

Arab African International Bank

Annual Communication on Progress Report



Arab African International Bank

Country: Egypt

Sector: Banking

UNGC Membership: Since 2005

Website: <https://aaib.com/>

Synopsis

Through over a decade of hard work and strong commitment to principles of sustainability, Arab African International Bank (AAIB) has introduced new benchmarks and has set the trends for the industry across several breakthrough initiatives. Our initiatives have been tackling environmental, social as well as economic challenges, allowing us to contribute to the global goals implicated in the Sustainable Development Goals (SDGs). This has resulted in a series of strategic initiatives that positioned AAIB in the international arena and earned it global recognition from renowned entities regarding its sustainability practices. This report is our ninth Communication on Progress (COP). All data contained in this document relates to the calendar year January – December 2018.

It all started in 2003 when AAIB embarked on a journey of philanthropy purely to give back to our community through establishing “We Owe it to Egypt Foundation” for social development. Then in 2005, we started committing to international frameworks to rely on them as references in managing our activities in a sustainable manner. AAIB has been committed to the UN Global Compact (2005), Equator Principles (2009), and the United Nations Environment Programme Finance Initiative (2018). These international guidelines - which we’ve been committed to report to, provide information on our social, environmental and governance achievements as well as commitments on an annual basis. Moreover, we broadened our view of risk management to include environmental and social risk management to embed social and environmental concerns in all our activities and operations. In addition to managing risk, we have also been seizing opportunities in clean energy and financial inclusion. Then in 2014, we started the third phase in our journey through MOSTADAM. The third phase is distinct because it for its passion to transform the financial industry in Egypt and the region through MOSTADAM platform. In 2018, became part of a global movement that seeks to transform the banking industry. We collaborated with UNEP FI and 27 other banks to develop the Principles of Responsible Banking.

The Principles for Responsible Banking (PRB)

The Principles for Responsible Banking (PRB) are similar to those of the Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI), however for banking. Their goal is to define and affirm the role of the banking industry in achieving the goals implicated in the Paris Climate Agreement and the Sustainable Development Goals (SDGs). The PRB focus on positive impact measurement and growth, delivering resilient infrastructure with insurers and investors, climate-related disclosures, natural capital stress-testing as well as social impact and inclusion. All of which are highly important not only for the Egyptian banking sector, but also for the Egyptian community, economy, and environment.



Alignment



Impact



Clients &
Customers



Stakeholders



Governance &
Culture



Transparency &
Accountability

AAIB worked with UNEP FI and 27 other banks to draft the Principles that were launched in the UNEP FI Global Roundtable in November 2018 and are now in the global public consultation phase.



Vice Chairman & Managing Director Statement

With the largest population in the Middle East and a relatively established banking sector, Egypt is becoming exponentially promising for bankers. The banking sector is showing new promises and new potentials for its evolution and there is no more correct time than the present for transformation and adaptation to the new economic era. With rising technologies, which are becoming more accessible by the day, a new economic layout is setting quicker than ever before. Adaptation is essential for a bank in order to strive and prosper, and we at Arab African International Bank are always ready to contribute our input in the field of sustainable finance and to constantly adapt with the changes in the economic sector that may occur

Banks remain the pillars of the modern economic layout now aiming at creating a more responsible and sustainable future, and we as AAIB plan on being at the center of the change when it occurs. More than a decade after the crisis have passed, which allows banks to regain their strength and the trust of the people which was shook from the past unfortunate events. It is our role as regional bank penetrating the international scene to metamorphose according to the global layout.

The past period witnessed both achievements of which we are proud of and challenges which we overcame and learned from. Throughout the years, we have been focusing on building a better and sustainable future for tomorrow while contributing to national and global goals implicated in Egypt Vision 2030 and the Sustainable Development Goals (SDGs). AAIB has been a forerunner in enacting and promoting sustainable finance among banks and financial institutions in Egypt and MENA region. When the journey started in 2003, we attempted an aggressive philanthropic strategy. Straightaway, the traditional approach was transformed into innovative, proactive strategies to embed sustainability in our core operations. Since then, we have been tailoring our business to build a solid foundation with a new approach that is more socially and environmentally conscientious

As we proceed into latter years of our industry movement journey, our main vision is not only to maintain our regional position as a leader bank but also to position ourselves on the top of the global scale. We believe that this will not be possible without a holistic approach and that will be birthed from a responsible culture. Thus, Sustainability and best practices always been and will remain part of AAIB's plan on a local, regional, and global scale. We are proud of our underway progress across the majority of the SDGs and will continue to achieve more in the years leading up to 2030.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Sherif Elwy

Vice Chairman and Managing Director



Human Rights

“We are focused on building a culture that acts responsibly, puts our clients and employees at the heart of our operations, considers environmental and social risks and opportunities, and demonstrates our values in the way we do business”.

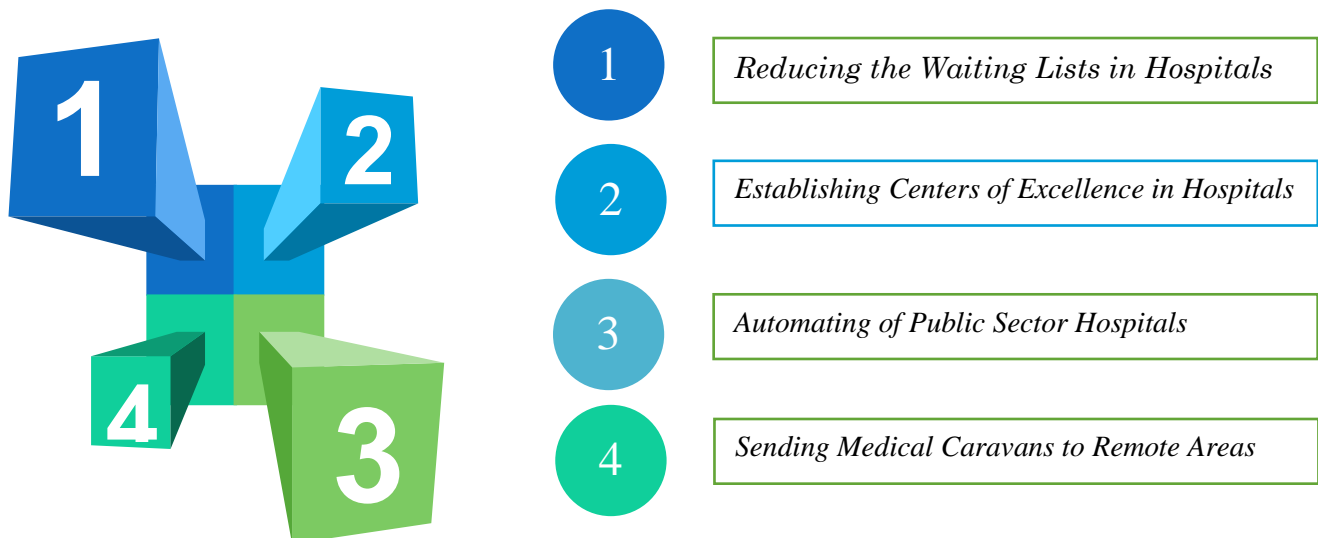
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

This section outlines AAIB’s approach to implementing human rights in its activities and operations. It addresses WOTE, a social development foundation focusing on health and well-being. It also addresses financial inclusion and financial literacy programs that seek to ensure that all members of the society have access to financial services, which will contribute to their quality of life and the general well-being of the economy

Beyond Charity: We Owe it to Egypt

AAIB started an initiative of supporting the renovation activities of public hospitals through establishing ‘We Owe it to Egypt’ (WOTE) Foundation to build necessary health systems and improve the operational performances of some of the key public sector hospitals. In 2007, WOTE was institutionalized. Since then, it has achieved several successes in the field of health and education development. WOTE works on four basic pillars that are reducing waiting lists in hospitals, establishing centers of excellence in hospitals, automating public hospitals and sending medical caravans to remote areas





Reducing Waiting Lists in Hospitals

Many Egyptian public hospitals offer free medical services, yet the capacity of these hospitals cannot accommodate all patients in need for treatment, forcing them to stay on waiting lists. Patients, lots of them children under the age of 14, may wait for up to two years for their turn. WOTE adopts surgical procedures in order to accelerate the eradication of these lists in sections of open-heart surgeries, cardiac and catheters surgeries, oncology, neurosurgeons and others for hundreds of patients monthly. To achieve this, WOTE works on supporting staff and providing hospitals with needed tools and equipment.

Supporting Staff

In 2018, WOTE succeeded in reducing waiting lists in several public sector hospitals including Abo Al Reish Al Moneira Hospital, Abo Al Reish Japanese Hospital and the National Cancer Institute through providing incentives and overtime to the medical staff and nursing teams. The total overtime provided by the foundation was 938,183 EGP and the total number of operations performed was 3,805 operations

Providing Tools and Equipment

WOTE has been supporting public hospitals with needed tools and equipment to allow them to minimize their waiting lists. For instance, the foundation is abolishing waiting lists in several other units related to al Kasr Al Eini hospital's blood bank by tending to their needs in term of medical supplies which amounted to 1,657,700 EGP and saved more than 1000 patient.

WOTE managed to provide needed medical tools and equipment to Catheterization Units brain surgery Units with a total amount of 951,000 EGP. Moreover, the foundation provided all the needs necessary to second phase Abo Al Reish Al Moneira hospital with a total amount of 1,268,999 EGP. The foundation as well provided monitors, incubators, ventilator infusion pumps, and drug distribution trolleys to the National cancer institute for its intermediary care unit amounting to 1,533,451 EGP.



Establishing Centers of Excellence in Hospitals

WOTE is developing and establishing fully equipped units in addition to hiring professional cleaning companies to serve mentioned units in order to guaranty the level of cleanliness and to combat the spread of diseases.

The Establishment and Innovation of Medical Units

In 2018, WOTE offered Cairo University a piece of land with a total area of 562 m² in order to serve as an extension to Abu Al Reish hospital. The construction has begun and is expected to end in August 2019. Additionally, WOTE inaugurated the second phase of the surgery unit in Abu Al

Reish hospital and is currently working on renovating the third and final phase of the project where it will modernize two intensive care units, the bone marrow transplant unit, and the lecture room for doctors and medical staff.

WOTE also delivered the innovation and equipment project related to the intermediate care unit in the national tumor institution which amounted to approximately 1,122,425 EGP. Going an extra mile, WOTE is also working on the reparation and renovation of the vans responsible for blood donations in the blood bank of Al Kasr Al Eini. They bared 50% of the total costs amounting to 244,000 EGP.

Fighting Contagion

WOTE's plan includes making Abo El Reish hospital's surgery unit (first and second phase) a center of excellence in terms of fighting contagion and the safety of its patients. For that matter, the foundation bared all the costs related to the cleaning company with a total amount of 427,097 EGP. Moreover, WOTE is baring the costs related to cleaning in the intensive care unit, the intermediate care unit, and the surgery unit in the National Cancer Institute with an amount of 1,140,000 EGP



Automating of Public Sector Hospitals

To better manage patients' files and data, WOTE worked on automating patients' file archiving in Al-Manial's Academic Hospital in cooperation with Cairo University Hospitals with a total amount of 1,000,000 EGP. WOTE is also working on the automation of the Southern Egypt Cancer institute (Asyout University) and its connection with the National Cancer Intitute's network with a total amount of 846,500 EGP.



Sending Medical Caravans to Remote Areas

WOTE takes special care regarding medical caravans as it strives to offer the best medical services to the ones in need in unfortunate rural areas suffering from poverty. It has succeeded in cooperation with Maghraby foundation to send 2 medical caravans to Al Wahat Al Dakhla where it operated on 842 patients, offered 876 medical service, and managed to correlate with the "100" caravan which managed to offer 1,505 medical services with a success rate of 150% with a total cost of 280,000 EGP. Moreover, WOTE has succeeded in cooperation with Maghraby foundation to send two medical caravans to Kastl village in Aswan which managed to offer 1,289 medical service to patients. The services varied from providing medical glasses, to operations and free medicines. The total costs of this caravans amounted to 180,000 EGP.

Other Activities

WOTE participated in the Orphan's day celebrations by distributing toys for over 1,000 kids and other kids with special needs.

Financial Inclusion & Financial Education

Financial inclusion is positioned prominently as an enabler of major developmental goals in the SDGs including: SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health & Well-being, SDG 5: Gender Equality, SDG 8: Decent Work & Economic Growth, SDG 9: Industry Innovation & Infrastructure, SDG 10: Reduced Inequalities, and SDG 17: Partnership for the Goals. As such, it constitutes a catalyst for economic and social development. In context of our efforts of empowering youth for inclusive economic growth, AAIB has paved the way through four main impactful tracks. These include providing financial access to vulnerable groups, conducting financial education programs even for early age groups, empowering entrepreneurs through financing SMEs and microenterprises as well as providing technical support through incubation.



Tailoring branches to fit the needs of the differently abled

AAIB has broadened the definition of financial inclusion to include not only low income groups but also any marginalized segment within the society. In this, the bank made a commitment to provide access and support to customers with different abilities where it started developing some of its branches to serve the differently-abled with the following features:

- Specially constructed ramps for wheel-chaired clients
- Customized teller counters; lower in height to adapt wheel-chaired clients



Financial Education

Today's children and youth represent the future client base for financial institutions. In AAIB, we acknowledge that there is a lack of financial awareness, especially among younger generations. Therefore, we expanded our financial inclusion definition to include financial education.

Money Quotient Program

The Money Quotient Program (MQ) is a series of educational videos produced in English and Arabic to fully educate our current and potential clients about the banking sector and how it works. These videos include information about types of loans, credit cards, mutual funds, and accounts. It is introduced on AAIB's YouTube channel and social media platforms to maximize its reach and viewership by youth and entrepreneurs. It tells how much they know about money.



Microfinance: Sandah

In 2018, AAIB inaugurated a new microfinance company named Sandah in collaboration with the SANAD Fund for MSME to allow financing the micro enterprises, SMEs and entrepreneurs as well as the general lower income clientele. This will in turn contribute to financial inclusion, reducing poverty and unemployment and enhancing economic well-being. Given that the future of any nation is shaped by its youth, having Sandah financing micro-enterprises and SMEs will encourage and empower youth to achieve their potential, contribute to the economy, and reduce unemployment.



Labor Rights

“Our staff is our most valuable and unique asset and therefore we aspire to uphold AAIB’S reputation as an Employer of Choice”

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory.

Principle 5: The effective abolition of child labor.

Principle 6: The elimination of discrimination in respect of employment and occupation.

AAIB’s code of conduct clearly acknowledges the importance of each individual in the organization. It recognizes that our current and future success relies on the collective outcome of each employee individual contributions and effort. In addition, maintaining a certain quality of work is essential to our bank’s daily operation. Thus, keeping our employees satisfied is indispensable and prioritized in our code of conduct. The code of conduct is available in the employee blog which appears as a homepage for the employees; the purpose of that is to make the code of conduct as accessible as possible for the AAIB staff to always have access to their duties as part of the organization and their rights within the entity.

This section discusses into more details:

- The Equality of Opportunities
- Discrimination and harassment
- Health and safety of employees
- The constant motivation and development of employees



Equality of Opportunities

In AAIB, we strive to find, attract, develop, and retain high-calibers and manage each employee's career development individually in ways that support his/her growth objectives and the bank's prosperity simultaneously. Our employees are our valuable asset and are all treated equally. Adding to equality, employees are also allocated according to their skills and talents in order to ensure their efficiency without disregarding their mental well-being during the tasks assigned to them.

Employees Selection/ Retention

Our policies and procedures provide equal and fair opportunities to both internal and external job applicants alike. We do not discriminate on any basis or any scale such as race, religion, gender, age, national origin, skin color, or physical disabilities. Also, according to our bank's policy, all managers have the role and responsibility for implementing this impartiality throughout their department as it is one of the bank's fundamentals towards a better equal environment for the employees. All units are required by the bank to report periodically on the implementation of these criteria and are encouraged to propose any improvements they see fit (if necessary) in order to maintain a continuous successful execution.

In addition, AAIB is always keen on retaining his support staff which constitutes a considerable number spread around the head office and the branches:

- No. of security personnel = 593 employee
- No. of cleaning personnel = 350 employee

Gender Equality

AAIB makes sure that women are treated as equally as men are in the work place and is keen on giving them the same chances of opportunity within the organization as the total number of personnel in AAIB amounts to 2,057 employees from which 579 are women, which constitutes 28% of the bank's population. Also 216 of these women are holding influencing managerial positions, which ensure that here at AAIB we are acute on representing women for their talents.

Supporting our Employees: Empowering the Handicapped

AAIB remains focused on creating a working place that ensures equality and fairness among employees regardless of their abilities. Accordingly, AAIB organized the first conference to honor two of its best employees with special needs. The aim of this conference was to express the bank's pride of these two employees who showed remarkable work and commitment and managed to surpass any disability in order to prove not only to the bank, but to the world that they can accomplish just as much as other employees and excel in their areas.



Discrimination and Harassment

AAIB continuously provides its employees with an environment free from any harassment whether it is verbal, physical, racial, ethnic, religious, or gender-related. Our organization frowns upon harassment and discrimination by setting policies in their code of conduct accessible to all employees that severely punishes any act from the sort towards any employee by any individual within AAIB or by external parties related to the bank. The policy is applicable towards any act that occurs within the bank or within any event associated with the bank. Managers are to report any case they see falling under the category of harassment or discrimination and are obliged to carry out maintaining a professional environment for their staff.

AAIB offers several options for reporting to ensure the employee who's reporting is more comfortable doing so. Any employee who reports such case should be protected from any retaliation and any employee guilty of harassment or discrimination or in some cases both, can either be subject to severe disciplinary actions and in some cases a termination of employment.



Employees' Health and Safety

In order to increase productivity and well-being in a work place, a healthy and safe environment must be guaranteed to employees. The Bank exerts tremendous effort to provide that to its employees. AAIB provides constant cleaning services around the office. Employees are always encouraged and pushed to learn the safety instruction for their well-being and know the instructions that need to be followed in different situation that might occur.

In addition, AAIB has a personal certified doctor located in its premises in order to avoid any health issues that our employees might face. Furthermore, we provide a list of available external professionals in different medicinal field that are covered by the employee's insurance provided to him upon his employment at AAIB and that is to ensure the health of the employees to ensure their well-being and their ability to provide the caliber of work expected from them.



Employees' Motivation and Development

Our definition of development as a bank is any activity that will enhance an employee's ability to contribute to the bank's strategic aims and objectives and enable the employee to fulfil a new, expanding, or potential role, such as taking more and diverse tasks on the next level, or to achieve a higher standard of performance in his current tasks.

To ensure employees are continuously motivated and developed, AAIB uses a performance management process that ensures high levels of performance and encourages employees to reach their full potential. Moreover, employees' compensations and rewards programs are based on their performance report received from the management.

In addition, the bank provides several training platforms for employees to develop their personal skills and to help them grow in their field of work. Some examples of training courses provided by the bank are:

- Interpersonal skills;
- Technical skills in a specific position;
- Managerial and supervisory skills;
- Computer courses;
- English courses;
- On the job training;
- Access to conferences, forums and summits related to the job description.



Environment

“We believe in the symbiotic relationship between the environment and the economy”

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Keep the Coast Clean

In 2015 AAIB launched Keep the Coast Clean (KCC) as an anti-litter awareness campaign with a vision to educate the public about marine debris and the damage caused to the environment due to wrong littering habits. In 2017, the vision of KCC was not limited to spreading the awareness but included enacting a cultural change. In this, a social media competition was undertaken with a monetary prize for the first three winners. AAIB formed strategic alliances with the Ministry of Environment, National Research Center (NRC) & NGOs to achieve a breakthrough progress.

In 2018, AAIB decided to create a sustainable formula to enable “Keep the Coast Clean” champions to keep promoting coastal littering. As such, AAIB followed up with the winning teams to ensure that they established a pro-environmental culture in their neighborhood.

AAIB coordinated with Al Qussair Team - “Keep the Coast Clean” Social Media competition’s 3rd winner – in order to organize:

- 1 day clean-up camp in Wadi El Gemal Reserve
- 1 day clean-up camp in Mangrove Reserve

One-Day Clean- up in Wadi El Gemal Reserve

The team consisted of the following:

- 27 Volunteers from Bedayah Al Qussair Team
- 3 Supervisors from the Egyptian Environmental Affairs Agency in the red sea area.
- Dr. Abou El Haggag Nasr El Din Ahmed - Director of the Egyptian Environmental Affairs Agency in the Red Sea area.

The collection resulted in the removal of plastic and solid waste from Wadi El Gemal Reserve and beach. The amount collected reached 2.5 tons of plastic which were reported to the ministry of environment.



One-Day Clean- up in Mangrove Forest in Egypt

The team consisted of the following:

- 25 Volunteers from Bedayah Al Qussair Team
- 2 Supervisors from the Egyptian Environmental Affairs Agency in the red sea
- Director of the Egyptian Environmental Affairs Agency in the Red Sea

The clean-up mission lasted for several hours and 3 tons of plastic and a large quantity of wooden debris were collected from the mangroves. This was also reported to the ministry of environment.

Branding of Oscar Supermarkets: Awareness Sponsorship

Oscar is an Egyptian Supermarket with an average footfall is between 8,000 to 10,000 visitors per day. In 2018, AAIB attempted to raise awareness on the harm caused by plastic bags through:

- Broadcasting a one minute awareness movie - 1 minute every 15 min- about the harm of plastic bags
- Displaying a message to Oscar customers in Elevators: “If each customer used just 1 reusable bag this would save 120 Ton of plastic bags every year”





Anti-Corruption

“We believe that good governance is a dynamic process which is continuously adjusted according to global and local developments”

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our Corporate Governance Structure

Adding Value to what we do is a common goal shared by every member of our organization. This is reinforced by a structure that is specifically tailored for AAIB’s environment. Corporate governance has always been present throughout our daily routines through an effective framework that is mainly composed of a capable board of directors and a highly skilled management that works in full transparency and use reporting conducted by internal and external auditors to ensure the quality of their work. By using a structure like that we ensure that our bank will:

- Ensure its stability and continuity
- Enhance its value
- Align our managerial goals with our shareholder’s targets
- Align our managerial interests with employee’s and other stakeholder’s interests.

Our structure is composed of a set of different levels working in correlation to promote transparency and to mitigate the risk of any fraud or corruption to erupt in the organization. In order to learn more about our organizational structure please visit our website (www.aaib.com).

Implementation of Rules and Regulations

Here at AAIB, we have strong and effective policies that aim to abolish corruption through monitoring business activities. We have into place a taskforce composed of the sustainability unit, compliance department, and the top management of the technical office, in order to fight any form of red flags that might appear. We will continue by discussing our rules and regulations concerning this issue:

Conflict of Interest:

Our definition of conflict of interest is any activity where personal interests interferes with an individual’s obligation towards the bank.

We have a set of questions that helps us identify if a conflict of interest is occurring or not such as:

- Could the action be perceived as a conflict of interest by other stakeholders?
- Is the action being offered to influence a decision?
- Will the bank be disadvantaged if I perform this action?
- Will this action compromise my objectivity regarding the related subject?

By answering those questions, we are able to identify forms of conflict of interest even if it is not visible at the surface. In addition, the bank always strives when employing any new member that he has no relations inside of the bank that could impair his subjectivity in daily operations.

Corporate Opportunities:

There are strict rules implemented about the use of information or insider information belonging to AAIB for personal gain, unless the bank is in accords with this usage of information. Usage of such information without consent for the bank will be persecuted.

Acceptance of gifts, entertainment, loans, or favors:

We have a clear policy that under no circumstances a member of the bank should receive any gift or service from a client or any related parties that may make him subject to corruption, or impair his decision in a matter. Such rules are:

- Any monetary gift (even if the amount is immaterial) is prohibited and subject to persecution from the bank.
- The bank encourages strong relations and courtesies but AAIB employees are prohibited from accepting any gift that exceeds a token or nominal value from the bank's suppliers or customers.
- Employees should never receive any gift that should put them in a position of weakness or may impair their judgement and the performance of their duties.
- Employees must think about the ability to reciprocate a gift at the expense of the bank before accepting a gift and the reasonableness of the gift received.