts and literature, and social innovation**. In alignment with its mission, and to achieve its vision for a society of culture and innovation, the year 2016 marked numerous achievements for the Foundation on a local and regional level within the three pillars.

Nadwa – Jordan

The Foundation organized a professional fiction writing workshop in collaboration with the International Prize for Arabic Fiction entitled “Nadwa – Jordan”, which was held for the first time outside the Emirate of Abu Dhabi in the city of Petra, with the participation of promising Jordanian and Arab novelists under the supervision of reviewers and novelists.

Abdul Hameed Shoman Cultural Forum hosted several local, Arab and international figures, most notably His Royal Highness Prince Hassan bin Talal in a talk and dialogue entitled “Diversity Management and Peacebuilding”.

National Program for Financial Education

Development and implementation of the national program for financial education at schools, which was launched by the Central Bank of Jordan in cooperation with INJAZ, the Ministry of Education, and Al Hussein Fund for Excellence with the support of Abdul Hameed Shoman Foundation and the Association of Banks in Jordan. The program aims to bridge the gap between financial knowledge and behavior, while acquainting students with basic economic and financial concepts, targeting students from grades 7 through to grades 12. In 2016, the curriculum was implemented for the 7th, 8th and 11th grades.

Abdul Hameed Shoman Scientific Research Fund

Through the Abdul Hameed Shoman Scientific Research Fund, the Foundation continues its support for scientific research projects in research institutions and universities in Jordan, where the foundation worked on developing the granting criteria for the fund. This year, the Foundation provided grants for seven research projects in the fields of: pathological histology, humanities and medical sciences, waste management, biotechnology, medical biochemistry, communications engineering, applied linguistics, and information and communication technology applications.

Abdul Hameed Shoman Award for Arab Researchers

In its 34th edition, the Abdul Hameed Shoman Award for Arab Researchers witnessed a remarkable increase in submitted applications. The Foundation awarded sixteen researchers from around the Arab world in appreciation of their distinguished published scientific works in the fields of: medical and health sciences, engineering, basic sciences, arts, human sciences, social and educational sciences, technological and agricultural sciences, as well as economic and administrative sciences. The award 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.



Abdul Hameed Shoman Award for Children's Literature

The Abdul Hameed Shoman Award for Children's Literature aims to advance the literature presented to children to better foster their creativity, and focus on literary works in the category of "Theater for Children". The Foundation presented the award to four 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 Foundation also organized an interactive seminar to short-listed candidates about the Theater for Children.



The Foundation and the Ministry of Culture participated this year in the Bahrain International Book Fair, and also participated in the "About Culture in Jordan" Exhibition.

Science and Education Program

Launched in 2014, the Science and Education Program aspires to promote a culture of scientific research and innovation amongst children and youth, and to positively influence education in Jordan and build the science teachers and students' capacities and contributing to improved, more dynamic and thought provoking science. This is done through cooperation with the Ministry of Education and other stakeholders to support different initiatives, such as supporting Jordanian students' participation with the Intel International Science and Engineering Fair (ISEF). The program is currently working on reviving the Abdul Hameed Shoman Science Teachers Award.

In 2016, the program supported the Jordanian students' participation in the Intel International Science and Engineering Fair and provided them with the needed guidance and trainings on presentation and leadership skills. One of the Jordanian students was ranked fourth among the top five in the international competition in the Environmental Engineering field. In addition, the program conducted 12 awareness and introduction workshops of Intel ISEF in various governorates around Jordan, which were attended by 121 teachers and 721 students.

Young Innovators Lab

In late 2015, the Young Innovators Lab was launched to help children passionate about science (ages 10 – 13) improve their critical thinking skills through experiments and scientific projects. In 2016, 22 students completed the first edition which included work on critical thinking and experimentation, the acquisition of teamwork skills, learning electric circuits and electronic kits, as well as the production of six outstanding scientific projects. Furthermore, eight students participated in Expo Science Asia which was held in Oman to enhance the students' participation in the local and regional scientific forums and conferences. A memorandum of understanding was also signed with the Creativity Club-Karak to implement the Young Innovators Lab in Karak.

Knowledge Path Library for Children and Youth

Launched in 2013, the Knowledge Path Library provides a dynamic, open space and nurturing environment for children and youth from different backgrounds to read, interact and participate in fun and creative activities as part of their intellectual and creative journey to self-discovery and awareness.

In 2016, the library served and reached out to around 33,500 thousand patrons who read more than 35 thousand books. The library hosted 170 schools and conducted field visits to 35 schools in Karak, Ajloun, Salt, Irbid and Jerash. In addition, the library participated in Fuheis Cultural Festivals, the Children Day Festival in cooperation with Zaha Center, and the New Think Festival in cooperation with the Children's Museum. The Library organized the Science Film Festival for the third consecutive time in cooperation with Goethe Institute – Jordan, and provided training to the Children's Museum and Goethe Institute staff to implement it.

The Knowledge Path activities included daily reading and creative activities, summer and winter clubs, in addition to the monthly Child Film shows. It also organized workshops and courses on children capacity building and skills

courses for families, and hosted ceremonies to sign children books for Jordanian writers and film shows. The library also presented the "Shadow Theater" this year in the governorates and presented an evening concert for children and youths.



Abdul Hameed Shoman Cultural Forum

Abdul Hameed Shoman Cultural Forum continued to host prominent Jordanian and Arab intellectuals and researchers through its weekly program. It diversified its activities to include seminars, lectures, dialogues, debates on important cultural, social, economic, educational, and financial issues of Jordan and the region. Cultural symposiums were also held in collaboration with leading institutions such as the "Confronting the History of Literature" in cooperation with Sultan Bin Ali Al Owais Cultural Foundation as well as a joint seminar with King Faisal International Prize.

The Forum also hosted a number of youth initiatives and international events, such as the Sharjah Prize for Arab Culture, a promotional activity of UNESCO.

The Cinema

The Foundation's Cinema Program continued to offer weekly Tuesday night screenings of carefully selected Arabic and international movies followed by discussions about the films. The program also organized several activities to celebrate cinema creativity namely the Venezuelan Film Nights and Brazilian Film Nights.

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

Abdul Hameed Shoman Foundation Cultural Days

The Foundation launched **Abdul Hameed Shoman Foundation Cultural Days** where the year 2016 witnessed two events; Jabal Amman Cultural Week 3 and Abdul Hameed Shoman Foundation Cultural Days in Irbid. This comes as part of its ongoing efforts to interact with our communities all over the Kingdom, and to present a comprehensive cultural program targeting all community segments and reflecting the Foundation's diversified programs in cooperation with cultural and national entities.

Jabal Amman Cultural Week 3

For the third consecutive year, and celebrating Jabal Amman's heritage as the center point for cultural activities in the heart of the capital, Jabal Amman Cultural Week was organized by Abdul Hameed Shoman Foundation in cooperation with Jara Association under the patronage of Greater Amman Municipality and 26 other cultural entities. The week-long event comprised of cultural activities for all ages and interests including interactive children's activities, Jordanian films, musical and poetry evenings, seminars, book fair, in addition to book signings and activities for children, art and photo exhibitions at Jabal Amman galleries. Various training workshops and children's creative activities were also put on throughout the week hosted in Jara Street and at the Knowledge Path Library.

This year's activities witnessed an increase in number of partners reaching 26 entities compared to 11 in 2015, in addition to more than 29 publishing houses and 40 artisan representatives. The audience also reached 18,000 people.

Abdul Hameed Shoman Foundation Cultural Days in Irbid

Abdul Hameed Shoman Foundation Cultural Days in Irbid activities were held under the patronage of HE Mayor of Irbid in partnership with Greater Irbid Municipality, Ministry of Culture, Ministry of Youth, Ministry of Tourism and Antiquities, Irbid Chamber of Commerce, Al-Hassan Youth City, Yarmouk University, "Fooq Alsada" Team, Azbakayah, Jordanian publishing houses, Awshala, Jara Association, and the media sponsor Al Ghad. The 5-days program included an intensive cultural program with activities and events targeting all ages and interests. The program celebrated Irbid as a source of creativity.

It comprised of cultural seminars, film shows, music evenings from Jordanian orchestra and creative soloists, Irbid Children Choir, folkloric shows, and a book fair that included and artistic and musical activities for children and youth. The Knowledge Path team presented diversified creative activities for children in many public schools and for the public in addition to informational sessions on the Abdul Hameed Shoman Award for Arab Researchers and the Scientific Research Fund and the granting and support programs, training workshops for teachers, and training course for the librarians. The activities were attended by around 7,000 people.

Abdul Hameed Shoman Public Library

As the first well-equipped and fully computerized public library in Jordan, Abdul Hameed Shoman Public Library underwent many developments and upgrades in 2016 to satisfy its patrons' educational and research needs. In addition to its activities in celebration of its 30th anniversary, the library held more than 13 capacity-building workshops and two training courses for its patron. As part of the "Readings in the Library" program which includes releasing and signing books, the library hosted 14 Jordanian writers and invited a number of reading clubs to hold their meetings in the library where eight sessions were held in 2016. The library also held courses and workshops aimed at building the capacity of librarians from across the Arab world to strengthen its position as a community hub and forum, in addition to opening Rumi Café in the library.

In 2016, the total number of visitors to the library reached 255,664, and library membership also increased by 1,890 to become 42,100 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 Foundation Musical Evenings

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

In addition to the monthly Musical Evenings and to further enhance its outreach, the Foundation held three musical events titled “AHSF Musical Nights Downtown Amman” celebrating Jordanian and international talent.



Grants and Support Program 2016

Through its different grants and support programs, the Foundation received 300 requests this year, 56 of which were approved for funding across the three strategic pillars: Thought Leadership Grants Program, Arts and Literature Grants Program, and the Social Innovation Grants Program.

Thought Leadership Grants Program

This program seeks to provide learning resources to contribute to the learning process through the delivery of educational platforms and scientific and learning applications. The program supports scientific activities including competitions, prizes and exhibitions in addition to encouraging dialogue by holding conferences, seminars and debates which aim to stimulate thought leadership. The supported projects included: the national program for financial education, the Adam Wa Mishmish cartoon program on YouTube channel, Phi Science Institute, “DaVinci’s Children” Program, the research paper of Kaynouna The Arab Art Therapy Center, and the Fifth Global Conference on Renewable and Energy Efficiency for Desert Regions by the University of Jordan.

Arts and Literature Grants Program

This program develops literature and artistic skills and talent, promoting cultural diversity with the aim of having the arts available to everyone. This is done by supporting projects tailored to disseminate excellent Arabic literature and artistic content in all paper and digital means including the artistic and literature platforms, and by supporting those working in the cultural sector, especially the young ones by promoting the performance arts, audio and visual arts, diversified cultural festivals and activities, as well as projects aimed at preserving and protecting national heritage. Examples of projects supported include: the Abjjad platform for community e-reading, Team Hero Cartoon, Establishment and Initiative in Arabic, the mobile library project in partnership with Haya Cultural Center and the Ministry of Culture, the popular orchestra project by the Anna Lindh Foundation, in addition to supporting the performance arts such as the play “Passing Pain” and several music projects and performances.

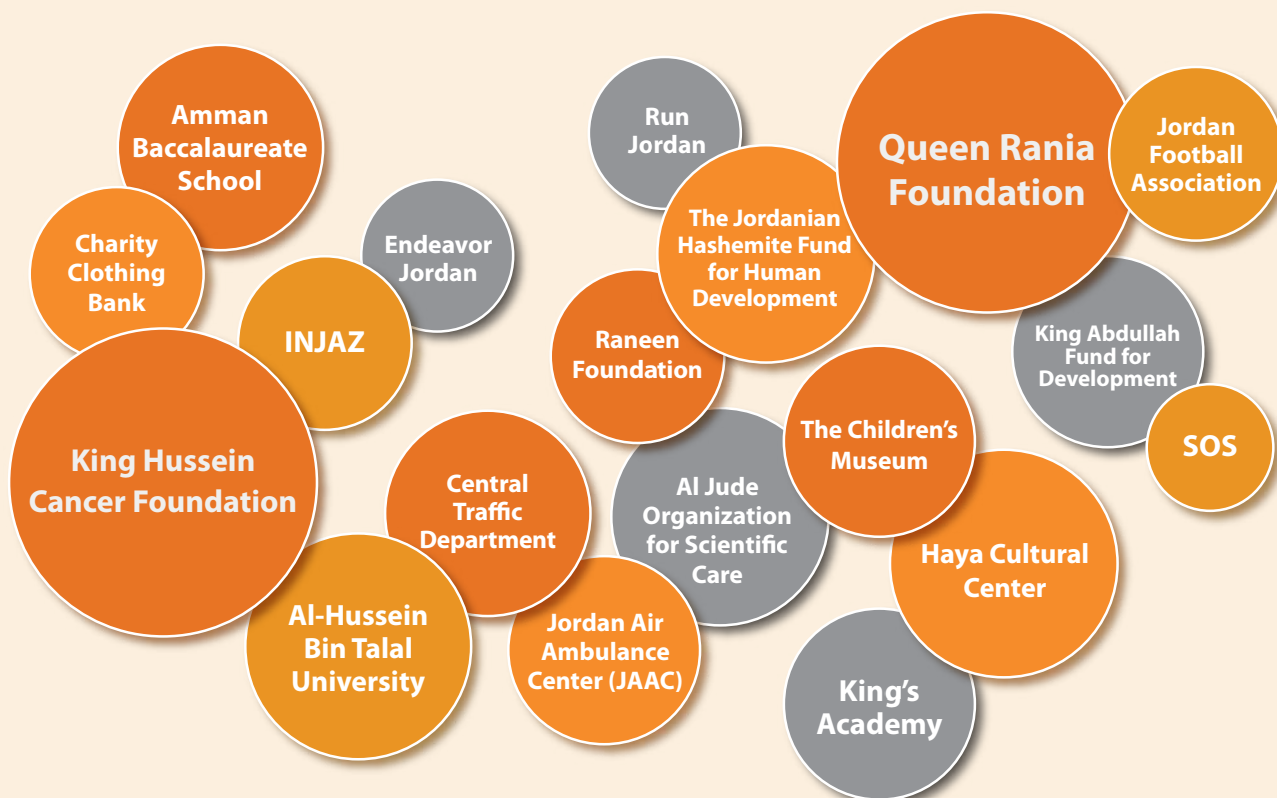
The Social Innovation Grants Program

The Foundation supported various projects such as Mix n' Mentor by Wamda and the university activity GJU Green Hackathon: Path to Entrepreneurship and Employability in the Green Sectors by the German University to support them in promoting leadership and creative thinking among youth. This is stemming from its belief in the importance of investing in youth and social innovation, and promoting the launch of sustainable social enterprises in Jordan to tackle community problems and to find innovative sustainable solutions.

The Foundation organized the training camp: impact and profitability in partnership with "EwIV" Ahead of the Curve for the first time in Jordan. The training camp builds the capacity of young people and equips them with skills that enable them to develop their ideas and projects and create a profitable business model that attracts investors. The camp lasted for five days and had 31 participants who were selected out of 200 candidates from all over the Kingdom.

Sponsorships and Donations

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 that address our four CSR areas of: health, poverty alleviation, environmental protection and education/orphan support.



APPENDICES

APPENDIX A: Report Parameters

PRINCIPLES FOR DEFINING REPORT CONTENT

In preparation of our 2016 sustainability report, we have followed the updated Global Reporting Initiatives Standards, which contributed to defining the report content and communicating achievements during the past year. 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 Standards.

Completeness and Boundaries: Arab Bank in Jordan strives to produce a report that is as complete as possible. This report outlines the Bank's 2016 performance for the financial year ending on December 31, 2016. 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.

Stakeholder Inclusiveness: We believe that we have identified and considered all of our key stakeholders. We have identified our communication channels with our stakeholders, while their priority issues have been integrated in our materiality assessment process, and our response is outlined throughout the report as we identified our approach for each material issue.

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

PRINCIPLES FOR DEFINING 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. However, in some cases we have updated our tracking and measurement methodology to ensure alignment to best international standards and for further accuracy (more details are presented in Appendix C). 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 GHG Protocol.

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

Our Materiality Process

In 2016, we improved our materiality process by conducting additional research during the issue identification step (outlined below), creating a prioritization methodology tool, and consulting with our internal stakeholders in this prioritization. This has resulted in the creation of our materiality matrix (see page 11 of this report), which provides more details on the prioritization of material issues in three categories; highly significant, significant, and non-significant issues. Below is a description of each of the materiality steps the Bank conducted, which are aligned with the GRI Standards.

STEP 1: IDENTIFICATION

To compile a list of possible topics, the Bank Sustainability Department team conducted research that included more extensive internal investigation to ensure that we captured issues important to the Bank's various businesses and corporate support areas. It also involved gathering external assessments of sustainability issues important to the financial services sector, for example from the World Economic Forum, the GRI and the Sustainability Accounting Standards Board (SASB) as well as our understanding of the economic, social, and environmental issues related to Jordan. To complete this step, we identified a list of possible topics, and then selected the most suitable ones and grouped them into our five main sustainability focus areas. The resulting list of topics was used in Step 2.

STEP 2: PRIORITIZATION

We developed a tool to depict the importance of each of the identified issues in step 1. This tool presents the importance of each issue on two levels; importance to Arab Bank economic, social and environmental business decisions and importance to our stakeholders. Furthermore, we have engaged our sustainability champions through a targeted survey to prioritize these issues. Each champion was asked to rank the importance of each issue on the two levels from the point of view of the Bank and their stakeholders from 1-10, with 10 being of highest importance. These values then were entered into the tool and averages were generated for each issue and then were plotted on a materiality matrix (see page 11 of this report). The Matrix shows 25 material sustainability issues within low, medium, and high significance thresholds.

STEP 3: VALIDATION

The results of Step 2 were reviewed and approved by the Arab Bank Sustainability Department team. For the Bank's most important issues, the associated metrics are listed in the GRI Index on page 82.

STEP 4: REVIEW

We acknowledge that the sustainability environment is from a changing nature, and therefore its related material is issued for our business and stakeholders. We are listening to any feedback we will receive from our stakeholders during the year of 2017 to integrate into our materiality process for next year's sustainability report. Thus, we are open to any feedback on this year's report. We have a dedicated mailbox at the following address: together@arabbank.com.jo.

Main Focus Area	Relevant Issues	Aspect Boundary						
		Employees	Customers	Community	Environment	Government	Suppliers	Shareholders
SUPPORTING OUR CUSTOMERS IN ACHIEVING THEIR AMBITION	Customer Experience and Satisfaction	•	•					•
	Accessibility to Products and Services	•	•	•				•
	Customer Privacy and Data Security	•	•	•				•
	Communicate Transparently with Customers	•	•	•				•
RESPONSIBLE FINANCING	Offering Sustainable Products and Services		•	•				•
	ESG Topics in Portfolio			•	•			•
EMPLOYEE EMPOWERMENT	Diversity and Equal Opportunity	•		•		•		
	Competitive Benefits	•		•		•		
	Employees' Wellbeing	•						
	Employees' Engagement	•						
	Training and Development	•						
TRANSPARENT REPORTING	Governance and Accountability					•		•
	Transparent Disclosure of Performance		•			•		•
	Risk Behavior and Culture					•		•
	Responsible and Ethical Behavior					•		•
	Anti-corruption Processes		•			•		•
	Legal and Regulatory Compliance		•			•		•
SYSTEM OPTIMIZATION	Process Digitization		•			•		•
	GHG Emissions					•		
	Material Consumption					•		•
	Water Usage					•		•
	Energy Usage					•		•
	Managing Impacts of our Supply Chain					•	•	
COMMUNITY COOPERATION	Supporting Local Communities			•		•		
	Engaging with Community Based Organizations			•		•		

APPENDIX C: Restatements and Calculation Methodology

GRI 102-48

Restatements on Disclosure

Energy Consumption

Over the past years, we have tried to identify and report on our direct and indirect energy consumption to the best of our ability. However, we have revised our calculation methodology in 2016 to ensure more accuracy in the data reported, and following the report boundary of reporting only our operations in Jordan. This revision of the methodology and data collection has resulted in adjusting our Heating and Standby Electricity Generators diesel consumptions and electricity consumptions for the year 2015. In addition, we have revised our occupied area for the years 2014 and 2015. These restatements have resulted in adjusting our intensity indicators related to electricity consumption per employee and electricity consumption per area.

Turnover Rates

In 2015, turnover rates by employee level, gender and age calculation methods have been modified. According to the new method, turnover rate breakdowns were calculated on the basis of overall headcount average instead of headcount of each employee level separately.

GHG Calculation Methodology

In 2016, our GHG emissions numbers have been modified for previous years due to the use of emissions factors that are aligned with the GHG Protocol methodology. Sources of those emissions factors are listed in the Table below.

Scope	Tool	Source of Tool
Scope 1		
Transportation Fuel	GHG Emissions from Transport or Mobile Sources V 2.6 (May 2015)	GHG Protocol
Stationary Consumption	GHG Emissions from Stationary combustion V 4.1 (May 2015)	GHG Protocol
Scope 2		
Purchased Electricity	GHG Emissions from Purchased Electricity V 4.8 (May 2015) - 2012 GHG emissions factors for Jordan.	GHG Protocol

APPENDIX D: GRI Content Index

This report has been prepared in accordance with the GRI Standards: Comprehensive option. The GRI Content Index below indicates the report disclosure and the location of the information in this report.



GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation	GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation
GRI 101: Foundation				102-29	p. 41, 42, 43, Annual Report (Corporate Governance Guide Section)
General Disclosure				102-30	p. 44, 45, Annual Report (Risk Management Section)
GRI 102: GENERAL DISCLOSURES 2016	Organizational profile			102-31	p. 42, 43
	102-1	p. 2, 5		102-32	p. 48
	102-2	p. 6		102-33	p. 41, 42, Annual Report (Corporate Governance Guide Section)
	102-3	p. 5		102-34	p. 41, 42, Annual Report (Corporate Governance Guide Section) Number and nature of critical concerns not disclosed, as information is subject to specific confidentiality constraints
	102-4	p. 5		102-35	p. 41, 42, Annual Report (Corporate Governance Guide Section)
	102-5	p. 6		102-36	p. 41, 42, Annual Report (Corporate Governance Guide Section)
	102-6	p. 5		102-37	p. 41, 42, Annual Report (Corporate Governance Guide Section)
	102-7	p. 5, 7, 32, 2016 Annual Report		102-38	Annual total compensation ratio not disclosed as information is subject to specific confidentiality constraints
	102-8	p. 32-34		102-39	Percentage increase in annual total compensation ratio not disclosed, as information is subject to specific confidentiality constraints
	102-9	p. 56		Stakeholder engagement	
	102-10	No significant changes during 2016 in size, structure, ownership or supply chain.		102-40	p. 10
	102-11	p. 27-28		102-41	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 does not have a system to track the percentage of total employees covered by collective bargaining agreements.
	102-12	p. 13, 42-43, 45, 55-56		102-42	p. 10
	102-13	p. 28		102-43	p. 10
	Strategy			102-44	p. 10, 11
	102-14	p. 3		Reporting practice	
	102-15	p. 10, 11, 12, 15-16		102-45	p. 2, All financial statements for Arab Bank Group and PLC are in the Bank 2016 Annual Report (p.34, 36, 155, 256).
	Ethics and integrity			102-46	p. 11, 79, 80
	102-16	p. 43, 2014 Sustainability Report (p. 10)		102-47	p. 11
	102-17	p. 45, 49		102-48	p. 81
	Governance				
	102-18	p. 41, 42, Annual Report (Corporate Governance Guide Section)			
	102-19	p. 14, Annual Report (p. 71, Corporate Governance Guide Section)			
	102-20	p. 13			
	102-21	p. 10, 11, 13, 79			
	102-22	p. 40, 41, 42, Annual Report (p. 37-47)			
	102-23	p. 41, 42, Annual Report (p. 37)			
	102-24	p. 41, 42			
	102-25	p. 41, 42, Annual Report (Corporate Governance Guide Section)			
	102-26	p. 41, 42, Annual Report (Corporate Governance Guide Section)			
	102-27	p. 41, 42, Annual Report (p. 37-47, Corporate Governance Guide Section)			
	102-28	p. 41, 42, Annual Report (Corporate Governance Guide Section)			

GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation	GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation
	102-49	p. 11	Anti-competitive Behavior		
	102-50	p. 2	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80
	102-51	Arab Bank 2014 Sustainability Report		103-2	p. 43-44
	102-52	p. 78		103-3	p. 43-44
	102-53	p. 79	GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1	No legal actions for anti-competitive behavior and violations of anti-trust in Jordan during the reporting period.
	102-54	p. 2, 82			
	102-55	p. 82, 84			
	102-56	No external assurance was completed for the Sustainability Report	GRI 300 Environmental Standard Series		
Material Aspects			Energy		
GRI 200 Economic Standard Series			GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80
Economic Performance				103-2	p. 50, 53-54, 80
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		103-3	p. 50, 53-54, 80
	103-2	p. 14-15, 25-28, 35	GRI 302: ENERGY 2016	302-1	p. 53, 54, 81
	103-3	p. 14-15, 25-28, 35		302-2	Business travel is not disclosed as the Bank does not have a system to accumulate these numbers currently.
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	p. 7, 15-16, 2016 Annual Report		302-3	p. 53
	201-2	p. 25-28		302-4	p. 53, 54
	201-3	p. 35, the Bank pays 13.75% of employees' social security, which is directed to retirement plan		302-5	p. 51-53 Reduction numbers are not available
	201-4	No assistance received from Government		Water	
Market Presence			GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		103-2	p. 54
	103-2	p. 32, 35		103-3	p. 54
	103-3	p. 32, 35	GRI 303: WATER 2016	303-1	p. 54
GRI 202: MARKET PRESENCE 2016	202-1	p. 35, entry wages are 30% higher than minimum wages in Jordan.		303-2	Water is provided by the water authority and private service providers. This is not material as we are a service industry.
	202-2	p. 32		303-3	The Bank does not reuse or recycle water
Indirect Economic Impacts			Emissions		
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80
	103-2	p. 28, 60-69		103-2	p. 55
	103-3	p. 28, 60-69		103-3	p. 55
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	p. 28 No measurement of impacts have been performed yet.	GRI 305: EMISSIONS 2016	305-1	p. 55, 81
	203-2	p. 60-69		305-2	p. 55, 81
Procurement Practices				305-3	The Bank currently does not track Scope 3 emissions
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 56, 80		305-4	p. 55
	103-2	p. 56		305-5	p. 55
	103-3	p. 56		305-6	Due to the nature of our business, the Bank doesn't generate ozonedepleting substances
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		305-7	
	103-2	p. 43	Environmental Compliance		
	103-3	p. 43	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80
GRI 205: ANTI-CORRUPTION 2016	205-1	p. 42-45, 100% of all operations are assessed for risks related to corruptionnn		103-2	p. 50-55
	205-2	p. 43-44, 46		103-3	p. 50-55
	205-3	There are no incidents of corruption.	GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	No monetary value of significant fines and non-monetary sanctions

GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation	GRI Standards	Disclosure	Page number(s) and/or URL(s) Omissions and Explanation	
Supplier Environmental Assessment			Local Communities			
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	
	103-2	p. 56		103-2	p. 58, 59	
	103-3	p. 56		103-3	p. 58, 59	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	p. 56	GRI 413: LOCAL COMMUNITIES 2016	413-1	p. 60-69	
	308-2	p. 56		413-2	No negative impacts have been identified.	
GRI 400 Social Standard Series			Supplier Social Assessment			
Employment			GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		103-2	p. 56	
	103-2	p. 32-33		103-3	p. 56	
	103-3	p. 32-33	GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	p. 56	
GRI 401: EMPLOYMENT 2016	401-1	p. 33, 36-37		414-2	p. 56, no cases of negative social impacts in the supply chain.	
	401-2	p. 35	Marketing and Labeling			
	401-3	p. 34	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	
Training and Education				103-2	p. 21	
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		103-3	p. 21	
	103-2	p. 38-39	GRI 417: MARKETING AND LABELING 2016	417-1	p. 21	
	103-3	p. 38-39		417-2	No incidents of non-compliance reported in 2016.	
GRI 404: TRAINING AND EDUCATION 2016	404-1	p. 38-39		417-3	No incidents of non-compliance reported in 2016.	
	404-2	p. 38-39	Customer Privacy			
	404-3	p. 36	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	
Diversity and Equal Opportunity				103-2	p. 19-21	
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80		103-3	p. 19-21	
	103-2	p. 33-34, 42	GRI 418: CUSTOMER PRIVACY 2016	418-1	No incidents of substantiated complaints regarding breaches of customer privacy or loss of customer data.	
	103-3	p. 33-34, 42		Socioeconomic Compliance		
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	p. 33-34, 42	GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	
	405-2	The ratio of basic salary for men to women per employee category remains 1:1		103-2	p. 26, 42-48	
Non-discrimination				103-3	p. 26, 42-48	
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80	GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016	419-1	No incidents of non-compliance reported in 2016.	
	103-2	p. 44, 45, 59				
	103-3	p. 44, 45, 59				
GRI 406: NON-DISCRIMINATION 2016	406-1	No incidents of discrimination received during the reporting period.				
Child Labor						
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80				
	103-2	p. 43, 56				
	103-3	p. 43, 56				
GRI 408: CHILD LABOR 2016	408-1	p. 43, 56, our sector have low level of child labor risk				
Forced or Compulsory Labor						
GRI 103: MANAGEMENT APPROACH 2016	103-1	p. 80				
	103-2	p. 43, 56				
	103-3	p. 43, 56				
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1	p. 43, 56, our sector has low levels of forced or compulsory labor				

APPENDIX E: 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.								
GRI Standards	The GRI Standards are the first global standards for sustainability reporting. They feature a modular, inter-related structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.								
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.								
Project Finance	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> <tr> <th>Small Enterprise</th><th>Medium Enterprise</th></tr> <tr> <td>Assets or sales less than JOD MM 1</td><td>Assets or sales between JOD MM 1-3</td></tr> <tr> <td>Between 5-20 Employees</td><td>between 21-100 Employees</td></tr> <tr> <td>Not a public shareholding, insurance or financial intermediary</td><td></td></tr> </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 organization's activities, but also to understand and address their concerns through a two-way dialogue.								
Stakeholders	A 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 Reporting	The practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance toward the goal of sustainable development.								
Sustainable Development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.								

APPENDIX F: Acronyms

AB	Arab Bank
AC	Air Conditioning
AHSF	Abdul Hameed Shoman Foundation
AML	Anti-money Laundering
ARIS	Architecture of Integrated Information Systems
ATM	Automated Teller Machine
BCM	Business Continuity Management
BCMD	Business Continuity Management Department
BoD	Board of Directors
CBOs	Community-based Organizations
CCB	Charity Clothing Bank
CEO	Chief Executive Officer
CO2	Carbon Dioxide
CoC	Code of Conduct
CSR	Corporate Social Responsibility
CTF	Countering Terrorist Financing
DBR	Debt Burden Ratio
ECM	Enterprise Content Management
EMEA	Europe, the Middle East and Africa
ESG	Environmental, Social and Governance
EPP	Easy Payment Plan
GHG	Greenhouse Gas
GIA	Group Internal Audit
GJ	Gigajoules
GPS	Global Positioning System
GRI	Global Reporting Initiative
GRM	Group Risk Management
ICT	Information and Communication Technology
ILO	International Labor Organization
ISEF	International Science and Engineering Fair
IT	Information Technology
ITM	Interactive Teller Machine

JAAC	Jordan Air Ambulance Center
JLGC	Jordan Loan Guarantee Corporation
JOD	Jordanian Dinars
JRCSP	Jordan River Child Safety Program
JRF	Jordan River Foundation
KAFD	King Abdullah Fund for Development
KHCF	King Hussein Cancer Foundation
KM	Kilometer
kWh	Kilowatt hours
KYC	Know Your Customer
LED	Light Emitting Diode
M2	Square Meter
M3	Cubic Meter
MW	Mega Watts
NGO	Non-governmental Organization
OPIC	Overseas Private Investment Corporation
PLC	Public Shareholding Company
PV	Photo-Voltaic
QMS	Quality Management System
RCM	Real Estate and Construction Management
RMs	Relationship Managers
RSCN	Royal Society for the Conservation of Nature
SDGs	Sustainable Development Goals
SMEs	Small to Medium Enterprises
TUA	Tkiyet Um Ali
UAP	University Adoption Program
UDHR	Universal Declaration of Human Rights
UNGC	United Nation Global Compact
USD	United States Dollars
VOC	Voice of Customers
VRV	Variable Refrigerant Volume