

البنك العربي
ARAB BANK



ARAB BANK SUSTAINABILITY STRATEGIC APPROACH

Corporate Social Responsibility Policy



SUSTAINABILITY OBJECTIVES AND DRIVERS

Arab Bank's sustainability journey began at its inception in 1930 and evolved over time as an integral part of the Bank's objectives and its constant contributions towards supporting the efforts to develop the Arab world and build its capacity. From its inception until today, the Bank has played a significant role in shaping the lives of people in the Arab world, developing the economies and communities in which it operates. This is done through supporting and financing strategic projects in the region, in addition to pioneering its social responsibility to develop the capacity of the Arab world by serving its communities' needs and priorities.

Stemming from the growing social, economic and environmental challenges at the local, regional, and global levels, along with Arab Bank's belief in the financial sector's ability to address these challenges, Arab Bank realizes the importance of adopting a holistic sustainability management approach that is well integrated into its daily operations. As such, the Bank sets for itself several sustainability-related strategic objectives to address these challenges and ensure proper continuation of its sustainability commitment based on the international best practices in this respect. These objectives are:

- Aligning Arab Bank's sustainability approach with the evolving expectations and aspirations of its various stakeholders
- Expanding the Bank's role and impact in supporting social and economic development
- Ensuring that all potential environmental and social risks are addressed at a strategic level
- Maintaining and reinforcing Arab Bank's reputation as a social, environmental and economic leader

THE PATH TO SUSTAINABILITY: ARAB BANK'S RESPONSE

Sustainability Vision and Mission

To achieve its sustainability objectives, Arab Bank established a **sustainability vision** of *becoming the leading responsible financial institution in the Arab world socially, economically and environmentally*. This vision is backed by a **sustainability mission** that aims to create *long-term sustainable financial and non-financial value for the Bank and its stakeholders through continuous support and contribution to the achievement of their ambitions*.

Embracing this vision and mission as a foundational guide to the Bank's sustainability management will enable Arab Bank to deliver on its sustainability objectives and realize the opportunity in implementing the sustainability strategy.

Engaging our Stakeholders on Sustainability

Defining the key sustainability stakeholders for the Bank and understanding their needs and expectations are key components in shaping our sustainability strategic approach. The Bank's main Stakeholders in this process are:

- Employees
- Customers
- Suppliers
- Shareholders
- The communities where the Bank operates
- Government
- The Environment



Arab Bank is committed to engage regularly with its stakeholders as a way to understand their needs and aspirations that are core to its sustainability objectives. Mapping the Bank's stakeholders and their aspirations is a fundamental step in directing the Bank's efforts toward fulfilling those needs through its sustainability strategic approach.

Arab Bank Sustainability Priorities

Sustainability priorities are those that influence the needs and aspirations of internal and external stakeholders and are important to the Bank's business.

Arab Bank sustainability efforts and strategic priorities are informed by the wider social and environmental context around it. The Bank uses a materiality assessment process to identify topics that are important for the Bank's stakeholders and are strategically significant to its business. Establishing prioritization among a wide range of sustainability topics helps provide focus and ensure relevance.

The assessment conducted by the Bank highlighted a list of 11 material sustainability issues that the Bank must address.

CYBER SECURITY AND DATA PRIVACY

Why it is material

As individuals and companies perform more transactions online, the risk of a data breach increases daily. Therefore, the importance of securely maintaining customer information is crucial to the bank's success.

GOVERNANCE, RISK MANAGEMENT, AND TRANSPARENCY

Why it is material

Strong governance system, transparency and enhanced risk management capability are critical to the reputational and financial strength of the bank.

LEGAL AND REGULATORY COMPLIANCE

Why it is material

Supervision and regulation in the financial services sector continues to evolve. Strict compliance with all local and international policies and regulations is key to maintaining a license to operate.

CUSTOMER EXPERIENCE AND SATISFACTION

Why it is material

Providing our customers with seamless and more efficient services, will help the bank address complex and evolving expectations, and enable us to attract new customers.

CUSTOMER SAFETY AND SERVICE ACCESSIBILITY

Why it is material

Maintaining an environment where customers can safely and conveniently access financial products and services, especially considering the COVID-19 Pandemic, is at the core of the bank's responsibilities.

CUSTOMER HARDSHIP

Why it is material

Building trust and loyalty is only achieved by supporting customers during good times as well as in times of hardship, such as during the COVID-19 pandemic.

DIGITAL PRODUCT AND SERVICE TRANSFORMATION

Why it is material

Digitization is reshaping the value proposition of existing financial services; the bank looks at it as an opportunity to improve efficiency and deliver new and improved services.

WORKFORCE WELLBEING AND TALENT RETENTION

Why it is material

Providing a safe, flexible and supportive work environment helps to attract, retain and develop the best people.

CLIMATE CHANGE AND ENVIRONMENTAL FOOTPRINT

Why it is material

Finance has an important role to play in managing the risks and opportunities associated with climate change. We also have a responsibility to limit the impact from our internal operations as part of our business sustainability.

SUPPORTING LOCAL COMMUNITIES

Why it is material

The success of the bank is directly linked to the strength of our local communities, so we must support them in good times and during times of emergency.

FINANCIAL INCLUSION

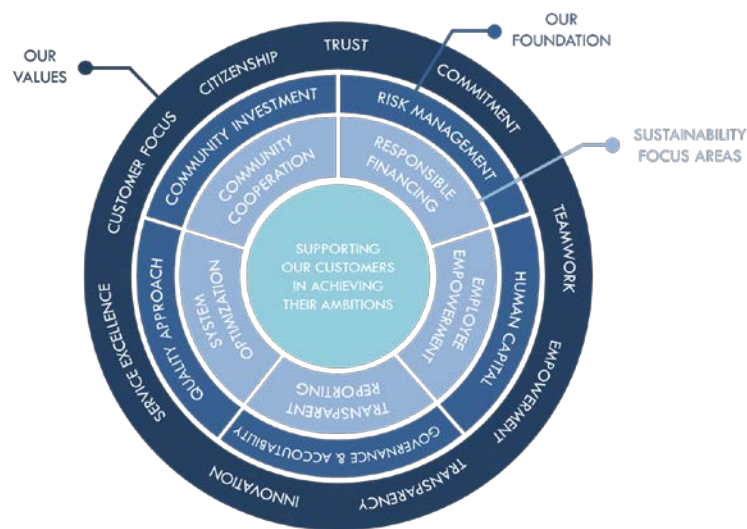
Why it is material

Supporting all people and expanding our financial services to the unserved will yield economic and social advances in our community.

Sustainability Focus Areas

Based on the Bank’s sustainability priorities and inspired by its core values, Arab Bank laid the foundation for its sustainability strategic approach which revolves around five focus areas; responsible financing, employee empowerment, transparent reporting, system optimization, and community cooperation.

For each of the sustainability focus areas, a clear strategic objective is established to drive the Bank’s sustainability effort in this respective area, thus optimizing its economic, environmental and social impacts and aligning the business conduct with Arab Bank’s sustainability strategic approach and its sustainability vision and mission.



FOCUS AREA	OBJECTIVE
Responsible Financing	<ul style="list-style-type: none"> Provide financial services that enable sustainable growth and economic progress based on responsible financing practices through the Bank’s commitment to deliver, act responsibly, manage risks and adhere to the highest ethical standards.
Employee Empowerment	<ul style="list-style-type: none"> Create a diverse and inclusive environment for our employees, where they can find the opportunity for personal and professional growth enabling them to reach their full potential.
Transparent Reporting	<ul style="list-style-type: none"> Integrate ethical, accountable and transparent practices across all levels and ensure effective and transparent communication with the various stakeholders.
System Optimization	<ul style="list-style-type: none"> Adopt an approach that focuses on integrating sustainability priorities effectively within the Bank’s daily operations.
Community Cooperation	<ul style="list-style-type: none"> Optimize community contribution by investing in impactful community programs and initiatives that are critical to supporting the community’s fundamental causes.



COMMUNITY (CSR) STRATEGIC APPROACH

Building on a long history of community investment, the Bank developed an inclusive stakeholder model to optimize the Bank's contribution to its community and create long-term financial and non-financial value for the Bank and its stakeholders. This model consists of two main pillars that drive that Bank's community cooperation and impact:

- The Bank's dedicated CSR program 'Together' that supports the community's fundamental causes
- Abdul Hameed Shoman Foundation

Arab Bank CSR Program 'Together'

Together is an integrated, full-fledged Corporate Social Responsibility (CSR) program, which engages the Bank's employees, customers and selected NGOs towards supporting key community causes that are aligned with the community's needs and priorities as well as the Bank's Sustainability direction.

In this respect, the Bank has adopted five main community causes as the primary focus areas for its Corporate Social Responsibility (CSR) Program, *Together*. The adoption of these causes is based on the community's primary needs and expectations as well as the Bank's ability to engage effectively with the ecosystem to create a positive and long lasting impact. These areas cover: health, poverty alleviation, environmental protection, education and orphan support.

Through the *Together* Program, the Bank's engagement with its employees, customers and partner NGOs is channeled through the following main paths:

- **Employees' Volunteering:** Arab Bank encourages and supports its employees to donate their time, efforts and experience to implement initiatives and programs that are aligned with the five main community causes adopted by the Bank. The volunteering program is driven by a set of KPIs and is managed by a full-fledged system that drives and monitors its performance and deliverables.
- **Collaboration with NGOs:** The Bank works very closely with reputable NGOs who have established track records in each of the Bank's CSR focus areas. The engagement includes developing and implementing community initiatives and intervention programs through Arab Bank community investments and based on set deliverables and KPIs that are aligned with the Bank's sustainability strategy. As part of its engagement with partner NGO's, the Bank also implements a Capacity Building Program, which focuses on building the functional, technical and interpersonal skills of the NGOs' staff in a manner that positively impacts the NGOs performance and community role.
- **Customers' Donations:** Through *Together*, the Bank enables its customers to contribute financially towards supporting the five main community causes. This is done by incorporating a donation mechanism within the Bank's service channels (ATMs, Online Banking, Phone Banking, *Together* Credit Card and Branch network) allowing customers to donate to any of the *Together's* partner NGOs easily and conveniently. A donation target is set on an annual basis and is pursued through communication campaigns to encourage customers to donate.

Abdul Hameed Shoman Foundation (AHSF)

The Abdul Hameed Shoman Foundation was established in 1978 by Arab Bank as a non-profit initiative. The Bank allocates a certain percentage of its profits annually to enable the Foundation carryout its community role towards encouraging scientific research, human studies, culture as well as social innovation. The

Foundation's mission dovetails with the Bank's overall sustainability and CSR direction through adopting three strategic pillars: leadership, arts and literature, and social innovation.

MANAGEMENT OF SUSTAINABILITY

To ensure that the implementation of the sustainability strategy becomes an integral part of the Bank's day-to-day operations, a Sustainability Department was established, with the objective of coordinating all the sustainability efforts across the Bank. The Sustainability Department falls under the Branding Division.

In addition, the Sustainability Champions program was created as an internal tool to support the effective integration and implementation of the sustainability strategy across the Bank's departments. 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 of Champions contributes to shaping and implementing the sustainability strategy within their divisions, ensuring that all sustainability objectives, initiatives, and targets are handled in their respective departments. They are also involved in the preparation of the Bank's annual Sustainability Reports.

REPORTING ON SUSTAINABILITY

Arab Bank has adopted the new standards of the Global Reporting Initiative (GRI), which are the most widely recognized and used guidelines for sustainability reporting globally. The Bank is committed to issuing a GRI based Sustainability Report on an annual basis and is using these reports as a platform for communicating its sustainability performance and impacts to its stakeholders. By doing so, the Bank measures, assess and communicates its economic, environmental, and social performance, and manages change more effectively in line with the international best practices in this respect.