

## 2019 COP Report – UN Global Compact

### **About Bank of Palestine (BOP)**

Bank of Palestine has a long-embedded presence and experience in Palestine dating back to 1960. Bank of Palestine is constantly growing to be financially inclusive, and socially responsible at the cutting edge of global financial practice and innovation. The bank has the most widespread branch network in Palestine (74 branches), a paid-up capital of \$204 million, and assets of over USD 5.13 billion, with 1,800 employees serving more than 917,076 customers. BOP is engaged in retail, corporate, micro & SME, and Diaspora banking operations. BOP is the sole agent for issuing and acquiring Visa and MasterCard in Palestine with over 6,230 Point of Sale merchant terminals nationwide. BOP is involved in large project finance loan syndications. It adopts a holistic sustainability strategy; and has as such worked with the **International Finance Corporation (IFC)** to develop a stringent risk management & governance structure. BOP has been the leader in **Corporate Social Responsibility (CSR)** in Palestine dedicating 5% of its net profit to community & human development.

The Global Alliance for Banking on Values-GABV, a network of Values based banks and Bank of Palestine Group, a member of the alliance organized the First Banking on Values Conference in Palestine under the theme: “Values Matter” in January 2020. This brought together the leadership of the Global Alliance for Banking on Values and Member Banks and Financial Institutions from the Globe and the Region in addition to Local Palestinian Financial Entities, Corporates, Foundations and International Development Agencies. The conference focused on the importance of exposing the value-based banking where community matters and social issues are equally factored in banking operations. Bank of Palestine Group has embraced these core values and community centricity in its core operations.

### **Our Vision**

We aspire to become a valued & distinguished financial and banking institution on both the local and regional levels.

### **Our Mission**

Bank of Palestine is endowed with a mission rooted in a value system that is humane and friendly, promoting the real practice of inclusive banking and customer care. We will strive to grow while remaining local at heart with global standards, but energized with agile innovation in finance and banking in order to impact positively human and economic development at home and in the globe.

**Statement of continued support by the CEO:**

**15/1/2020**

H.E António Guterres  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Mr. Secretary-General,

I am pleased to confirm that Bank of Palestine supports principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption.

With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture, and day-to-day operations of our bank, and to engaging in collaborative projects, which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Bank of Palestine will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our bank's efforts to implement the principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

Sincerely,

Rushdi Al - Ghalayini  
General Manager  
Bank of Palestine

## **United Nations Global Compact Principles :-**

### **Human Rights Principles**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses

### **Labor Principles**

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 labor;

Principle 5: the effective abolition of child labor;

Principle 6: the elimination of discrimination in respect of employment and occupation

### **Environmental Principles**

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

### **Anti-Corruption Principles**

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

## **Human Rights Principles**

Bank of Palestine and its subsidiary companies have adopted the United Nations Global Compact policies on human rights. The code of conduct of Bank of Palestine and its subsidiary companies emphasizes a policy on respecting human rights and preventing potential abuses. A special mechanism to investigate and prosecute human rights violations at the work place has also been established. In fact, all the bank branches and offices have a suggestion box, which could be utilized to highlight ideas pertaining to human rights at the work place. Bank of Palestine has established an open-line policy between its employees and the Human Resources Department, thus allowing employees to report any human rights violations or abuses. Through its Internal Employee By Law, Bank of Palestine has made it clear to all employees and stakeholders that it adopts and supports the United Nations Global Compact policies on human rights. This is evident as Bank of Palestine's senior management receives regular reports from the Human Resources Department on issues relating to human rights. When cases of human rights abuses are discovered, investigations are held promptly and correction measures are then adopted. It is vital to mention that hiring employees with disabilities lies within the bank strategy and the ultimate aim is for them to constitute 6% of the employees. Moreover, the majority of the bank branch buildings are constructed in a way that complies with the needs of people with disabilities.

Moreover, as part of the bank's strategy to provide access to finance to all segments of society, BOP continued to work on enhancing its extensive programs for women in 2016 in order to meet their needs through banking and non-financial advisory services. Bank of Palestine under its flagship "Felestineya" program focusing on economic and social empowerment for women both at the bank and in the market place. The program provided access to more women jobs at the bank including senior positions; raising the number of women employees to 41.2% and aspiring for it to reach 50%. Besides Launching a mobile Bank "Rahal" that reaches all segments in rural areas and serve them.

In addition, as part of the bank's social responsibility, , the bank few years ago was part of "I Want to Hear" campaign – in partnership with the Palestine Red Crescent Society – which aimed to buy 1,000 hearing aids for people with hearing impairments and have been distributed to people in West Bank and Gaza Strip.. besides being part of a fundraising campaign this year to support people with disabilities in partnership with Arab Idol, Mohamad Assaf.

The bank signed an agreement with the Ministry of Labour to finance small and micro sized enterprises for people with disabilities. The bank pledged to allocate an amount of USD 500K to finance these enterprises with no interest rate. This initiative comes out of the bank's belief to empower them in the society and many are benefiting from this initiative.

The bank and the United Nations Development Programme (UNDP) signed a general framework agreement to build a long-term cooperation in Support of Sustainable Development and Financial Inclusion in Palestine by pledging to work together dedicating knowhow, expertise and other resources towards a joint program of works.

The bank and the United Nations Children's Fund (UNICEF) have signed a Memorandum of Understanding that aims to formalize the collaboration between the bank and UNICEF and to further partnership in promoting the rights of Palestinian children, especially young people, by leveraging resources and collaborating in areas where there is a common interest.

### **Labor Principles:**

Bank of Palestine and its subsidiaries uphold the Labor Principles of the United Nations Global Compact. These principles are referenced in Bank of Palestine's Internal Employee By law. In addition to these principles, Bank of Palestine emphasizes other labor principles including those that focus on gender inclusion at the work place.

The Labor Principles of the United Nations Global Compact are adopted at Bank of Palestine in several ways. First, an employee-employer communication mechanism has been established through an employee suggestion email, and through the adoption of an open-line policy connecting the employees with the general management. Through the suggestion email and the open-line policy, the employees are freely able to communicate all their suggestions and concerns to their seniors. Second, the bank has invested great efforts in training all employees to improve their skills through implementing a wide range of trainings according to their needs so as to improve and enhance their skills. For example, a new employee orientation has been set in place to support this initiative. Bank of Palestine has enhanced its healthcare insurance to all employees and their families. In addition, the Bank has extended paternity leaves for its male employees. The Bank has also extended a child allowance for female employees, where this privilege was only granted to male employees in the past.

In addition, the senior management continues to receive regular reports from the Human Resources department pertaining to the labor principles of the United Nations Global Compact. The reports focus on gender inclusion, including figures on employees' benefits and salaries in order to ensure equality at the work place.

With a total of 1,652 staff in 2016, Bank of Palestine continued to attract talented staff into its operations. In fact, it has continued to support job creating initiatives in the market place and continued to invest in training. Gender parity was an important milestone achieved this year. In 2016, UN Women and the International Labor Organization (ILO) were invited to conduct a gender audit of the Bank. The Bank achieved good marks, on its gender inclusion policies and parity between female employees with their male counterparts. Today, women employees at senior and all levels make up 41.2% of the bank's total staff with an aim to reach %50 males- %50 females as part of our Gender Equity inclusion. In addition, the Bank was also awarded Best Global Bank in Financial Inclusion by the Banker Magazine of the Financial Times in December 2016 in recognition for its pioneering work in women inclusion under the women flagship Felestineya Program. Other recognitions were Best Program for Women Empowerment by the Global Alliance for Banking for Women GBAW and Best Bank in the Middle East for Financial Inclusion by Emea finance in 2016 and 2018, in addition to Best CSR Program in 2015 and 2018. AL Wasata Securities Company ( subsidiary of the bank) received Best securities company in Palestine in 2018 as well.

The bank is a leader in engaging with people with Disabilities. While the law requires institutions to allocate 5% of their staff from people with disabilities, the bank has allocated the percentage to be 6% and hence showing the upmost respect and care for this essential segment of society. Moreover, the bank has continued to implement specialized training programs, mostly in sign language, so as to facilitate communication with customers who have impairments.

### **Environmental Principles**

Social and environmental responsibility has been an integral part of the way Bank of Palestine ( BOP ) operates since the establishment of the bank in 1960. BOP has been implementing a comprehensive sustainability strategy, as we believe that out of strong, stable communities will grow sustainable businesses that will help strengthen the wider economy of Palestine. As part of our sustainability strategy, we have dedicated staff to track the progress of the different parts of the strategy. BOP has a Social and Environmental Aspects Screening Checklist, which includes compliance with all applicable requirements such as the national regulatory requirements and the International Finance Corporation's exclusion list.

Bank of Palestine is committed to environmental protection on different levels. First, Bank of Palestine advances its policy on bringing about social and environmental improvements through its green loans program. As its name suggests, these are loans to individuals, families, and MSMEs for projects that lead to greater water or energy efficiency, waste water treatment, and the production of renewable energy. In addition, Bank of Palestine declines any loans seen hazardous to the environment, or judged harmful in any means to the environment. Moreover, the Bank still tries to ensure that its own operations are as sustainable as possible through the way buildings are constructed and through the types of products and services offered. For example, there are isolation layers inside the walls and this contributes to maintaining temperature. Also, the construction material used in construction are locally produced and this is an environment friendly approach as using locally produced material would mean avoiding means of transportation and that would mean reducing air pollution. In addition, Bank of Palestine installed solar – power ATMs in the Gaza Strip, hence benefitting the environment by reducing the use of oil – generated electricity, and to make sure our ATMs are in operation during wars and electricity cuts.

In addition, a led lights smart system is still being used in newly constructed buildings with both a motion feature and a lux meter and this is surely an environment friendly approach as it makes use of the sun to the maximum and only lights dim places when it gets dark. Moreover, the trend is also minimizing the number of printers in the departments; this will surely save up both energy and paper, thus making it an environment friendly approach. As part of our corporate social responsibilities (CSR) initiatives, the bank has continued to implement Al Bayyara Project The bank has implemented the Al Bayyara Parks project in a number of cities within 11 Palestinian governorates, to provide a safe place for children that responds to their entertainment needs and physical health. Another major example is the solar system project implemented in the Gaza Strip. The project lightened 40 houses through generating electricity with solar energy. Another vital project the bank took part in, in partnership with Ramallah Municipality, was supporting the Healthy and Environmentally Schools program which contributed to amending students' behaviors through acquiring healthy skills that are implemented not only in schools but also at homes. The bank also launched a mobile clinic for the early detection for breast cancer which served thousands of women saved life, the bank also launched an awareness campaign to promote healthy lifestyle in order to prevent diabetes type 2.

Bank of Palestine is keen to support its organic growth strategy with enhanced digital banking channels in addition to physical branch channels in line with modern banking trends and customer demands for digital banking platforms. In 2016, the bank has launched the first Mobile application allowing customers to have a more enhanced experience with many banking transactions. This has helped the bank service more customers electronically increasing subscriptions in the bank e service.

## Anti-Corruption Principles

Bank of Palestine and its subsidiaries adopt the Anti-Corruption Principles of the United Nations Global Compact and the Palestinian Anti – Corruption Law. In its Internal Employee By Law, Bank of Palestine makes it clear that it adheres to a zero-tolerance policy for bribery, corruption and extortion. In fact, the bank has a mechanism to deal with violators who are found guilty of corruption-related activities. Bank of Palestine’s senior management receives regular reports from the Risk Management Department on issues relating to corruption, bribery, etc. When cases of human rights abuses are discovered, investigations are held promptly and correction measures are then adopted. The bank is committed to conducting business in an ethical and honest manner, and is still committed to implementing and enforcing systems that ensure corruption is prevented, and we familiarize all employees with whistle – blowing procedures, so employees can vocalize their concerns swiftly and confidentially.

The bank adopts a Code of Corporate Governance and hence confirms its commitment to lead and promote good corporate governance throughout the bank’s departments and activities. BOP understands corporate governance as a set of policies, systems and processes for the direction and control of companies, involving a set of relationships between the company’s shareholders, board and executive bodies for the purpose of creating long-term shareholder value. In order to foster the confidence of its shareholders, employees, investors, and the general public, this Code goes beyond the established legal and regulatory framework by the Palestine Capital Markets Authority (PCMA), Palestine Monetary Authority (PMA), and embraces internationally recognized corporate governance principles and practices.

BOP’s corporate governance framework is broadly based on the following principles:

**Accountability:** This Code ensures BOP’s accountability to all shareholders and guides the company’s board in the important strategy setting function, while guiding and monitoring the company’s management



**Fairness:** BOP obligates itself to protect shareholder rights and ensure the equitable treatment of all shareholders, including minority shareholders. All shareholders are to be granted effective redress for violation of their rights through the board.

**Transparency:** BOP is to ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company, in a manner easily accessible to interested parties.

**Responsibility:** BOP recognizes the rights of other stakeholders as established by laws and regulations, and encourages cooperation between the company and stakeholders in creating sustainable and financially sound enterprises.

The bank has also continued implementing its risk management strategy by enhancing the governance structure through having an active Risk committee and a Risk management function, Compliance Department and Money Laundry Reporting Officer ( MLRO) strengthening its internal controls, spreading risk culture, developing and applying advanced internal rating models for its credit portfolio, and upgrading systems for Basel II implementation, working in tandem with International Banking Compliance requirements and local national regulatory requirements.