

ARAB AFRICAN INTERNATIONAL BANK

11th COMMUNICATION ON PROGRESS REPORT

COMMUNICATION
ON PROGRESS



2020

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CORPORATE
GOVERNANCE

MANAGING **COVID-19** IMPACTS

**GREEN
MARKETING**

EQUALITY OF
OPPORTUNITIES

ADDRESSING
CLIMATE CHANGE

**RESPONSIBLE
EMPLOYER**

LEED
CERTIFICATION

EMPOWERING
YOUTH

**SUPPORTING
EDUCATION**

IN LINE WITH
LAUNCHING OUR
**DIGITAL
TRANSFORMATION
STRATEGY**



EXECUTIVE

Summary

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.

In 2020, our top priority was the overall safety of our employees, clients and communities along with contributing to the recovery and vibrancy of our economy. Despite the new unfortunate new normal that turned our lives upside down, we managed through the past year to maintain our commitment to the addressing two of the most emerging environmental and social issues including climate change and youth empowerment.

We have always acknowledged that a bank's most significant impacts on the society and the environment are indirect; associated with its clients' business activities. In this, we continued to collaborate with our clients in managing environmental and social risks and facilitating the transition to a low-carbon economy. While contributing to the environment and society through our products and services, we also reinforced our CSR activities to contribute to the society in facing the health and socio-economic impacts of Covid-19.

**AAIB STRONGLY
BELIEVES IN ITS
ROLE IN FOSTERING
A SUSTAINABLE &
RESPONSIBLE
BEHAVIOR.**

We seek to execute this belief through our organization's culture that fosters embedding E&S practices in our business activities & operations as well as our investment decisions.

ABOUT



AAIB started out in 1964 where it was established by a special law as the first Arab multinational bank in Egypt. The main shareholders were Kuwait Investment Authority (KIA) & Central Bank of Egypt (CBE), each owning in a joint-venture format. These powerful institutions lend in valuable support and credibility to the financial services offered by the bank. Currently, AAIB has 92 local branches & 3 foreign ones in UAE & Lebanon.

AAIB embraced a transformative idea of Corporate Social Responsibility (CSR) being an engrained component of AAIB's Core Values System. Applying this with a distinctively unique approach, AAIB set the trend for Sustainable Finance with Value Creation.

The Bank's growth was propelled in 2008 with the establishment of four subsidiaries; Arab African Investment Holding (AAIH), Arab African Investment Management (AAIM), Arab African International Securities (AAIS), Arab African International Mortgage Finance (AAIMF) and Arab African International Leasing (AAIL). The establishment of which transformed AAIB from a Bank to a full-fledged Financial Group.

Building for future success takes speed, strength and the determination to keep moving forward, our eyes in AAIB are steadfastly on our objective: becoming a digital organization that leads in the marketplace of the future. We're gaining ground in our multi-year transformation initiative, adding new capabilities for serving a demanding client base in innovative new ways, and fulfilling their expectations for convenience and personalization. In the coming years, we will be working on the aligning and integrating the Global Goals with our digital transformation strategy, taking into consideration the needs of various stakeholders' groups.

ABOUT this

Report

This report marks Arab African international Bank's (AAIB) implementation of the United Nations Global Compact (UNGC) Ten Principles for the year 2020. It provides a thorough disclosure of our journey of improving our communities and society at large in areas of Human Rights, Labor Rights, Environment and Anti-corruption.

The role of business in addressing sustainability challenges has never been more important than it is today. On a global level, the human rights and sustainable development are increasingly gaining momentum. Adding to this, the world is facing health, environmental and social challenges that are affecting lives and rocking economies.

It could be argued that banks have enough on their plate at this point in time, especially after the damage caused by the COVID-19 pandemic not only in terms of health, but also in terms of its impact on the economy. However, the pandemic made it clear that innovation and responsible banking together mark the two building blocks for a sustainable, resilient and inclusive future.

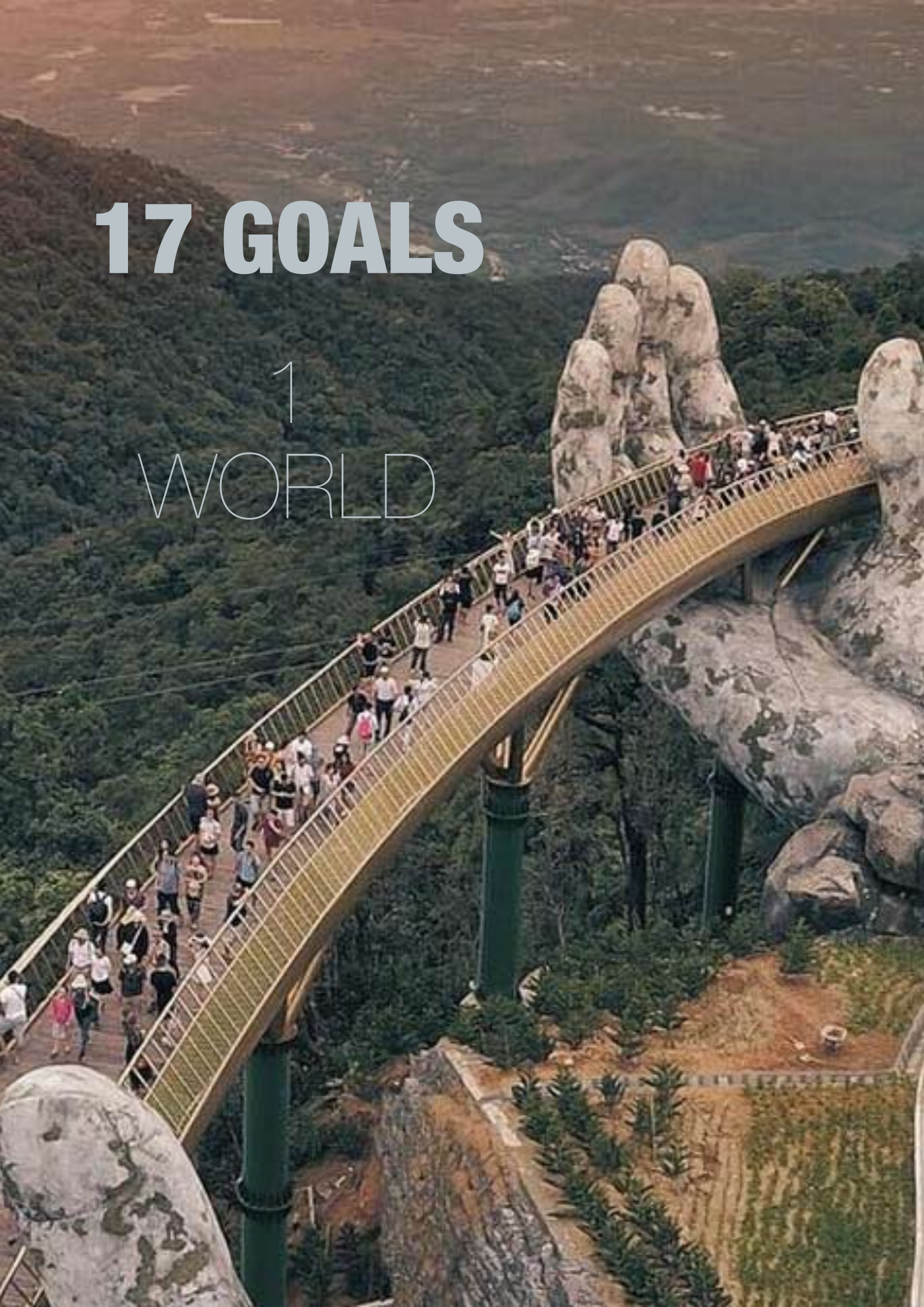
Our Communication on Progress (CoP) increases transparency and accountability, pushes us to continue to improve on our performance. It focuses on how sustainability is implemented within the Bank, its governance, management, business activities and Corporate Social Responsibility (CSR) initiatives.

As early as 2005, AAIB joined the United Nations Global Compact (UNGC) to further demonstrate its commitment to sustainable and responsible business practices. Since then, we have made significant efforts to integrate the Ten Principles of the UNGC in our business strategy, culture and daily operations.



17 GOALS

1
WORLD



2020

Highlights

1 HUMAN RIGHTS



COVID-19
RESPONSE

EMPOWERING
YOUTH

SUPPORTING
EDUCATION

2 LABOR RIGHTS



BUSINESS
PROCESSES
DURING COVID

EQUALITY OF
OPPORTUNITIES

RESPONSIBLE
EMPLOYER
PRACTICES

3 ENVIRONMENT



E&S RISK
MANAGEMENT
FRAMEWORK

ENGAGING CLIENTS
IN SUSTAINABLE
PRACTICES

ACQUIRING LEED
CERTIFICATION

GREEN MARKETING
PRACTICES

4 ANTI-CORRUPTION



GOVERNANCE
FRAMEWORK

CONFLICT OF INTEREST
& RELATED PARTY
TRANSACTIONS

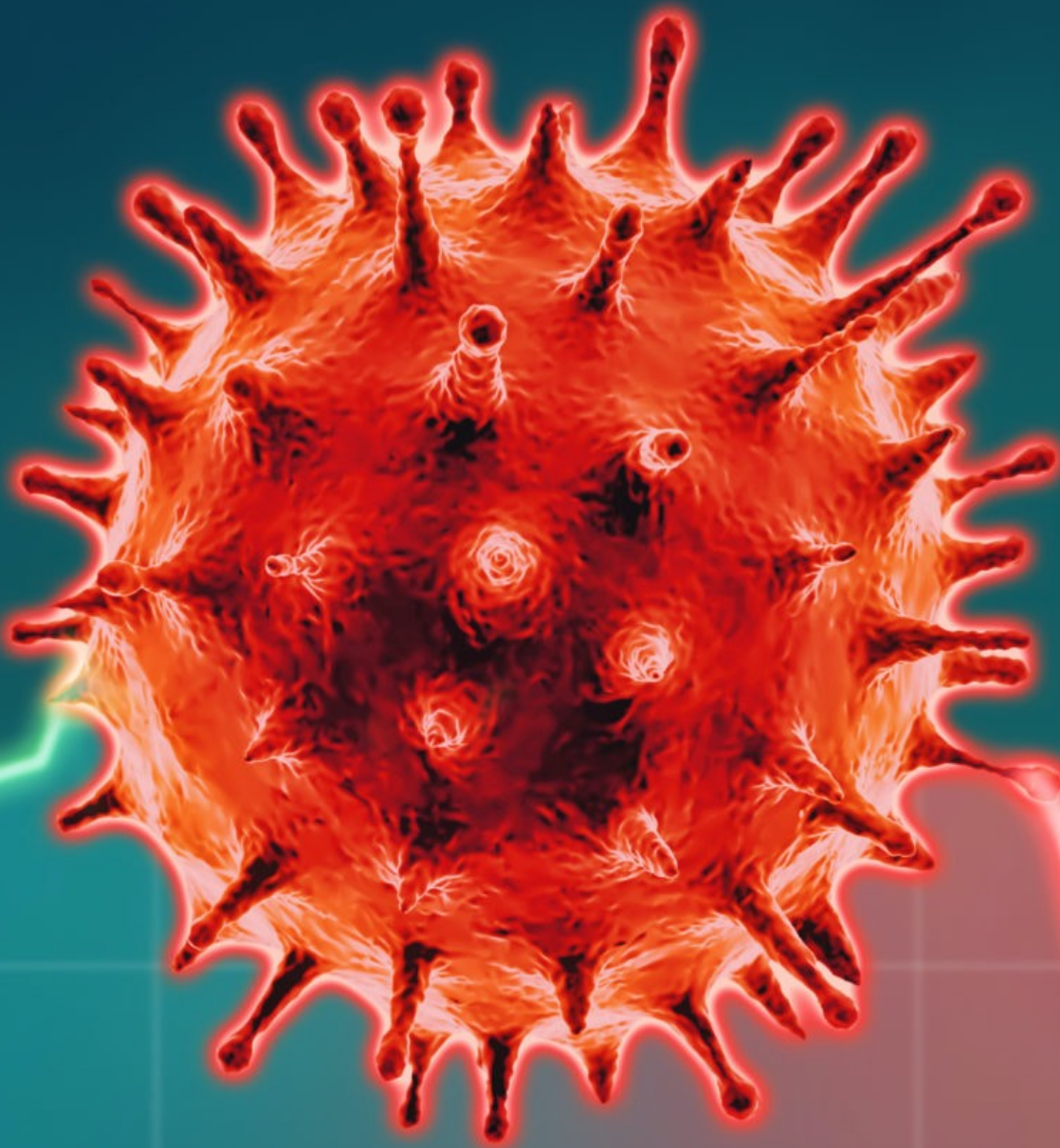
COMPLIANT
CULTURE

INTERNATIONAL
FRAMEWORKS



TOWARDS DIGITAL TRANSFORMATION

WITH THE CURRENT MARKET DYNAMICS,
INCREASING COMPETITION & THE
ACCELERATION OF TECHNOLOGICAL
ADVANCEMENT, **WE ARE CHANGING &
ADAPTING QUICKLY TO IMPLEMENT A
STRATEGIC DIGITAL INNOVATION VISION**



MAINTAINING & EXPANDING

**OUR CSR DESPITE THE UNFORTUNATE
ECONOMIC IMPACT OF COVID-19**

MANAGING DIRECTOR & VICE CHAIRMAN'S STATEMENT



“While AAIB continues to build up momentum on its path to digital transformation, it is also committed to making significant strides in its responsible banking journey”

It gives me great pleasure to connect with you and to present Arab African International Bank's (AAIB) 2020 Communication on Progress (CoP) report. There is no doubt that this year has been a challenging year, we watched how a health crisis was able to wreak havoc on lives of individuals, societies and the whole economy. With this new normal, we emerged with a sharpened sense of the reciprocal relationship between the work we do and the wider world around us.

Although Covid-19 has been recognized as the mother of all crises rocking societies and economies, the whole world, climate change is still the most crucial and serious matter on the 2030 agenda. Accordingly, in addition to supporting the community during the

pandemic with a financial donation worth of EGP 51 million, AAIB managed to uphold its commitment to emerging environmental and social challenges including climate change and youth empowerment while addressing community needs under the new normal.

As AAIB steadily advances on its renewed journey of digital transformation, we will continue to reinforce our responsible banking practices, deliver on our commitments, and enhance our efforts to better serve our stakeholders. We are incredibly proud to be a member of the UNGC and we will continue to contribute to make the world a better place for current and future generations.

Sherif Elwy

Managing Director & Vice Chairman



HUMAN RIGHTS

PRINCIPLE ONE:

**BUSINESSES SHOULD MAKE SURE THAT THEY
ARE NOT COMPLICIT IN HUMAN RIGHTS**

PRINCIPLE TWO:

**BUSINESSES SHOULD SUPPORT AND RESPECT
THE PROTECTION OF INTERNATIONALLY
PROCLAIMED HUMAN RIGHTS.**



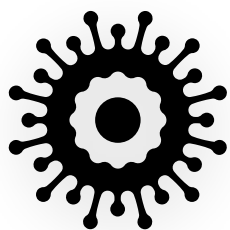
OVERVIEW

For more than 55 years, as one of Egypt's largest banks, Arab African International Bank (AAIB) has not only grown financially but also developed a deeper commitment to support community needs. With the emergence of the Covid-19 pandemic, the Bank has been working hard to uphold its commitment to the Sustainable Development Goals (SDGs).

We recognized the critical need to act with urgency to support our people and communities hit hardest by the impacts of the pandemic, where the Bank undertook several procedures and precautions to contain the spread of the virus and manage its economic impacts.

Adding to this, AAIB always believed that youth empowerment is a key to achieve the 2030 agenda. In this sense, the Bank undertook several initiatives including continuing to support the Teacher Development Program and the AUC Venture Lab.

WITHSTANDING
THE
PANDEMIC &
EMPOWERING
YOUTH



COMMUNITY SUPPORT TO FACE THE NEW NORMAL

MANAGING THE HEALTH & SOCIO- ECONOMIC IMPACTS OF COVID-19

To manage the virus and its socioeconomic impacts, AAIB undertook a coordinated, and comprehensive approach to face the repercussions of the outbreak and address the needs of all impacted community groups - from patients to medical professionals and vulnerable groups struggling to stay afloat - where the value of the Bank's contribution in 2020 amounted to 51 million Egyptian pounds (EGP).

Initially, AAIB partnered with the Ahl Masr Foundation to cover the needs of the health sector, prioritizing governorates with limited resources and capacities to help them withstand the pandemic. Both entities collaborated in three mega projects.

The first project was to fully purchase and install four intensive care units featuring state-of-the-art equipment, including ventilators to support all patients and ensure they receive the medical care they need. The second project involved providing



medical staff in nine hospitals with 6,480 units of medical gear (known as personal protection equipment, or PPE) given their role on the frontlines while standing up against the pandemic so they could operate safely in this critical period. The third initiative was to inaugurate a new, fully equipped quarantine hospital with the capacity of 150 beds to complement the initiatives and precautions undertaken by the Government to manage this crisis.

In addition to its diverse impact on the health sector, the pandemic created new socio-economic challenges. To manage the spread of the virus, the government undertook several precautionary measures, among which were partial lockdowns and curfews. These measures, despite their importance, resulted in severe social and economic impacts on several groups, especially on daily-wage workers. Accordingly, AAIB participated in the Federation of Egyptian Banks' initiative to support these vulnerable groups who have been affected by the pandemic.





EMPOWERING YOUNG GENERATIONS

THE KEY TO SUSTAINABLE GROWTH

Throughout the years, the Arab African International Bank (AAIB) has been contributing to the community while fostering the economy through empowering young generations. Being the ones who are capable of passing the torch to future generations, they can be a compelling force for development. However, they need to be empowered with the resources and capacity to do so.

In this regard, AAIB has paved the way through two main impactful tracks, which are education and entrepreneurship.



GLOBALLY & NATIONALLY

**YOUNG
POPULATION**

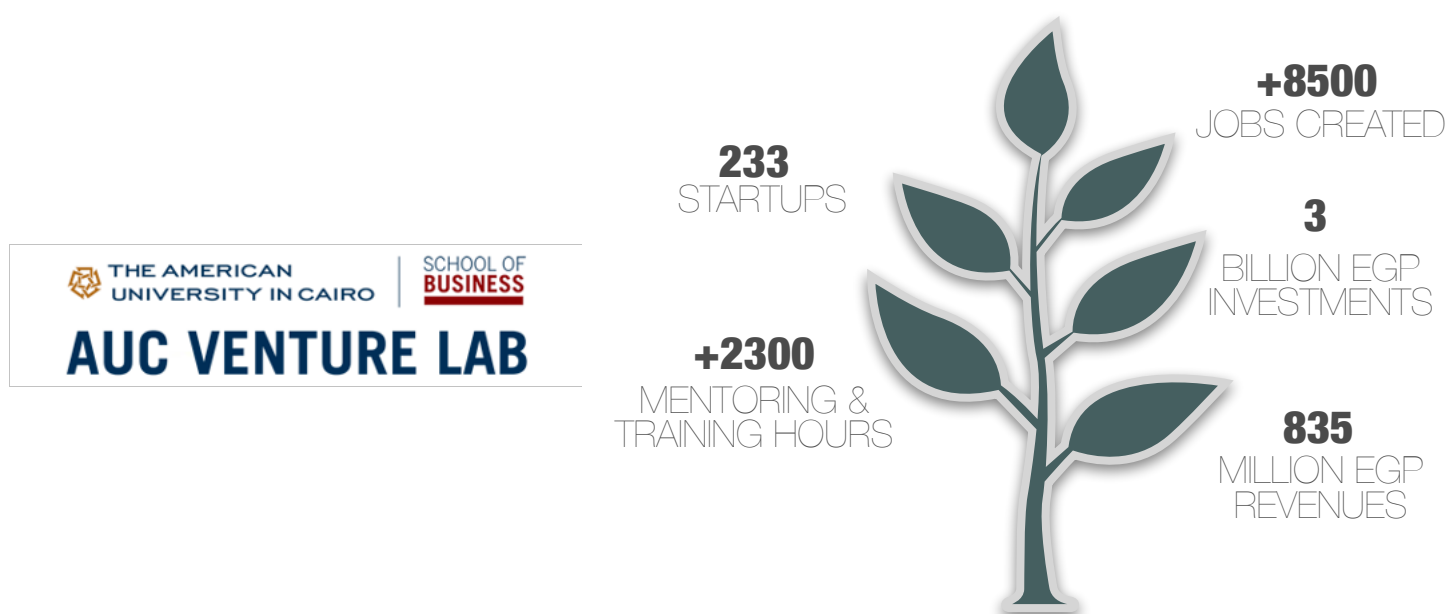
BY 2030, THE TARGET
DATE FOR THE 17 SDGS, THE
YOUTH POPULATION IS
PROJECTED TO REACH
NEARLY **1.3 BILLION.**

CULTIVATING ENTREPRENEURIAL MINDSETS & SKILLS

Together with innovation, entrepreneurship has been identified by the United Nations as a key element for addressing sustainable development challenges. It is expected to contribute to all three pillars of development by driving economic growth, increasing social cohesion and introducing ideas that address environmental challenges.

As a bank, we naturally acknowledge the importance of economic development, but believe that it must be combined with two other dimensions. One is human development that aims to reduce poverty and inequality and improve education and jobs. The other is sustainable development that is both forward-thinking and long-term, and that will benefit current and future generations. With the predominantly young population, AAIB collaborated with the AUC School of Business and co-founded the AUC Venture Lab- as the first academic based incubator in the MENA region- in 2013 to deliver a comprehensive experience to entrepreneurs.

Through this partnership, we aim to increase the number of young people and adults who have relevant skills to turn their creativity and energy into successful businesses, which will in turn contribute to enhancing employment and creating decent jobs. In addition, we seek to promote creativity and innovation, to encourage the formalization and growth of new businesses and to provide them with access to financial services. To date, the partnership has been very successful in graduating more than 200 start-ups generating more than 8000 jobs and a revenue worth of EGP 835 MM.



SUPPORTING EDUCATIONAL QUALITY

To adapt to the circumstances that resulted from the COVID-19 crisis, and to continue our mission supporting our community, we continued to run our Teacher Development Program that started earlier last year in collaboration with the AUC School of Continuing Education online. The program targets 150 public school teachers to foster their skills and competencies to contribute to the overall improvement of the Egyptian education sector.

As the teacher is the main channel through which students receive information and one of the main assets of the educational system, this program marks a step toward helping the public educational system to evolve and reach new heights in excellence.

NURTURING CREATIVE & CRITICAL THINKING

In light of AAIB's efforts to nurture young talents and innovators, as well as supporting the SDGs through empowering youth and encouraging their critical thinking, AAIB was the main sponsor and supporter of the 2020 Crisis Engineering Contest organized by IEEE of Zewail City for Sciences and Technology. This competition empowers youth to raise their voices and express solutions that they find useful in times of crisis. Each team has come up with strong and innovative solutions to address economic prosperity during the COVID-19 outbreak.





LABOR **RIGHTS**

PRINCIPLE THREE:

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING.

PRINCIPLE FOUR:

THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR.

PRINCIPLE FIVE:

THE EFFECTIVE ABOLITION OF CHILD LABOR.

PRINCIPLE SIX:

THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.

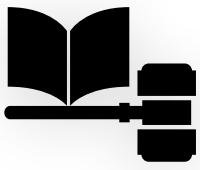


OVERVIEW

AAIB puts its people at the center of its business model. Our Human Resources (HR) department is adaptive and responsive, cultivating our organizational values, promoting a culture of inclusion and professionalism and fostering a balance between employee satisfaction and productivity. There is no doubt that 2020 has been an exceptional and challenging year. The Covid-19 pandemic has come in a turning point to the Bank which is embarking on its transformation journey. Our key challenge was to keep employees safe while engaged.

Facing the unique challenges created by COVID-19 and large employee populations working remotely, we took additional steps to support, protect and engage our employees to operate safely and efficiently.

STRONGER
COMMITMENT TO
**SUPPORT OUR
PEOPLE** IN
TIME OF
CRISIS.

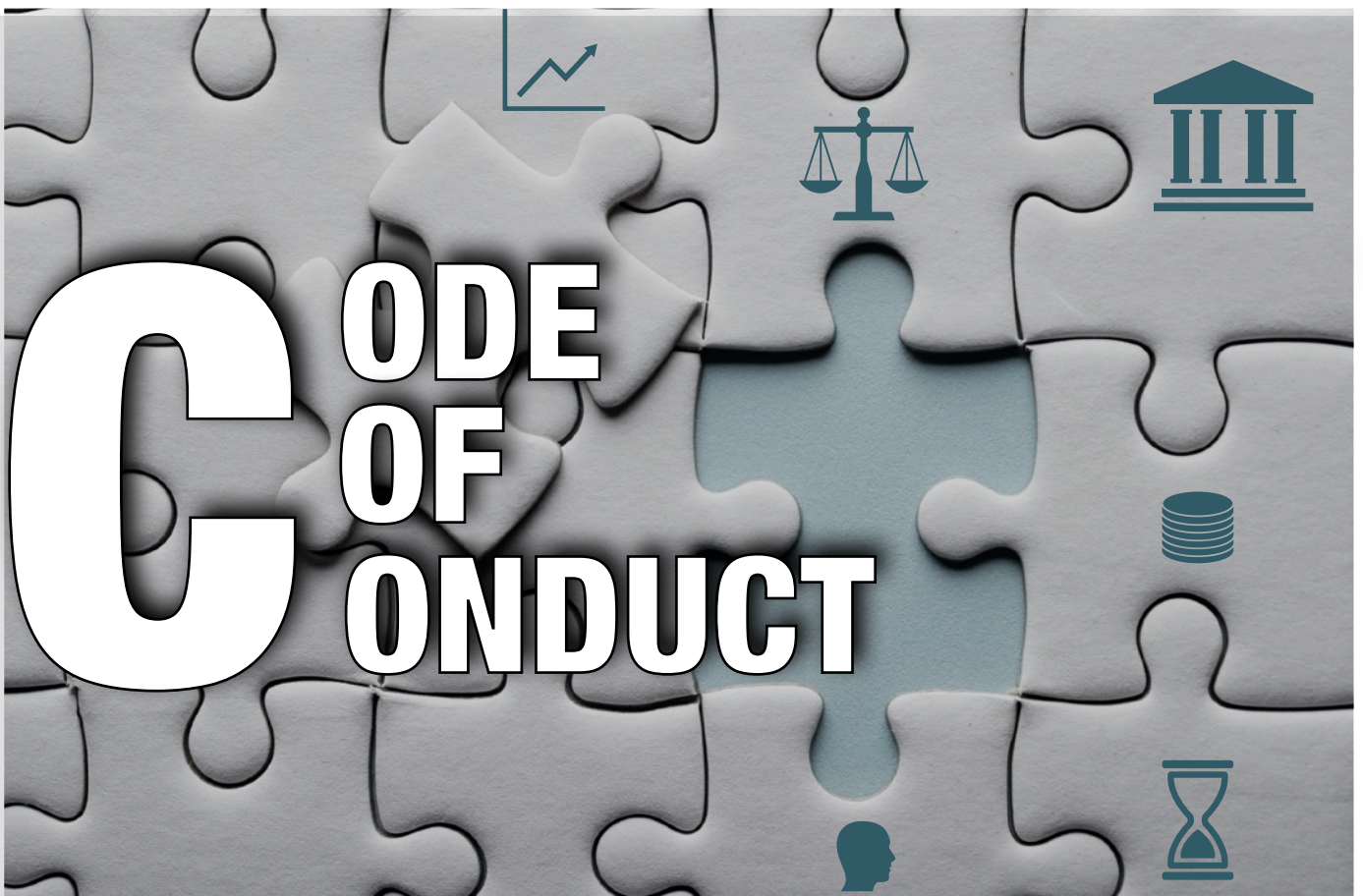


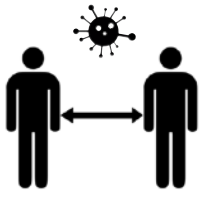
AAIB'S CODE OF CONDUCT

OUR DAY TO DAY

Our Code of Conduct clearly acknowledges the importance of each individual in the organization and recognizes that our current and future success relies on the collective outcome of each employee individual's contribution and effort. It is developed in line with our organization's values- customer delight, distinction, empowerment, passion, patriotism, integrity and dynamism. It aims to set our ethical and behavioral standards for the bank and employees We believe that our mission isn't limited to creating superior value but also includes how we achieve this mission.

To ensure the Code of Conduct is as accessible as possible, it is made available in the internal blog which appears as a homepage for the employees. The purpose is to ensure our people always aware of their rights as well as their duties. It's not only the responsibility of the employee to comply, but also all supervisors are accountable for their subordinates' full compliance.





COVID-19 RESPONSE

ENHANCED SAFETY MEASURES

Last year, the whole world have embraced unfortunate change; a health, economic and social crisis– that affected lives and the way we live and work. For AAIBians, change was a double whammy. In addition to dealing with Covid-19 and its unprecedented impacts, the year 2020 marked the launch of AAIB's digital transformation strategy which required employees across all functions to update the known work procedures they are familiar of and deal with all these changes simultaneously while maintaining performance and productivity and meeting clients' needs. Despite these fortunate and unfortunate challenges, our people across all functions demonstrated their dedication, resilience and commitment to our clients and to creating shared value to all our stakeholders.

AAIB has put strict courses of actions in place prevent and slow the spread of Covid-19 within the workplace. Among these measures have been applying precautionary measures, conducting awareness campaigns, dealing with suspected, vulnerable or confirmed Covid-19 cases, and ensuring intense cleaning and sanitizing in all offices and branches.

SUPPORTING EMPLOYEES

IN & BEYOND THE
WORKPLACE



APPLYING PRECAUTIONARY MEASURES ON & OFF SITE

Upon the evolution of the pandemic we limited the work capacity of employees in the office to a maximum of 50 percent and introduced work-from-home practices to minimize the personal interaction and all risks associated with Covid-19 exposure.

OFF-SITE MEASURES

For employees working from home, we ensured they remain connected and productive while working securely. We continually evaluated which employees are able to work from home and facilitated remote work and provided them with needed resources to work efficiently and flexibly. For this group, we ensured they are treated in the same way as 'in office' employees in terms of promotions, workload, incentives, etc.

ON-SITE MEASURES

For employees working on site, we have stepped up social distancing measures in our offices, exposed them to daily temperature screening prior to entering the building and obliged them to wear face masks- that were provided by the bank at no charge. Also hand sanitizers have been placed across all corridors, entrances and elevators.

Acknowledging that Covid-19 spread more readily indoors than outdoors, we worked on improving the ventilation system in our premises. In this regard, engineering controls were undertaken to add new windows as part of a layered strategy to reduce the concentration of viral particles and accordingly its transmission among employees.

LEADERSHIP INVOLVEMENT: CARING FOR OUR PEOPLE'S RESILIENCE & WELL-BEING

The Bank has also established a dedicated Crisis Management Committee, which is composed of members from the highest managerial levels, to assess and quickly respond to current and future changes.. Additionally, a new Head of Security, Health and Safety Matters was hired to ensure that the highest safety, stability and security standards are implemented. In addition , during the pandemic, AAIB hasn't laid off any of its employees and kept transparent and frequent communication with them.

ACROSS BRANCHES MEASURES TO PROTECT EMPLOYEES & CLIENTS

We also worked on limiting the number of all clients entering our branches at once to ensure social distancing measures are applied. In addition, to guarantee the safety of both our clients- who are at the heart of everything we do- and our employees- who are our main asset-, all employees and clients entering the branches are required to wear face masks and have their temperatures screened. Adding to this, plexiglass shields were placed on all customer service desks in all branches to maintain social distancing and protect our colleagues and customers. We also installed sanitization towers at the entrances of our branches so that clients entering can sanitize both their hands and shoes.



EMPLOYEES FEELING UNWELL: RESPONDING TO THEIR NEEDS & ENSURING THEIR WELL-BEING

For employees feeling unwell, there are clear instructions to not show up before calling the Bank's doctor. All employees suspected of being infected are not allowed to enter the premises until taking a Polymerase Chain Reaction (PCR) test. If the results are positive, the whole department/branch is closed and sanitized and all employees there must take the PCR test. Also, if an employee is well but has an infected family member, they have to stay home.

In addition, to ensure employees receive the appropriate care if it is needed, access to any hospitals is enabled by using the Bank ID card, which is also used to sign in instead of fingerprints. Also, a Covid-19 exceptional leave has been provided to all pregnant women and staff with critical or chronic health conditions.

MAINTAINING CONSISTENT COMMUNICATION

There's no doubt that Covid-19 has turned our lives upside down and that it's no longer "business as usual." With much uncertainty, we were keen to maintain communication with our people, update them on the current situation, and allow them share their inquiries.

Employees were continually updated on new infected and recovered cases while maintaining confidentiality. New policies and ways of doing business were frequently and clearly communicated to ensure a healthy and safe workplace. Also, to guarantee that all precautionary measures are known by employees, awareness campaigns have been circulated continuously via email and SMS. Additionally, awareness signs have been placed in trafficked areas with all the measures to be considered in different situations.



Sample of awareness signs placed across our premises.



EQUALITY OF OPPORTUNITIES

**AAIB HAS BEEN STRICTLY
ADOPTING PRINCIPLES OF
EQUALITY, FAIRNESS &
NON-DISCRIMINATION
IN ITS EMPLOYMENT
PRACTICES.**

**We approach these
principles with the same
DISCIPLINE & RIGOR
as any other business
PRIORITY.**

This allows us to attract, develop, maintain and reward the best people and to create a culture that unleashes innovation where everyone feels they have an equal opportunity to belong, advance and thrive.

**EQUALITY &
EMPOWERING YOUNG
GENERATIONS**

are part of our
organization's DNA

54%
**OF AAIBIANS
ARE UNDER
THE AGE OF
35**

DISCRIMINATION & HARASSMENT

We do not discriminate on any basis or any scale such as race, religion, gender, age, national origin, skin color, or physical disabilities. In addition, AAIB strictly ensures the workplace is free from any harassment whether it is verbal, physical, racial, ethnic, religious, or gender-related and severely punishes any act from the sort towards any employee by any individual within AAIB or by external parties related to the bank. This applies towards any act that occurs within the bank or within any event associated with the bank. 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.

HIRING THE RIGHT PEOPLE

In AAIB, we believe that our people are backbone of the Bank and the key to achieve our objectives. Accordingly, employee recruitment, selection and retention and their associated processes are important focus areas.

We have a structured selection process that is bias free and governed by a Recruitment Policy. The purpose of the Policy is to ensure that the Bank has the most effective and fair recruitment process implicated in attracting, selecting and retaining the best candidates to achieve AAIB's strategy and objectives.

In addition to ensuring the employee job fit, our selection process considers as well maintaining a diverse workforce that is a representation of the whole society. We are committed to driving growth and innovation through an inclusive workforce that reflects the full diversity of our clients and communities. To allow our candidates discover their new potentials, all job postings are posted internally first- unless there is a proper justification not to. We also have also several recruiting channels to ensure as much candidates are able to apply to the Bank.

GENDER EQUALITY

In line with target 5.5 to “ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life” under SDG 5 “Gender Equality”, AAIB consistently ensures that women are treated as equally as men in the workplace and that they access the same chances of opportunity within the organization. We have a zero gender pay gap, all jobs are accessible to women and men, both at the level of recruitment and throughout career development. They also have access to the same training opportunities as men.

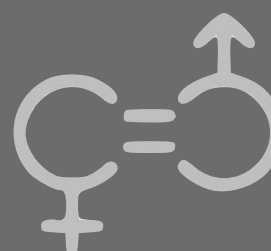
Our talent pool is increasingly including females. In the past year, women accounted for 27% of our new hires and 30% of the year’s promotions were directed to women. Additionally, although women’s participation in the labor market and economic activity is increasing, they still lag behind when it comes to executive management. In AAIB, we have been nurturing talents of women at the highest organizational levels, with 37% of women holding managerial positions.

2020 IN NUMBERS



**GENDER BALANCE MAKES A
DIFFERENCE**

**TRUE CREATIVITY & INNOVATION HAPPEN
WHEN DIVERSE GROUPS COME TOGETHER.**





INVESTING IN OUR PEOPLE

TO FULFILL NOT ONLY THEIR CAREER JOURNEYS, BUT TO BENEFIT OUR CLIENTS, OUR BUSINESS & OUR COMMUNITIES.

TRAINING & DEVELOPMENT

CONTINUOUS LEARNING TO EXCEL

Having hired the best people, we work on ensuring that they remain the frontrunners in the field and exceed their potential. We have always been committed to enhance the capabilities of our people through training and on-the-job learning opportunities.

Moving forward, in line with our digital transformation strategy, we believe that our next generation of employees should be trained and equipped to be ready for the digital future. In this, we are committed to develop a talent program for our future employees to empower them with ample opportunities to learn and create new technologies that will change the future of banking.

2020 IN NUMBERS

NUMBER OF
TRAININGS:

58

NUMBER OF
TRAINEES:

1628



RESPONSIBLE EMPLOYER

PRACTICES

PERFORMANCE

APPRAISALS

AAIB applies a performance management system that is fair, ensures high levels of job performance and encourages employees to reach their full potential. Speaking of fairness, we acknowledge that justice is perceptive. However, this doesn't make it any less of a problem because people behave based on perception of reality not on reality itself. As a bank, we want to avoid these misperceptions from occurrence, for which communication is a key. Accordingly, all employees are required to fill in their objectives accompanied by quantifiable KPIS that are agreed on with their managers. At the end of the year, performance appraisals are based on these preset objectives. Adding to this, we ensure promotion criteria and cycles are made known to all employees and managers.

PERFORMANCE APPRAISALS' CRITERIA

**FAIR
KNOWN
MEASURABLE
PRE-SET
OBJECTIVE-BASED**



EMPLOYEE MOTIVATION

In order to reward our top performer employees for their dedication, AAIB established an employee recognition program, which aims at rewarding valuable employees to the bank. This initiative started in 2019, and will continue to make employees comfortable and appreciated in the work place.

In 2019, AAIB started "Nagaah Hankamelo" which is the Arabic for "We will continue the success"; an initiative to connect and engage with employees. The main objective was to create a culture of connection with AAIBians, connecting them with the HR team, discussing opportunities and challenges, as well as unifying Bank's vision and strategy. So far the initiative has been successful in connecting with 24 branches,



WORK-LIFE BALANCE

We have a room for flexible working options to meet the needs of employees. In 2020, AAIB issued its “Work from Home” Policy as a solution to improve the balance between private life commitments and work commitments. In addition, AAIB offers more than an option for employees’ check ins and outs to cope with different daily schedules and personal goals they have.



HEALTH & SAFETY

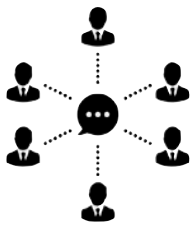
In order to increase productivity and well-being in a workplace, a healthy and safe environment must be guaranteed to employees. The Bank exerts tremendous effort to provide that to its employees and to ensure rigorous health and safety programs for them—at our offices and client sites.



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.

BEYOND THE
BASIC
OBLIGATION
FOR
OCCUPATIONAL
HEALTH &
SAFETY



INFORMATION

SHARING

In AAIB, we acknowledge the importance of transparency, communication and information sharing. We believe this creates a culture of trust among our people, keeps them involved, minimizes hear-say and negative informal chatter in times of uncertainty and most importantly because we value their voice and believe they should have a chance to contribute to and influence decisions affecting their working life.

KEEPING OUR PEOPLE

UPDATED & ENGAGED

We consider our Internal Communication Department as a key to support our culture through encouraging and promoting exchanging information and sharing ideas and concerns. In 2020, the department carried out several awareness campaigns including but not limited to Information Security and Covid-19 Safety Tips. The department also serves as the main vehicle for disseminating AAIB's transformation strategy to staff members.

ENSURE REGULAR REVIEWS & FEEDBACK DURING PROBATIONARY PERIODS

Probationary periods are beneficial for both employers and employees as a trial period to assess the employee job fit and the employee organizational fit. We always ensure regular feedback is provided to all employees during their probation periods.

MDVC STRATEGY

MEETINGS

Through these meetings, we encourage an open and inclusive approach to allow our employees to express their potential, contribute to strategy implementation based on their experience and background. In addition, we acknowledge that our diverse workforce allows for generating new ideas and opportunities.

ENCOURAGING EMPLOYEES TO SPEAK UP

OPEN DOOR POLICY

AAIB adopts an "Open Door Policy" that allows employees to seek clarification, propose ideas or suggestions regarding any work-related issues, and discuss problems or career issues, directly to senior management

The HR division regularly meets with staff members in order to clarify / respond to staff different inquiries. Also, employees are encouraged to seek clarification or advice of HR concerning work environment, career path, business enhancement, etc.

EMPLOYEE RELATIONS

In order to open direct and clear channels between staff members and HR; Employee Relations Department is responsible for maintaining interaction with staff members through staff satisfaction surveys, field visits, speak up meetings, etc.

To assure that we have a proper complaint management cycle, all staff members are urged to address their work grievances to Employee Relations Department in timely and clear manner in order to guarantee proper resolution of the issue as per the published staff issues escalation matrix within the Employee Relations Policy.



ENVIRONMENT

PRINCIPLE SEVEN:

**BUSINESSES SHOULD SUPPORT A
PRECAUTIONARY APPROACH TO
ENVIRONMENTAL CHALLENGES**

PRINCIPLE EIGHT:

**UNDERTAKE INITIATIVES TO PROMOTE
GREATER ENVIRONMENTAL RESPONSIBILITY**

PRINCIPLE NINE:

**ENCOURAGE THE DEVELOPMENT AND
DIFFUSION OF ENVIRONMENTALLY FRIENDLY**



ENVIRONMENTAL STEWARDSHIP **IN & BEYOND BANKING**

OVERVIEW

Despite that Covid-19 has been recently recognized as the mother of all crises rocking the whole world, climate change is still the most crucial and serious matter on the 2030 agenda. Given the current climate finance gap, the financial sector needs to act on two fronts: we need to facilitate the transition towards a greener and sustainable economy as well as to manage Environmental & Social (E&S) risks associated with our financing activities. To encourage the development of a more sustainable economy, AAIB has been integrating E&S criteria into its risk management framework and offered climate solutions to its consumer banking clients



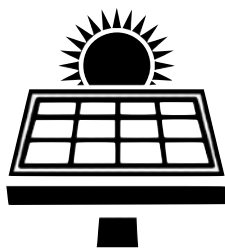
E&S RISK MANAGEMENT

CLIENTS' ASSOCIATED RISKS

While banks like any other business, produce greenhouse gases (GHG) directly through their business activities, their significant contribution to GHG emissions is indirect, through their financing and lending activities. To this end, AAIB was one of the first banks to recognize that banking could be a force for good in shaping an equitable, resilient society and to embed sustainability criteria in banking decisions. More than 10 years ago, AAIB adopted the Equator Principles (EP) and broadened its risk management framework beyond its traditional definition that includes credit risk, market risk, operational risk and liquidity risk to include Environmental and Social (E&S) risks such as climate change, income inequality and more constituting sources of major financial tremors and instability.

The EP offers parameters for identifying and managing the E&S risks in project-related transactions. AAIB's commitment to the Principles is supported by robust internal policies, procedures and staff engagement. The bank is implementing an E&S Policy to ensure long-term engagement on E&S issues. The Policy is guided by the EP and other internationally recognized E&S standards.



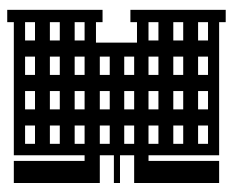


SOLAR ENERGY LOAN

ENGAGING CLIENTS IN SUSTAINABLE PRACTICES

Believing that banks are vital economic intermediaries, AAIB is working on creating synergies with its customers, encouraging them to move towards sustainable practices and accompanying them in their transition towards more sustainable lifestyles through our products and services. In this regard AAIB introduced its Solar Energy Loan to its consumer banking clients. The product aims at contributing to Sustainable Development Goals 7 (*Ensure access to affordable, reliable, sustainable and modern energy for all*) and 13 (*Take urgent action to combat climate change and its impacts*), as well as the objectives of the Paris Agreement on climate change. In addition to climate-related targets, transition to solar power brings additional benefits related to health, employment and cost savings.





LEED CERTIFICATION

PRIORITIZING OUR SUSTAINABILITY

In addition to managing indirect E&S impacts, AAIB is keen on managing its direct impacts as well. To this end, the Bank is acquiring Leadership in Energy and Environmental Design (LEED) Certification for its new head office to reduce stress on the environment, become more energy- and resource-efficient and create a positive and healthy work environment for its employees.





SUSTAINABLE MARKETING

& COMMUNICATION PRACTICES

To contribute to environmental well-being, each business area is to work towards decreasing its environmental footprint and shift towards sustainable solutions. Although marketing and communication hardly seem to be the biggest culprit when it comes to the banking industry, we believe that every action even the smallest counts and that to embrace actual change, it has to be applied everywhere in the organization.

In this sense, the Marketing and Communication Department puts reducing its environmental impact at the heart of its media strategy and marketing plans, moving our communication practices from print to digital.



ANTI- **CORRUPTION**

PRINCIPLE TEN:

**BUSINESSES SHOULD WORK AGAINST
CORRUPTION IN ALL ITS FORMS, INCLUDING
EXTORTION AND BRIBERY.**



**CORPORATE
GOVERNANCE**
IS THE
CORNERSTONE FOR
**SUSTAINABLE
BUSINESS**

OVERVIEW

As banks, we face a constant fight to prevent corruption since banks are faced with an elevated risk due to the nature of our work, which involves monetary transactions on a daily basis.

In AAIB, we believe that corruption is fought with both preventive and reactive methods. We believe that it does not only suffice to take regulative measures in order to track where corruption occurs and prevent it, but also, employees of all levels must be educated on the negative impacts of corruption on their daily tasks, future, and the well-being of the organization.



AAIB'S CORPORATE

GOVERNANCE FRAMEWORK

All AAIB employees share one common goal which is creating sustainable value that guarantees the stability of the institution and maximizing its value in the medium and long terms. This requires managing shareholders' interests while considering all stakeholders' interests as well.

To pursue our goals, we aspire to be at the forefront of the best international good governance practices and to achieve agile and transparent systems of business administration in which all stakeholders' see their interests are well-represented. AAIB's commitment to Corporate Governance is reflected in a set of guidelines that is developed by its Board of Directors (BoD). Adding to this, a Corporate Governance Committee is set to ensure the implementation of the guidelines and to update them when needed.

CORPORATE GOVERNANCE STRUCTURE

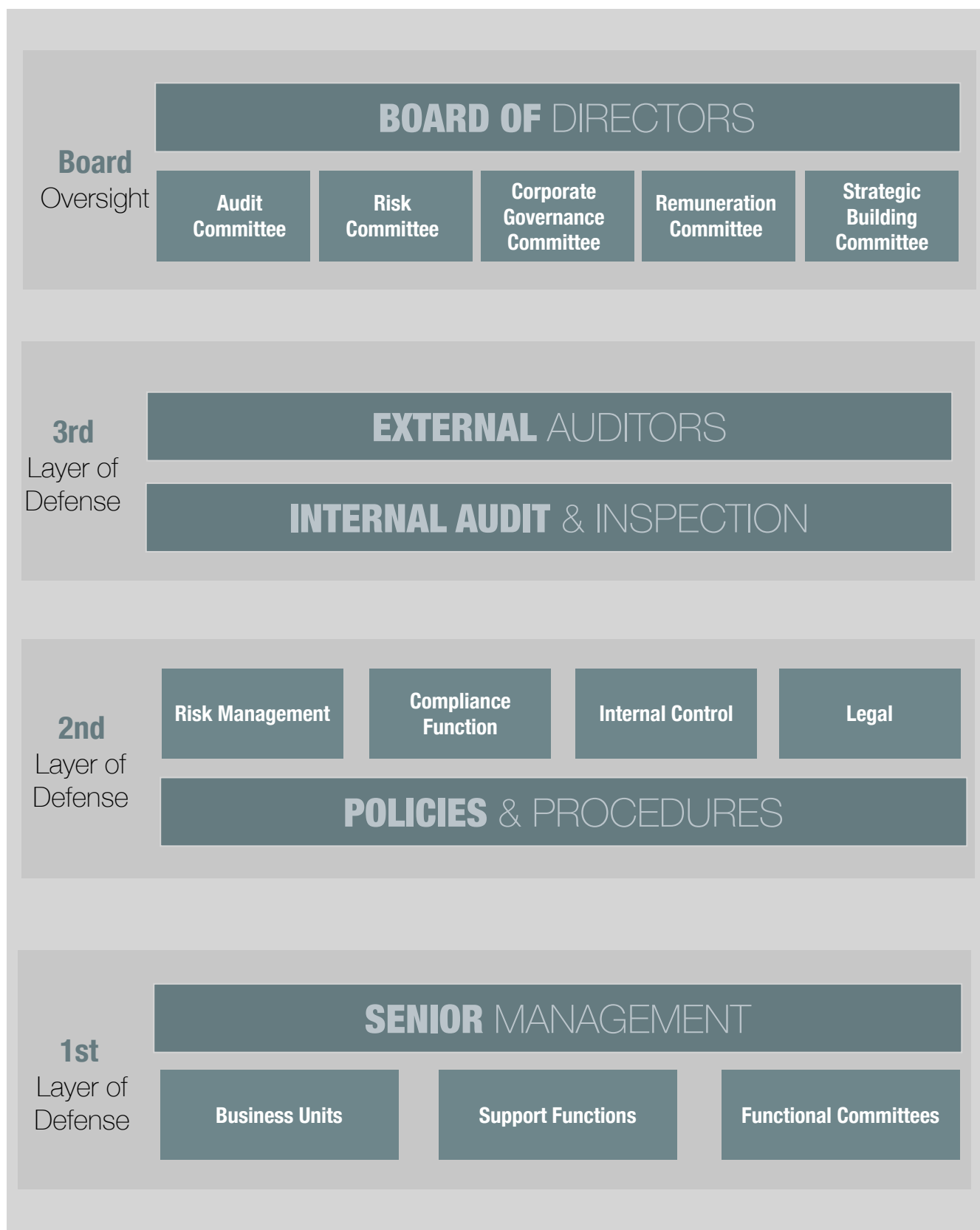
AAIB has in place a a very capable BoD with diverse backgrounds and a skillful management that works in full transparency and are audited via internal and external auditors. The primary function of the Board is oversight of management on behalf of its shareholders. The BoD is assisted by five committees which are the Audit Committee, Risk Committee, Corporate Governance Committee, Remuneration Committee and Strategic Building Committee. This structure enables the bank to ensure stability, implement its values, align its goals with the shareholder's targets, and align all stakeholders with the bank's activities.

CONTROL FRAMEWORK

AAIB adopts a control framework that closely monitors compliance and transparent reporting of financial results and assesses potential risks and recommends how these risks are to be managed accordingly. The control framework includes the Board Directors and Committees, Internal Audit, External Audit, CEO and Senior Management, Risk Management Group, Compliance Group, Internal Committees, and the Code of Conduct. Other internal controls are added when needed.

CORPORATE GOVERNANCE

STRUCTURE



CONFLICT OF INTEREST & RELATED PARTY TRANSACTIONS

AAIB has adopted a Conflict of Interest & Related Party Transactions Policy that governs the framework for managing conflicts of interest and related party transactions with regards to the Bank's BoD, senior management and staff. As per the Policy, BoD members are required to formally disclose any potential, perceived or actual conflict of interest or related party transaction to the Corporate Governance Committee. In such cases, they may not participate in deliberations or decision making that relate to what they disclosed.

A COMPLIANT CULTURE

POLICIES & PROCEDURES

Our policies encourage a healthy, positive, safe and inclusive environment. They are clear concise illustrating roles and responsibilities of each stakeholder and means of managing exceptions. All policies are made available on the employees' blog to ensure it is accessed by all employees.

COMPLIANCE CAPACITY BUILDING

To reinforce a compliant culture, AAIB is continuing to evolve its Compliance training with interactive and engaging courses. In 2020, the number of participants who joined the Compliance Training conducted by the bank was 1421 employees. These trainings and awareness sessions address fighting money laundry, financial crime and financing terrorism in order to reduce risks and to ensure employees fully understand how to perform their responsibilities in line with internal and external regulations.

MAIN INTERNATIONAL FRAMEWORKS WE SUPPORT

Our sustainability performance has been assessed by major sustainability rating frameworks. We use these assessments as guidelines to improve our future decisions, businesses and operations. In addition, these assessments along with our rankings and ratings compared to our local and international peers serve as a benchmark clarifying where we stand.



Since 2005, we have been forerunners opting to several international frameworks to assess our practices. AAIB is a signatory to the UN Global Compact (UNGC) which acts as the guideline for human rights, labor rights, environment, and anti-corruption; the Equator Principles which act as the main guideline for determining, assessing and managing social and environmental risks in project-related transactions and the United Nations Environmental Programme Finance Initiative (UNEP FI) under which AAIB collaborated with 29 banks around the globe to introduce the Principles for Responsible Banking (PRBs). The PRBs delineate the banking sector's roles and opportunities in pursuing national and global goals articulated by Egypt Vision 2030, the Sustainable Development Goals, and the Paris Climate Agreement.



PRINCIPLES FOR
RESPONSIBLE
BANKING

A large glass sphere, resembling a globe, is shown with a yellow rod passing through its center. The sphere is filled with a dark liquid and has some bubbles. The background is a blurred green, suggesting foliage.

TRANSPARENCY
ADOPTING INTERNATIONAL FRAMEWORKS IS
A DEMONSTRATION OF OUR COMMITMENT