

# 2022

## SUSTAINABILITY REPORT



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# ABOUT THIS REPORT

Capital Bank of Jordan is delighted to present its first sustainability report. The report outlines how Capital Bank addresses the primary impacts of its activities on the economy, environment, and society, while demonstrating our commitment to sustainability. It serves to underscore our commitment towards sustainable development and achieving sustainability objectives.

This has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021. Which is a highly recognized and widely employed sustainability disclosure standard across the globe.

The report encompasses our sustainability performance for one calendar year, spanning from January 1, 2022, to December 31, 2022, and covers all of Capital Bank's operations and activities in Jordan.

## WE VALUE YOUR FEEDBACK

At Capital Bank, we understand that sustainability performance is an ongoing and evolving process. We therefore welcome your feedback, opinions, and inquiries concerning both the contents of this report and our continued sustainability initiatives, to inform our progress on these matters in the future.

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# Message from THE CHAIRMAN



## Dear Shareholders, Employees, and Valued Stakeholders,

It is with great pleasure that I welcome each one of you and introduce Capital Bank's inaugural sustainability report for the year 2022. As we embark on our sustainability journey, I want to emphasize our commitment to creating a positive social and environmental impact, a goal that is deeply integrated into our business operations and long-term strategy.

I am delighted to share with you that the past year has been marked by significant achievements, recognized through multiple prestigious awards that underscore Capital Bank's excellence and performance. The CFI.co Awards honored us

with two accolades: 'Most Innovative Digital Bank Jordan 2022' and 'Best Bank Jordan 2022'. These awards reflect our commitment to innovation and our dedication to providing customers with a seamless and convenient digital banking experience through our new digital bank, Blink. The second award acknowledges our ambitious local and regional expansion strategy, along with the organic growth trajectory in our operational portfolio, which has positioned us among the best local and regional financial institutions.

While Capital Bank has always been environmentally conscious and committed to community investment and proper governance, today we take a significant step by emphasizing our steadfast commitment to improving ourselves and developing the environment and the society in which we operate. This is because we realize the profound impact of human activities on the environment and strive to ensure sustainability for future generations.

This report signifies our dedication to enhancing our Environmental, Social, and Governance (ESG) capabilities within our core operations, banking services, and community engagement to enhance sustainable growth. Our strategic approach to sustainability aligns harmoniously with the national blueprint of Jordan Vision 2025 and beyond, encompassing the United Nations' Sustainable Development Goals (SDGs) framework and the National Green Growth Action Plan 2021-2025. By doing so, we aim to facilitate social, economic, and environmental progress in a sustainable manner.

We engaged extensively with our internal and external stakeholders to identify our most pressing sustainability issues. Through this collaborative process, we have identified three key pillars that serve as the foundation of our sustainability approach:

**Climate Action and Protecting the Environment:** We are committed to combatting climate change and safeguarding the environment. In the past year, we executed a series of strategic initiatives to reduce our carbon footprint and promote renewable energy. For instance, we installed two solar systems that currently supply approximately 65% of our electricity needs. Additionally, we implemented Building Management Systems (BMS) and Computerized Maintenance Management Systems (CMMS) to enhance energy efficiency.



Furthermore, we launched robust recycling initiatives and aim to achieve comprehensive waste management in the future. We have also integrated renewable energy and energy efficiency as important components in our strategic roadmap toward a greener future, witnessing significant positive impacts of loans granted to renewable energy projects across the kingdom.

**Creating Value for Our Employees and Communities:** We believe that our success is intertwined with the well-being of our employees and the communities we serve. We prioritize and invest in their development, and fostering a culture that reflects our core values. We have dedicated significant resources to training, with employees averaging more than 90 hours of training per year. Additionally, we have launched initiatives to enhance customer experience, including centralized communication and the introduction of digital banking solutions. Looking optimistically toward the future, we have embarked on a strong digital transformation aimed at improving self-service capabilities, customer focus, and operational efficiency. Our goal is to simplify processes, reduce resource waste, and develop innovative solutions to meet our evolving customers' needs.

**Implementing Robust and Responsible Corporate Governance:** We uphold strong governance practices that promote transparency, accountability, and ethical behavior. We have implemented a Social and Environmental Management System (SEMS) to embed E&S risk assessment into our credit decision-making process. This allows us to proactively identify and manage potential risks and opportunities that impact creditworthiness, contributing to sustainable economic growth and responsible business practices.

Through these strategic initiatives, we have aligned our business operations with our sustainability objectives. Our efforts have yielded immediate impact and have laid the groundwork for our long-term sustainability aspirations. We are committed to driving positive change within our organization and the wider community.

Moving forward, we remain committed to aligning our business strategy with our sustainability goals. Our focus will continue to be on reducing our environmental footprint, investing further in our people, and making a tangible difference in our local communities.

I extend my deepest gratitude to each one of you, our stakeholders, who have contributed directly or indirectly to the development of Capital Bank's first sustainability report. Together, let us reaffirm our commitment to advancing our sustainability journey, ensuring that our organization's growth benefits our environment, our people, and society as a whole.

Thank you for your continued support and partnership.

Warm regards,

**Bassem Khalil Al Salem**  
Chairman of Capital Bank Group

# ABOUT CAPITAL BANK

## CAPITAL BANK'S PROFILE

Capital Bank Group, a prominent financial institution in the Jordanian and regional markets, boasts assets of approximately JOD 7 billion and shareholders' equity of JOD 653 million. Since 1995, Capital Bank has established itself as a leading financial institution, offering comprehensive commercial and investment banking services.

In recent years, Capital Bank Group has pursued an ambitious expansion strategy, acquiring Bank Audi's operations in Jordan and Iraq in 2021 and Société Générale Bank's branches and operations in Jordan in 2022. In 2022, the group launched Blink, its digital bank, targeting young individuals. Capital Bank Group also increased its capital in June 2022, welcoming the Saudi Public Investments Fund as a strategic partner with a ~24% stake. This partnership aims to facilitate the group's expansion and enable the introduction of new products and services to better serve its clients and shareholders.

### VISION

To be one of the leading banks in the region placing our customers and people at the heart of our journey and enabling them to make informed life decisions

### MISSION

To simplify daily banking and support economic prosperity through digitization, innovation and personalized customer experience

## STRATEGIC PILLARS

### OPERATIONAL EXCELLENCE

Enhance our digital capabilities and continue our digital transformation journey through continuous innovation while building an efficient future-ready infrastructure.

### CUSTOMER CENTRICITY

Expand into a holistic value proposition that meets the banking and investment needs of our clients and revolves around service excellence and elevated customer experience.

### SUSTAINABLE GROWTH

Grow the Group's regional footprint, promote cross-border banking, diversify sources of revenue and optimize risk management framework to create sustainable and profitable growth that maximizes shareholders' value.

### OUR PEOPLE

Invest in our strongest asset; our people, through creating and inspiring workplace culture focused on the continuous building of capabilities.

At Capital Bank, we place great emphasis on enhancing employee experience, fostering continuous development, and appreciating teamwork. Under the strategic guidance of our distinguished board and executive management, we adhere to exemplary governance standards and dependability.

## OUR VALUES

### OPERATIONAL EXCELLENCE

We Put Our Clients First

### INTEGRITY

We Act with Integrity

### PEOPLE

Our People Our Capital

### RESILIENCE AND INNOVATION

We Embrace the Journey

### AMBITION

We Think Big

### ACCOUNTABILITY

We are All Owners at Capital

## OUR JOURNEY SO FAR

<b>1995 - Establishment</b>	Established in 1995 in Amman - Jordan, Capital Bank is a publicly listed bank, quoted at the Amman Stock Exchange
<b>2005 - Expansion</b>	Capital Bank Expands into the Iraqi market and acquires a majority stake in the National Bank of Iraq (NBI) NBI's outlook becomes geared towards expansion and the Bank's structure changes to a corporate governed one
<b>2006 - Diversification</b>	Capital Investments - the investment banking and brokerage arm of Capital Bank Group is established Capital Investments provides asset management, brokerage and corporate finance advisory services through its offices in Jordan, Iraq, and the UAE / Dubai International Financial Center (DIFC)
<b>2021 - Acquisition</b>	Capital Bank completed the acquisition of Bank Audi branches and operation in Jordan and Iraq Capital Bank Group through its subsidiary NBI is granted a license to establish a branch in Riyadh following the approval of the Saudi Council of Ministers
<b>2022 - Growth</b>	Capital Bank launches its all-digital bank «Blink» Capital Bank issues a tier 1 perpetual bond listed on Nasdaq Dubai Capital Bank raises capital and Saudi Arabia's Public Investment Fund (PIF) becomes a strategic investor with ~24% stake Capital Bank completes the acquisition and merger of Société Générale de Banque Jordanie
<b>Today - Going Further</b>	Capital Bank goes into the leasing business in Jordan and Iraq Capital Bank embarks on an all-encompassing transformation journey

## A REGIONAL BANK - WITH A DIVERSIFIED BUSINESS MODEL



Global Presence Across  
**4 MARKETS**  
Jordan KSA  
Iraq UAE

**2,190**  
Employees Globally

**39** Branches in Jordan  
**23** Branches in Iraq  
**1** Branche in KSA

## OUR PRODUCTS AND SERVICES

At Capital Bank, we ensure that the needs of all our customers are met with tailored products and services. Six main segments are implemented within the Bank:



# OUR FINANCIAL PERFORMANCE

Capital Bank achieved outstanding growth by the end of 2022, with our net profits reaching JOD 91 million compared to JOD 61 million in 2021 and total net assets reaching JOD7 billion for the first-time which strengthened our banking and financial position locally and regionally. The financial results can be attributed to the bank's success in implementing its ambitious expansion and growth plans.

## 2022 highlights:



Capital Bank has taken steps to increase its capital by welcoming the Saudi Public Investment Fund (PIF), one of the world's largest sovereign wealth funds, as a strategic investor with approximately 24% ownership. This partnership also led to the appointment of two new members to represent PIF on the board of directors. Additionally, the bank issued and listed perpetual bonds for \$100 million on Nasdaq Dubai, further strengthening the group's capital base.



## Economic Performance

Direct economic value generated and distributed (EVG&D)

GRI DISCLOSURE METRIC	UNIT	2021	2022
Direct economic value generated (Revenues)	JOD	137,502,000	210,567,000
<b>Total economic value distributed (Costs)</b>	<b>JOD</b>	<b>92,143,000</b>	<b>138,377,000</b>
Operating costs	JOD	57,817,000	86,324,000
Employee wages and benefits	JOD	32,744,000	49,113,000
Payments to government by country	JOD	800,000	1,612,000
Community investments	JOD	782,000	1,328,000
<b>Economic value retained (Revenues less costs)</b>	<b>JOD</b>	<b>45,359,000</b>	<b>72,191,000</b>

Governments present in the shareholding structure

GRI DISCLOSURE METRIC	UNIT	2021	2022
Total monetary value of financial assistance received *	JOD	2,313,000	3,164,000
Social Security Corporation	%	9.4%	7.1%
Public Investment Fund (PIF)	%	-	24%

\* Other financial benefits received or receivable from any government for any operation

# INNOVATION AND DIGITALIZATION



Capital Bank remains steadfast in executing its 2023 strategic plan, with a focus on elevating the level of services, products, and operations to align with contemporary global banking standards and boost its market presence in the regions it operates in. The Bank also continues to reinforce its position as a leader in digital transformation and innovation by incorporating cutting-edge electronic and digital solutions into its best practices for serving both individual and corporate clients.

## Enhancing our digital capabilities is one of our key strategic priorities,

FOCUS AREA	HIGHLIGHTS
<b>Improved Self-Service Capabilities</b>	The launch of Capital Bank's mobile banking application resulted in high number of eligible clients utilizing the service – of which almost 100% digital adoption was achieved on Corporate and SME clients; with nearly 60% performing their daily transactions via the application
<b>Customer Centricity &amp; Experience</b>	Centralized customer communication over the mobile application to ensure updated, important and relevant information is being communicated across all channels in real time. Engaged Capital Bank's customers through digital gamification within the application
<b>Enhanced Efficiency &amp; Productivity</b>	Introduced more than 17 new digital services during 2022, in addition to multiple payment methods (locally and internationally) enhancing efficiency and productivity to both the client and the Bank.
<b>Ecosystem and Partnerships</b>	Introduced a seamless integration with Capital Investments to easily link customers' bank accounts at Capital Bank to their investment portfolios at Capital Investments within the application. The application has also been integrated with Jordan Government's digital service 'SANAD' linking them to over 100 services provided by the Government.
<b>Innovation in Payments</b>	Capital Bank's Point of Sale devices are distributed amongst a high number of merchants, resulting in a significant growth in card usage and NFC transactions. Contactless NFC payments have been introduced to Android users using any of Capital Bank's cards to be used on any payment point device that accepts NFC.
<b>Increased Digital Adoption</b>	Capital Bank has witnessed a positive experience evident by the sustainable growth in daily digital banking transactions and the increasing number of customer logins.

## Banking at Your Fingertips: Our Use of Technology

We offer a suite of digital products, including Capital Bank Business Online and Capital Bank Mobile App, to provide comprehensive banking solutions that cater to the diverse needs of our customers. These digital platforms empower both Institutional Banking clients and individual customers to manage their financial activities securely and efficiently.

### 1. CAPITAL BANK BUSINESS ONLINE

serves as a gateway for Institutional Banking clients, including large, medium, and small businesses, offering innovative, integrated, and holistic banking solutions. Clients can easily access their daily accounts, perform internal transfers between accounts, make local and international transfers, transfer staff salaries, and use bill payment services through eFAWATEER.com. The platform simplifies banking operations, making them affordable and accessible, and allows businesses to define users' roles and duties. It is supported 24/7 by a trained team to ensure seamless customer experience.

### 2. CAPITAL BANK MOBILE APP

is a user-friendly application designed to provide quick, secure, and convenient ways for individual customers to manage their accounts on the go. With the app, customers can view account summaries, details about loans and deposits, transfer money within Capital Bank or to other banks, control their Visa credit cards, register and pay bills, redeem loyalty points, and more. Additionally, the app offers features like cardless withdrawal, linking Capital Investment Accounts, sharing accounts with the Social Security Corporation, activating Sanad Digital identity, and live secure chat support available 24/7.

With our digital products, customers can now perform all of their banking transactions from their homes, businesses or on-the-go, without ever needing to visit a physical branch. We are committed to providing our customers with the best digital banking experience possible, ensuring that their banking needs are met quickly, easily, and securely.

### Spotlight: Blink – The All Digital Neobank

In February 2022, in accordance with the upward trend of the digital solutions, we have introduced **Blink**, a digital bank that uses cutting-edge global financial technologies and is run by a management team known for its expertise and originality. We believe that using Blink will help avoiding the complications of conventional banking operations giving the customer complete autonomy and flexibility.

**Blink** is the first digital bank in Jordan to instantly issue credit cards. The credit cards also have the longest repayment time on the Jordanian market, up to 60 days, and don't require any guarantees, collateral, or salary transfers. In the future, Blink plans to offer its services to the Iraqi market and is developing integrated digital services for SMEs.

**Blink** concentrates on individuals, home-based business owners, women, and university students with the goal of assisting people in achieving financial independence. **Blink** aims to also advance **financial inclusion** in Jordan.

## AWARDS AND RECOGNITIONS

At Capital Bank we are proud to announce that it has received several prestigious awards in 2022, reflecting its commitment to innovation, local and regional expansion, and support for small and medium-sized enterprises (SMEs). These accolades highlight the bank's dedication to delivering exceptional services and fostering growth in the financial sector.

**01**

**Most Innovative Digital Bank Jordan 2022:**

Capital Finance International (cfi.co) awarded this honor to Blink, our state-of-the-art digital banking platform, for its top performance in empowering customers to break free from traditional banks by providing a seamless and convenient digital experience.

**02**

**Best Bank Jordan 2022:**

Capital Finance International (cfi.co) recognized Capital Bank's commitment to its local and regional expansion strategy with this esteemed award.

**03**

**Best Bank for SME Banking in Jordan:**

The prestigious Euromoney Awards for Excellence 2022 acknowledged Capital Bank's vital role as a supporter of the SME sector in the Kingdom and as a leader in SME financing. The bank offers outstanding services and facilities to this sector through numerous tailor-made solutions, providing SMEs with comprehensive financial and non-financial services that help them achieve the financial status required to grow their businesses.



# **SUSTAINABILITY** **AGENDA AT CAPITAL** **BANK OF JORDAN**



# SUSTAINABILITY AGENDA

## AT CAPITAL BANK OF JORDAN

### OUR APPROACH TOWARDS SUSTAINABILITY

At Capital Bank, we recognize that embracing sustainable business practices is not only crucial for the long-term success of our operations but also instrumental in fostering strong relationships with our stakeholders.

We have established a framework that incorporates a holistic view of our organization's role in promoting sustainability. This framework is built on three key pillars, which together serve as a guiding compass for our approach to sustainability. These pillars encompass a wide range of sustainability aspects, ensuring that our efforts are well-rounded and far-reaching, ultimately benefiting our clients, employees, communities, and the environment.

By adopting this strategic framework, we reaffirm our commitment to integrating sustainability into every facet of our business, thus driving positive change and long-lasting impact within the industry and the communities we serve.

#### OUR SUSTAINABILITY FRAMEWORK

##### Pillar 1: Climate Action and Protecting the Environment

We dedicate ourselves to preserving the environment and addressing climate challenges by actively minimizing our impact and promoting sustainable practices for a cleaner future.

##### Pillar 2: Creating Value for Our People and Communities

We foster a flourishing ecosystem that supports growth and development for our employees, customers, and communities, guaranteeing equal opportunities and promoting financial well-being.

##### Pillar 3: Implementing Robust and Responsible Corporate Governance

We uphold the highest standards of integrity, accountability, and transparency, while adopting innovative technologies and methodologies to ensure responsible and sustainable decision-making processes.

#### MATERIAL TOPICS ALIGNMENT WITH OUR SUSTAINABILITY FRAMEWORK PILLARS

Climate Change and Decarbonization

Gender Equality and Workforce Development

Data Security

Environmental Management

Local Communities

Innovation and Digitalization

Financial Inclusion and Literacy

Incorporation of ESG factors in Credit Analysis

SME Growth

Customer Experience and Satisfaction

# STAKEHOLDER ENGAGEMENT

At Capital Bank, we recognize the importance of engaging with our stakeholders to create long-lasting, positive impact on society, the environment, and the economy. We value the diverse perspectives our stakeholders bring to the table, and we are committed to maintaining open lines of communication, transparency, and trust. Our stakeholder engagement process is guided by the principles of inclusivity, responsiveness, and collaboration.

Our stakeholder universe comprises of various groups which are either directly or indirectly affected by our operations or have the ability to influence our business. To foster constructive dialogue and collaboration, we utilize various engagement methods and channels tailored to the needs and preferences of our stakeholders. Here is a list of some of our stakeholders and the methods of engagement that we to engage with them.

STAKEHOLDER GROUP	CHANNEL OF COMMUNICATION
<p><b>SHAREHOLDERS</b></p>	<ul style="list-style-type: none"> <li>• Annual meetings</li> <li>• Annual reports</li> <li>• Investor relations website</li> <li>• Emails or letters</li> <li>• Social media platforms and online forums</li> </ul>
<p><b>SUPPLIERS/BUSINESS ASSOCIATES</b></p>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Emails, RFPs, and procurement processes</li> <li>• Annual reports</li> </ul>
<p><b>MULTILATERAL DEVELOPMENT BANKS AND INTERNATIONAL FINANCIAL INSTITUTIONS</b></p>	<ul style="list-style-type: none"> <li>• Formal meetings and conferences</li> <li>• Joint initiatives and partnerships</li> <li>• Emails</li> <li>• Public announcements and press releases</li> </ul>
<p><b>CIVIL SOCIETY AND NON-GOVERNMENTAL ORGANIZATIONS</b></p>	<ul style="list-style-type: none"> <li>• Social media platforms</li> <li>• Stakeholder engagement events</li> <li>• Collaborative projects and initiatives</li> <li>• Annual reports</li> <li>• Emails</li> </ul>
<p><b>GOVERNMENTS</b></p>	<ul style="list-style-type: none"> <li>• Compliance reporting</li> <li>• Direct communications</li> <li>• Industry conferences</li> <li>• Collaborative projects and initiatives</li> </ul>
<p><b>EMPLOYEES</b></p>	<ul style="list-style-type: none"> <li>• Internal meetings</li> <li>• Team events</li> <li>• Emails</li> <li>• Newsletters</li> <li>• Training programs, workshops, and seminars</li> <li>• Performance reviews</li> <li>• Direct communication channels</li> </ul>

# MATERIALITY ANALYSIS

In 2022, we conducted a thorough materiality assessment following the principles set forth by the Global Reporting Standards (GRI). To begin the process, we conducted a comprehensive benchmarking exercise, enabling us to identify a broad range of potential material topics. This exercise helped us understand the most relevant and important topics reported by key players in the financial sector at both regional and global levels. We also ensured that the identified topics aligned with both the Jordan Vision and the Amman Stock Exchange.

Furthermore, we engaged with our key internal and external stakeholders to better identify and prioritize the topics. Stakeholders' feedback was collected through an online survey, followed by a workshop to validate the most material topics. The survey's primary objective was to gauge the level of influence that each potential material topic had on our stakeholders' assessments and decisions related to Capital Bank. Through this process, we aimed to gain a better understanding of which topics were of the utmost importance to our stakeholders.

By prioritizing these material topics, we strive to address the issues that matter most to our stakeholders. Our commitment to transparency and accountability motivates our dedication to responsible business practices and upholding the highest standards of corporate governance.

## The materiality assessment process followed a three-step approach:

- 1. IDENTIFICATION:**  
 The initial phase of the materiality assessment process involved the comprehensive recognition of a broad range of 24 material topics. We meticulously selected these topics, ensuring they were derived from well-established international standards and guidelines specific to the national context. This careful approach facilitated a thorough examination of potential environmental, social, and governance (ESG) factors that could have implications for the bank's operations, stakeholders, and overall reputation.
- 2. PRIORITIZATION:**  
 During the prioritization phase, we focused on determining the relative importance of the 24 material topics by engaging in meaningful consultations with both internal and external stakeholders. This collaborative approach aimed to facilitate a deeper understanding of the various perspectives and concerns of different stakeholder groups. By incorporating their valuable input and insights, we effectively prioritized the material topics based on their significance and relevance in the context of the bank's operations and objectives.
- 3. VALIDATION:**  
 The final stage of the materiality assessment process involved the crucial step of validating the outcomes derived from the prioritization phase. To ensure the accuracy and reliability of the results, we presented the findings to our senior management team for careful review and consideration. This validation process provided an opportunity for senior management to offer their expertise and judgment, ensuring that the final materiality assessment accurately reflected the bank's strategic priorities, risks, and opportunities in a holistic and well-informed manner.

## Our material topics:

PILLAR	MATERIAL TOPIC
Pillar 1: Climate Action and Protecting the Environment	Climate Change and Decarbonization
	Environmental Management
Pillar 2: Creating Value for Our People and Communities	Gender Equality and Workforce Development
	Local Communities
	Financial Inclusion & Literacy
	SME Growth
	Customer Experience and Satisfaction
Pillar 3: Implementing Robust and Responsible Corporate Governance	Data Security
	Innovation and Digitization
	Incorporation of ESG Factors in Credit Analysis

## SUSTAINABILITY AT THE CORE OF WHAT WE DO

We understand the importance of supporting sustainable initiatives and practices in the communities we serve. To achieve this, we have implemented various sustainable banking programs and loans that support environmentally and socially responsible businesses and projects. These programs and loans are designed to encourage and promote sustainable growth and development, while also generating positive financial returns for our clients and stakeholders.

### Iraq Advisory Program

Capital Bank Group has launched a new initiative aimed at supporting Jordanian companies looking to invest in the Iraqi market. The program, which is open to corporate, commercial, medium and small enterprises, offers a range of services including advisory services, company registration, tax and social security registration, legal and logistical advice through Capital Investments, the investment arm of Capital Bank Group in partnership with Eversheds Global.

### Arab Trade Financing Programs (ATFP)

The ATFP endeavors to provide a competitive advantage to local manufacturers and exporters by offering financing options to businesses that utilize locally sourced raw materials in their production processes. The financing duration can extend up to a maximum of five years, with interest rates that are competitive in the market.

### Agricultural Loans

Capital Bank is dedicated to supporting the growth and development of agricultural initiatives through tailored financing solutions. These options come with a fixed interest rate and can be availed for a period of up to 10 years. The financing covers a diverse range of requirements, including but not limited to:

- 1 The purchase of all raw materials and tools
- 2 The purchase of machinery and equipment
- 3 Livestock, poultry, fish farming and beekeeping
- 4 Other agricultural projects with specific purposes.



## Education Sector Loans (Vocational, Professional and Technical Training)

Capital Bank is committed to fostering progress and growth in the vocational, professional, and technical training sector by offering financing solutions with a fixed interest rate. These solutions are available for a maximum duration of 10 years and are aimed at supporting the development of projects in this field.

## Health Sector Loans

Capital Bank offers financing solutions to support and develop health projects at a fixed interest rate for a period of up to 10 years.

## Information Technology and Communications Loans

Capital Bank offers financing options to support and develop information and communication technology projects at a fixed interest rate for up to 10 years. These financing solutions cover a range of needs such as:

- 1 Software development and licensing
- 2 Mobile phone applications
- 3 Internet portals and content
- 4 Outsourcing center services
- 5 Call center services
- 6 Digital content
- 7 Programmable electronic games
- 8 Digital data processing

## Renewable Energy Loans

Capital Bank recognizes the importance of renewable energy and provides financing options to establish and support related projects. These options come with a fixed interest rate and can be availed for up to 10 years. The financing covers a wide spectrum of needs, including:

- 1 Construction and installation of solar energy-generating units
- 2 Construction and installation of wind power-generating units
- 3 Purchase and installation of energy-saving equipment.



## Sustainability-Driven Supply Management:

Capital Bank's approach to procurement is centered on environmental protection, cost efficiency, and supporting local vendors. As we operate within an office environment, we prioritize initiatives that address consumption issues most relevant to our activities and operations.

Through our procurement department, we launched an initiative to switch from conventional ink cartridges to refilled ink cartridges, promoting resource reuse while reducing costs. We have also introduced various initiatives, such as installing shredding machines in all branches for disposing shredded papers to recycling companies, and implementing efficiency measures to reduce the bank's consumption of resources like water and electricity.

Significant progress has been made in implementing new systems to streamline our procurement and claims processes. We also introduced new regulations to minimize the bank's consumption of heavily used materials and enhance our purchasing processes for locally sourced items.

In 2022, the percentage of our procurement budget spent on local suppliers increased from 70% to 80% compared to previous year. Additionally, we plan to research and study sources using recyclable materials and engage in negotiations with Nestle, which has established a recycling facility to collect and recycle their own plastic bottles and caps.

By implementing these initiatives and regulations, we strive to create a positive environmental impact while supporting local vendors and achieving cost efficiency.

## HOW WE ENCOURAGE SUSTAINABLE DEVELOPMENT

In this section, we delve deeper into the ways our initiatives and contributions are aligned with the United Nations Sustainable Development Goals (UN SDGs) and also consistent with our bank's sustainability framework pillars. By drawing connections between our actions and the specific targets of the UN SDGs, we showcase our efforts to environmental, social, and economic sustainability.



## OUR PILLARS

## OUR CONTRIBUTIONS

### CLIMATE ACTION AND PROTECTING THE ENVIRONMENT



- Reducing our energy consumption through the installation of a Building Management System (BMS) and a Computerized Maintenance Management System (CMMS)
- Installation of two solar systems producing ~65% of the bank's electricity consumption
- Relocation of our data centers to a newly acquired building that is supplied by 100% renewable energy (PV) to increase reliance on clean energy
- Participating in the Green Wheelz Initiative, which involves collecting and recycling plastic bottle caps
- Working closely with Princess Alia Foundation to recycle used paper
- Providing financing to clients initiating green projects
- Encouraging employees to propose waste management sustainable solutions applicable to our operations
- Installation of shredding machines in all branches for the disposal of shredded papers to recycling companies
- Instituting local initiatives and regulations which include the collection and disposal of recyclable material through waste processing companies

### DELIVERING VALUE FOR OUR PEOPLE AND COMMUNITIES



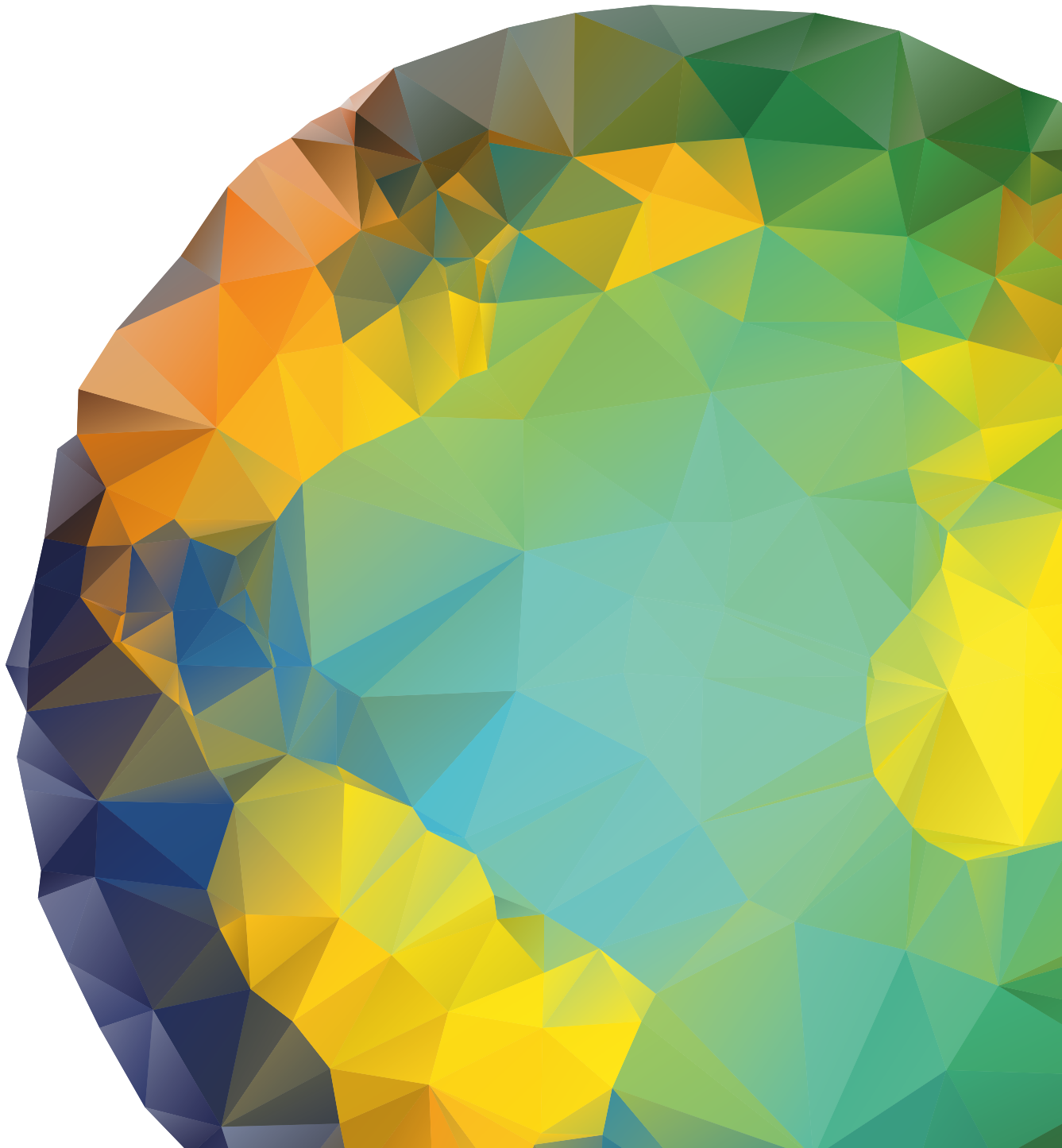
- Launch of sustainable banking programs and loans that support socially responsible businesses and projects
- Advance financial inclusion through the digital bank Blink, which uses cutting-edge global financial technologies to make financial products easily accessible.
- Partnerships and programs with local and international organizations which aim to create development opportunities to support small and medium-sized enterprises (SMEs) in Jordan
- Increasing the percentage of the procurement budget that is spent on local suppliers from 70% in 2021 to 80% in 2022.
- Rewards & recognition programs such as Capital Rewards and Capital Stars to recognize employee contributions and empower performance and engagement
- Capital Cares Employee Volunteer Club which aims to fully capitalize on the diverse skills and expertise of its employees and effectively match them with the needs of those who stand benefit from the program
- Connect with customers through satisfaction surveys to measure and track engagement levels over time.
- Partnership with Ryalize to launch Earned Wage Access solution for the bank's corporate clients to support financial wellness

### CORPORATE GOVERNANCE



- Our digital bank Blink is a digitalized bank that achieves total digital transformation
- The revamped Capital Bank Mobile App offers a user friendly, secure, and convenient way for customers to access their finances
- Establishing a Social and Environmental Management System (SEMS) to integrate ESG risk assessment into the bank's credit decision-making process.
- Anti-corruption training coverage increased from 701 employees in 2021 to 1273 employees in 2022

**CLIMATE ACTION**  
**AND** PROTECTING  
THE ENVIRONMENT



# CLIMATE ACTION AND PROTECTING THE ENVIRONMENT

## CLIMATE CHANGE

Climate change presents one of the most pressing challenges of our time, with significant implications for the environment, society, and the global economy. We recognize the urgency to act and are committed to playing our part in addressing climate change by reducing our greenhouse gas (GHG) emissions, increasing our energy efficiency, and promoting the transition towards a low-carbon economy.

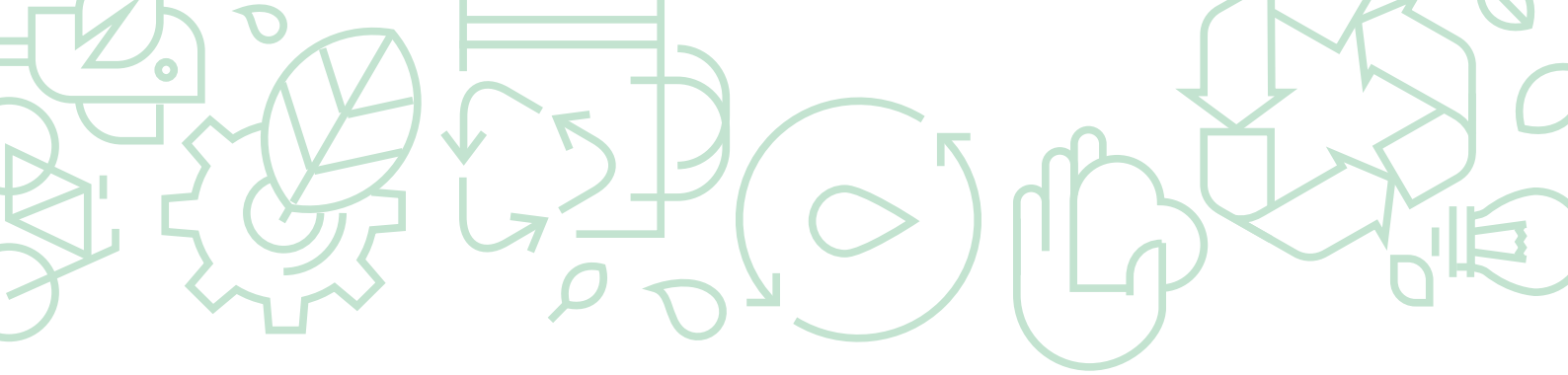
### Financing Renewable Energy Projects for Climate Change Mitigation

Capital Bank is committed to combating climate change by supporting the transition to renewable energy sources. We understand the critical role that financing plays in the development and implementation of renewable energy projects. To facilitate this transition, we offer clients specialized loans for renewable energy projects, funded by the Central Bank of Jordan. These loans feature favorable terms, such as lower interest rates and extended maturities. In certain cases, loans are provided without collateral, requiring only an assignment of proceeds for the funded project. Through these financing options, Capital Bank aims to drive sustainable change and contribute to global climate change mitigation efforts.

### Projects in Jordan that benefited from our renewable energy loans include:

- Shams Al-Karak on for Energy: Financial facilities were provided to support the Karak municipality's renewable energy project in exchange for an assignment of proceeds.
- Consolidated Energy and Economics Engineering Co.: Funding renewable energy projects in collaboration with the Ministry of Energy, utilizing funds from the central bank.
- The Contractor for Energy: Finance for a project with Jo-petrol, also utilizing central bank funds.





## ENERGY CONSUMPTION

At Capital Bank, we actively seek to improve energy performance and promote clean energy initiatives. In line with the Jordan Energy Strategy and the Jordan Green Growth National Action Plan, we aim to support the national direction of increasing reliance on renewable energy in Jordan. By embracing this vision, we strive to improve energy efficiency and facilitate the growth of green sectors within the country. Our commitment aligns with Jordan's overarching goal of transitioning to a more sustainable energy mix and fostering environmentally friendly practices.

### Progress in 2022: Solar Energy Systems

Capital Bank made significant strides in achieving our sustainability goals by installing two solar energy systems. These systems have a combined peak output of around 3 million kWh.

### Capitalizing on Opportunities: Acquisition of Audi Bank & SGBJ

Following the acquisition of Audi Bank, we identified an opportunity to leverage the newly acquired renewable energy facilities to reduce our dependence on standard grid electricity. Consequently, CBoJ relocated its data centers to the Ex-Audi building, which was already equipped with Audi's solar energy station. This move allowed us to further increase our reliance on clean energy within our energy mix, and we initiated plans to establish a new solar station covering the rest of the bank's branches in Jordan (except for Irbid & Aqaba).

The new solar station enabled us to optimize our energy consumption further by dedicating the Ex-Audi's solar station to our data centers and using the new station to cover the entire energy consumption of the Ex-Audi & other Capital Bank branches. The project is expected to commence operations in June 2023, with a peak output of around 2.4 million kWh.

### Future Initiatives: Building Management System (BMS) and Computerized Maintenance Management System (CMMS)

Capital Bank has plans to enhance our energy efficiency by upgrading and installing a Building Management System (BMS) for all buildings. This system will allow for improved control of mechanical and electrical equipment energy consumption.

Moreover, we are working on a Computerized Maintenance Management System (CMMS) to include all equipment and machines, ensuring proper maintenance through a scheduled preventative maintenance program. This initiative will directly impact the bank's energy bills and further demonstrate our ongoing commitment to sustainability.

We maintain our dedication to promoting clean energy and improving energy performance as part of our sustainability efforts. Our progress in 2022 and future initiatives demonstrate our commitment to achieving a greener and more sustainable future for our bank, our communities, and our planet.

## Energy consumption within the organization

GRI DESCRIPTION	UNIT	2021	2022
Total Energy consumption	GJ	NA	24,701
Renewable Electricity (Solar)	GJ	NA	9,576
Non-renewable Electricity	GJ	NA	12,305
Electricity	GJ	NA	7,813
Heating	GJ	NA	1,439
Cooling	GJ	NA	3,053
Non-renewable Fuel	GJ	NA	2,820
Fuel	GJ	NA	1,379
Diesel	GJ	NA	1,441

### Case Study: Reducing energy consumption through understanding our consumption habits

Capital Bank has undertaken initiatives aimed at reducing its energy consumption and improving energy efficiency. As the majority of the staff leave their offices after working hours with the AC and lighting still turned on, which results in unnecessary energy consumption, one of the key areas of focus has been the control of heating, ventilation, air conditioning (HVAC) systems and lighting in the bank's offices. To address this issue, Capital Bank is working to connect the HVAC system equipment and lighting to a Building Management System (BMS) to control the temperature following operating hours. This will result in reduced energy consumption and lower energy bills.

Another challenge faced by the bank was the lack of a clear reporting system for employees in case of equipment malfunctions. To address this, Capital Bank established and activated a ticketing system, allowing bank staff to report any issues and hence reducing downtime.

These initiatives aim to gain control over all of the bank's buildings assets, understand areas of improvement, and set achievable energy targets. The outcomes of these initiatives will translate in a reduction of energy consumption and corresponding emissions, which will have a direct and positive impact on the environment. By increasing the lifespan of its assets, the bank will also be able to reduce costs and improve sustainability.

Capital Bank's initiatives aimed at reducing energy consumption and improving sustainability are an important step in promoting a more environmentally responsible business model. The bank's achievements in this area demonstrate its commitment to sustainability and its belief that small changes can have a big impact.



## GHG EMISSIONS

To address climate change, we aim to measure and reduce our GHG emissions as we recognize the role that the banking sector plays in reducing environmental impact.

The reduction of greenhouse gas (GHG) emissions from our operations involves identifying and addressing the sources of emissions owned or operated by capital bank, and strategically implementing sustainable initiatives that improve our environmental performance. This includes initiatives such as optimizing energy usage in offices and branches, utilizing renewable energy sources, and promoting digital banking services to increase efficiency. Additionally, we encourage low-carbon investments and actively support environmentally friendly projects.

In 2022, we began calculating our greenhouse gas (GHG) emissions for the first time, which has allowed us to establish a starting point for our emissions management efforts.

We are tracking our consumption of fuels such as diesel and petrol from generators and vehicles. Consequently, the volume of fuels consumed was then converted to carbon equivalent emissions, and the Scope 1 emissions were calculated to be 325 tonnes of CO<sub>2</sub> equivalent.

Our Scope 2 emissions, which encompass purchased electricity, district heating, and cooling, were calculated to be 2,555 tonnes of CO<sub>2</sub> equivalent.

As we continue to monitor and report on our GHG emissions in the years ahead, we remain dedicated to exploring new and innovative ways to further reduce our environmental impact. Our commitment to reducing our carbon footprint is an integral part of our corporate values, and we are proud to be taking steps towards creating a more sustainable future.

### GHG Emissions

REPORTING REQUIREMENT	UNIT	2021*	2022
Scope 1 emissions	tCO <sub>2</sub> e	NA	325
Scope 2 emissions	tCO <sub>2</sub> e	NA	2555
GHG emissions intensity ratio	GJ/employee	NA	2.62
Denominator chosen to calculate the ratio	Number	NA	1100 Employees

\* 2022 is the first year of reporting

## WASTE MANAGEMENT

### PAPER

Paper is the most significant type of waste generated at capital bank. We take active measures to reduce our paper waste by focusing on the transformation to digital solutions, and implementing waste reduction and recycling initiatives in collaboration with local non-governmental organizations. We work closely with the Princess Alia Foundation to recycle used paper. In 2022, 40 tonnes of paper were recycled.

### PLASTIC

The bank also actively participates in the Green Wheelz Initiative, which involves recycling plastic bottle caps collected from across the bank.

### Supporting Sustainable Activities Inside and Outside the Bank

We also provide support and financing to clients initiating green projects, and encouraging our employees to propose waste management sustainable solutions applicable to our operations.

# CREATING VALUE FOR OUR PEOPLE AND COMMUNITIES



# CREATING VALUE FOR OUR PEOPLE AND COMMUNITIES

At Capital Bank, we understand that our success is inextricably linked to the well-being of our people and the communities we serve. In the «Delivering Value for Our People and Communities» section of our sustainability report, we highlight our commitment to fostering an inclusive, supportive, and empowering environment for our employees, customers, and local communities. We believe that by investing in the development of our people and supporting the communities in which we operate, we can create lasting, positive change. Through various initiatives, programs, and partnerships, we aim to contribute to the growth and development of both individuals and communities, ensuring equal opportunities and promoting financial well-being. By nurturing a thriving ecosystem, we are not only enhancing our social impact but also strengthening the foundations of our business, creating a brighter and more sustainable future for all.

## THE IMPORTANCE OF PEOPLE AND CULTURE AT CAPITAL BANK

At Capital bank, we recognize the critical role that culture, and people play in the success of our business. We are aware that our growth and progress are fueled by the combined efforts of our employees, who come from a variety of backgrounds, have different experiences, and have different viewpoints. A strong and inclusive culture is something we firmly believe in, and it is crucial to do so.

We believe that a solid culture serves as the building block for an engaged staff, which in turn generates superior business results and experiences for customers. Our biggest asset is our people, and we make investments in their education and training to help them reach their full potential. We enable our people to take responsibility for their job and make a positive contribution to the success of the company by giving them the appropriate tools, resources, and chances.

We also recognize that our people's values, beliefs, and behaviors influence our culture. As a result, we actively work to promote a culture of tolerance, trust, and respect. We value variety and recognize the individual differences that each person possesses. We think that a diverse workplace encourages innovation and creativity while also making it easier to find and keep outstanding people.

In 2022, our bank made significant steps towards fostering a culture that reflects our core values. We launched a bank values survey that gave our employees the opportunity to choose the values that they feel best represent our bank's environment. Based on the results of the survey, we launched Capital Bank values and initiated a culture transformation campaign. Our employees have been instrumental in this process, with direct involvement and support from them. They are currently working on a list of initiatives to ensure the instillation of bank values within our culture.

In addition, we have been conducting team bonding events for employees. This program started in July 2022 and has continued to date. It involves bringing together a group of employees from different departments for a gathering, fostering a sense of community within the bank. Furthermore, we introduced a talent strategy that ensures we are hiring employees based on our bank's core values, helping us build a cohesive and dedicated team that is aligned with our vision and mission.

## Our Talent Strategy

By adding professional qualifications and expertise knowledge, we are developing our learning strategy to deliver skills and knowledge that greatly boost our employees' productivity, consequently boosting their contributions to the organization's goals and their career profiles.

Our capability-building strategy enables the bank to cultivate the attitudes, mannerisms, and abilities required to expedite culture change and realize employee potential.

Since employee's professional growth is a key pillar to ensure the success of Capital Bank, it has set in place a group of learning and development initiatives, to provide the talent pool with the resources they need to deepen their curiosity, enthusiasm, and expertise. Capital Bank ensures that all of its employees have the confidence they need to consistently pursue both their personal and professional aspirations.

Capital Bank regularly organizes local and international training workshops, and specialized professional certifications. These are some of Capital Bank's training and development initiatives:

Offering training and professional development programs with renowned local and international providers and expanding in the area of e-training through the online learning platforms such as LinkedIn and Salalem.

Beginning the Capitalent program, which promotes internal competency development by giving staff members the chance to work on a development plan.

- Risk Management courses
- IT courses
- Soft skills
- Legal & Regulations
- AML & Fraud
- Institutional Business & Credit

## Compensations and benefits

Capital Bank will continue its growth journey with high governance standards concentrated on employee experience, ongoing development, and the celebration of teamwork.

We are committed to providing our employees with the best care and financial support. As per our internal policies all employees benefit from life and health insurance and subsidized credit facilities.

At Capital Bank, we believe in equality, therefore we have built a fair and accurate compensation system, including regular salary and bonuses.

Our Compensation and Benefits policy is designed to attract and retain talent through, high-quality compensation and benefits package that is tailored to their various needs. These consist of paid time off, special loan facilities, insurance policies, and other comparable benefits.

Capital Bank values talent and hard effort, and this is reflected in our market competitive compensation package as well as in variable rewards and benefits. The following is a list of the rewards and benefits that Capital Bank offers:

- **Health Care Benefits:** The bank offers health insurance coverage to its full-time staff members and their families.
- **Rewards:** The purpose of the Capital Rewards Programs is to reward each employee for exhibiting and modeling the ideal behaviors and traits that underpin the company's performance. The reward and recognition programs make it possible to acknowledge and celebrate accomplishments and aid in developing a solid, effective, and productive culture. Capital Bank ensures that through implementing reward and recognition programs, top performers are acknowledged, appreciated, and culture that fosters employee loyalty and a spirit of cooperation is promoted.
- **Capital Benefits:** The "Our Capital Retention Tool" is an employee benefit model used to replace the traditional benefits structure with a more flexible one. The tool is based on four major pillars: Health, Lifestyle, Financial Security, and Women Empowerment and allows employees to choose the benefits fulfilling their needs from a wide range of options rather than having a default package:
  - Designing an Incentive & bonus scheme that serves as a retention tool for employees such as:
  - Paid time offs (extending maternity & paternity leaves, introducing educational & family care leaves, etc.)
  - Offering Emergency support amounts
  - Offering Educational support
  - Women Empowerment Benefits (such as Nursery Allowances & continuation of paying the maternity salary from the organization in addition to the amount paid by the social security)
  - Improving medical insurance (such as dental, cancer, optical, life & parental insurances)
  - Supporting employees with their children's schooling
  - Introducing a Benefits Basket – for certain levels & positions and certain amounts for each – A basket which is deployed to move away from the traditional benefits structure into a more flexible structure that gives the employees the option to choose from a bigger basket of options of their choice rather than having the employer select the benefits on their behalf.



## Diversity and Inclusion

Building an inclusive and diverse workplace is essential for developing a sustainable organization. Inclusion promotes diversity of thought and viewpoint, which in turn spurs innovation and empowers employees to deliver a more valuable experience to a bank's stakeholders.

At Capital bank, diversity and inclusion are critical components of our mission and culture. We recognize that our employees and customers come from different backgrounds, experiences, and perspectives, and we believe that embracing these differences enhances our ability to serve our clients effectively and create a more innovative and productive work environment.

By fostering a culture of inclusion, we are better equipped to recognize and address the unique needs of our diverse customers and communities, which is crucial in a rapidly changing global marketplace. We believe that promoting diversity and inclusion is not only the right thing to do, but it is also a sound business strategy that contributes to our long-term success.

## Diversity and Equal Opportunity

### (Diversity of governance)

REPORTING REQUIREMENTS	UNIT	2021	2022
<b>Percentage of individuals within the organization's leadership</b>			
<b>(1) Age group</b>			
Under 30 years old	%	28.4%	28.1%
30-50 years old	%	67.3%	67.3%
Over 50 years old	%	4.3%	4.6%
<b>(2) Gender</b>			
Female	%	39.2%	38.4%
Male	%	60.8%	61.6%
<b>(3) Nationality</b>			
Jordanian	%	99.6%	99.3%
Non-Jordanian	%	0.4%	0.7%



**REPORTING REQUIREMENTS**
**UNIT**
**2021**
**2022**
**Identify the percentage of employees per employee category in each of the following diversity categories**
**(1) Age group**

Under 30 years old:

Senior management

%

0%

0%

Middle Management

%

0.2%

0.2%

Staff

%

28.2%

27.8%

30-50 years old

Senior management

%

1.2%

0.8%

Middle Management

%

15.4%

16.1%

Staff

%

50.7%

50.4%

Over 50 years old:

Senior management

%

0.7%

0.5%

Middle Management

%

1.3%

1.1%

Staff

%

2.3%

3.1%

**(2) Gender**

Female:

Senior management

%

0.6%

0.4%

Middle Management

%

6%

6.1%

Staff

%

32.8%

31.9%

Male:

Senior management

%

1.3%

0.9%

Middle Management

%

11%

11.3%

Staff

%

48.4%

49.3%

**(3) Nationality**

Jordanian

Senior management

%

1.8%

1.2%

Middle Management

%

16.7%

17.1%

Staff

%

81%

80.9%

Non-Jordanian

Senior management

%

0.1%

0.1%

Middle Management

%

0.2%

0.3%

Staff

%

0.1%

0.3%

**(Ratio of basic salary)**
**REPORTING REQUIREMENTS**
**UNIT**
**2021**
**2022**
**Ratio of the basic salary and remuneration of women to men for each employee category**

Senior management (C Level reporting to CEO)

%

74%

76%

Middle Management

%

85%

84%

Staff

%

91%

96%

## Inclusive Recruitment

Inclusive recruitment is an important enabler for our talent strategy. Our diversity and inclusion goals start with fair and inclusive recruitment practices. We firmly believe that an organization's strength lies in the unique perspectives, experiences, and talents of its employees. By embracing diversity and ensuring equal opportunities for all, we create a vibrant, innovative, and productive work environment that drives our success. In this sub-section, we will showcase our efforts to implement inclusive recruitment practices and policies that attract a diverse range of candidates from different backgrounds, genders, ages, and abilities. We will also highlight our commitment to providing ongoing support, mentorship, and development opportunities for our employees, helping them grow both personally and professionally. By prioritizing inclusive recruitment, we are not only empowering our workforce but also reinforcing our position as a socially responsible and forward-thinking organization.

### Employment

(New employee hires)

NEW EMPLOYEE HIRES	UNIT	2021	2022
Total number of new employee hires entering employment during the reporting period	Number	204	268
Rate of new employee hires	%	23%	21%

BREAKDOWN BY AGE GROUP	UNIT	2021	2022
Under 30 years old	Number	100	156
30-50 years old	Number	100	111
Over 50 years old	Number	4	1

BREAKDOWN BY GENDER	UNIT	2021	2022
Female	Number	78	93
Male	Number	126	175

EMPLOYEE TURNOVER	UNIT	2021	2022
Total number of employees leaving employment during the reporting period	Number	86	143
Turnover rate	%	10%	11%

BREAKDOWN BY AGE GROUP	UNIT	2021	2022
Under 30 years old	Number	23	43
30-50 years old	Number	57	89
Over 50 years old	Number	6	11

BREAKDOWN BY GENDER	UNIT	2021	2022
Female	Number	31	50
Male	Number	55	93

### Return from Maternity

Following the birth of a child, Capital Bank employees who are new parents are all eligible to paid leave. Our parental leave policy complies with all legal standards or goes above and beyond them. In 2022 Capital Bank had a 100% return-to-work rate as a result of its parental leave policy.

We promote an environment of openness before childbirth that supports female employees before taking their leave and during work handover, and seamless reintegration after they return. We also offer flexibility and remote work when needed.

(Parental leave)

#### Total number of employees that took parental leave

	2021	2022
Female	18	20
Male	28	42

#### Total number of employees that returned to work after parental leave ended

	2021	2022
Female	18	20
Male	28	42

#### Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

	2021	2022
Female	16	20
Male	26	41

### Return to work rate of employees that took parental leave

	2021	2022
Female	100%	100%
Male	100%	100%

### Retention rate of employees that took parental leave, by gender

	2021	2022
Female	89%	100%
Male	93%	98%

### Employee Engagement

Employee engagement is a critical component of Capital Bank's success, and we prioritize it as a top priority. Engaged employees are more productive, provide better customer service, and are more likely to remain with the bank for the long term. By fostering a workplace culture that supports employee engagement, we can attract and retain top talent, improve our financial performance, and position ourselves as an employer of choice. Employee engagement also helps us to create a positive work environment, which can lead to increased job satisfaction, morale, and well-being.

As a result, we invest in initiatives and programs to promote employee engagement, such as training and development opportunities and recognition and rewards programs. By prioritizing employee engagement, we can create a successful and sustainable bank that serves our customers, employees, and stakeholders.



These are some of the initiatives that we have implemented to improve our engagement with our employees:

- Overall Internal Communication with Employees
  - Engaging and communicating with employees through several HR engagement & pulse surveys and focus groups addressing employees to voice out and gain their inputs and feedbacks on several topics (Culture Surveys, Employee Satisfaction, Trainings Feedback, etc....) and working on action plans accordingly.
  - Establishing a culture of open communication in workplace
  - Creating an internal communication language, look & feel using different communication platforms
  - Keeping employees informed and celebrating successes, occasions & rewards openly
  - Activating HR Visibility Programs – getting in touch with employees regularly is essential.
- Rewards & Recognition Programs **Capital Rewards/Capital Stars**
  - Instilling a recognition culture and creating a work culture that motivates employees and enables higher performance and engagement in addition to encouraging peer-to-peer recognition within the organization.
- Referral Programs (**Capital Connect**)
  - Programs that encourage employees and allows them to benefit from bringing in Business leads, accelerating & closing business deals (current & future).

## Health and Wellbeing

At Capital Bank, we ensure the welfare of our employees and promote a culture where employees are guaranteed a safe, comprehensive, open and inclusive workplace

Capital Bank is dedicated to providing a distinguished employee experience that embraces a healthy work-life balance, good physical health, decreased stress, and enhanced lifestyles. This is motivated by the Bank's core conviction that workplace wellness is essential to helping it fulfill its purpose of having an impact that matters to its clients, employees, and community.

Capital Bank focuses on enhancing employee wellbeing and overall quality of life by offering year-round programs and activities, as well as developing and implementing a variety of wellness initiatives based on key personal health-related themes which maybe physical, mental, social, and intellectual.

### Health & Wellness Programs:

We prioritize the well-being and happiness of our employees. To support this, we have implemented several programs and initiatives throughout the year related to mental, physical, financial, and social well-being. These initiatives ensure that our employees are not just productive at work, but also lead healthy and fulfilling lives outside of work. In addition, we offer an Employee Discount Program that provides our employees with discounts on various products and services, such as restaurants, pharmacies, electronics, and more.

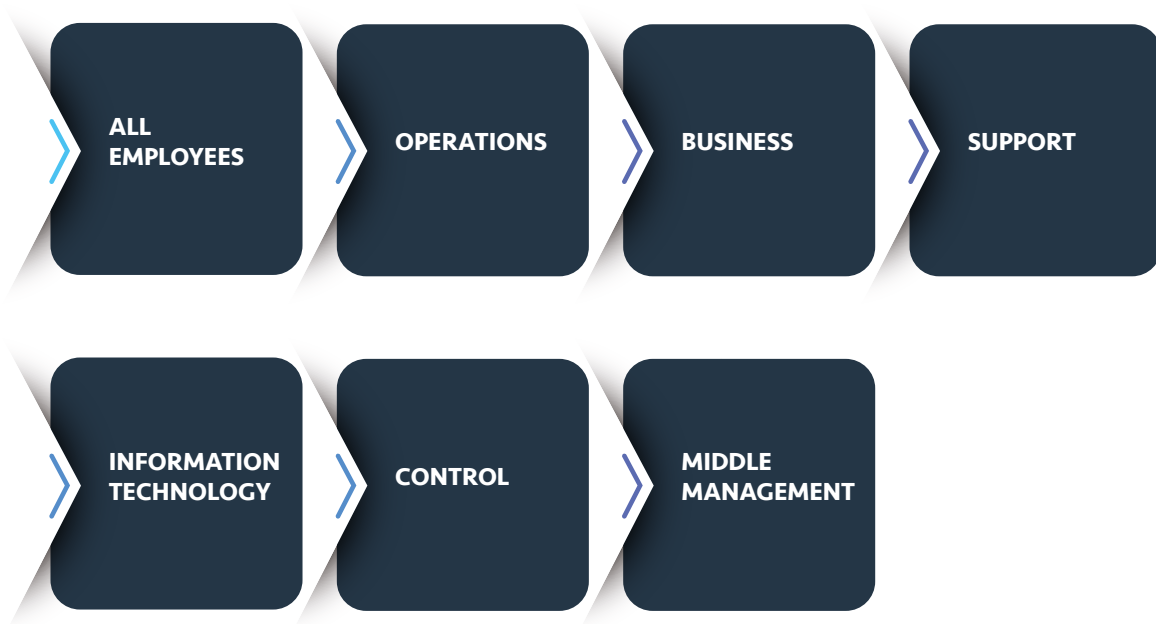
We also support and promote employees and their families with their side home businesses, as long as there is no conflict of interest with our Bank. To ensure a flexible and healthy work-life balance, we have introduced a Work from Home Policy. Lastly, we have established a Social Committee, which is responsible for initiating and driving engagement, team building activities, and employee CSR initiatives. The committee is elected by our employees, ensuring that everyone has a say in how we strengthen our team and boost employee morale. By prioritizing employee well-being, we believe that our employees will be more engaged, productive, and satisfied with their work and overall quality of life.



## Learning and Development

Learning and development programs are essential for organizations to remain competitive and relevant in an ever-evolving business landscape. These programs provide employees with the knowledge, skills, and tools they need to stay up to date with the latest industry trends, regulations, and best practices. By investing in learning and development, organizations can improve the capabilities and expertise of their employees, which can lead to improved customer service, increased operational efficiency, and enhanced innovation.

In our constantly changing environment, it is crucial to continually upskill our employees and invest in their growth. As a result, we offer our employees more than 60 programs focused on learning and development and capability building via e-Learning, self-study, and on-the-job projects. Those programs are categorized under 7 different focus areas to ensure that targeted improvement is achieved. The 7 categories cover all staff and define the skill sets which are present in different departments withing CBOJ.



To ensure the optimal e-learning experience for our people, we have carefully selected the following e-learning platforms: Thomson Reuters, Present Value, Moody's Analytics, Coursera, and Udemy. Each of these platforms offers a range of courses and learning resources that cover a variety of topics relevant to our business and industry.

The bank training program is not only focused on employees but expands to cover local communities by establishing the Innovate with Capital training program to help students and recent graduates optimize their skills and gain practical knowledge in specialized fields in the modern banking industry, thereby preparing them to work in the banking sector. This program falls under the purview of the bank's CSR strategy.

At Capital Bank, we are committed to fostering the growth and development of our employees. As part of this commitment, we offer leadership programs to executives and all employees to enhance their capabilities and talents. Our latest leadership program included a renowned keynote speaker, and we partnered with experienced coaches to provide our employees with the tools they need to enhance their leadership skills. We also recognize the importance of credit risk management in the banking industry, and as such, we have created Moody's Credit Risk Academy. We devote around 40% of our training budget to building our employees' credit skills, ensuring that they are equipped with the knowledge and expertise needed to effectively manage risk and make informed decisions. By investing in our employees' development in these critical areas, we are building a skilled and talented workforce that is well-equipped to help us achieve our business goals and maintain our position as a leading bank in the industry.

Below is our learning hours summary that have been allocated for our employees:

REPORTING REQUIREMENTS	UNIT	2021	2022
Total learning opportunities	Number	2,330	2,525
Total number of trained employees	Number	1,222	1,311
Total number of certificates	Number	13	19
Total number of employees who attended leadership programs	Number	35	78
Total number of employees who are registered in Moody's academy	Number	0	29

### Training and Education

REPORTING REQUIREMENTS	UNIT	2021	2022
<b>Average hours of training that the organization's employees have undertaken during the reporting period</b>			
<b>(1) Gender</b>			
Female	Number	90	95
Male	Number	89	92
<b>(2) Employee Category</b>			
Senior Management	Number	80	91
Middle Management	Number	82	93
Staff	Number	91	98

REPORTING REQUIREMENTS	UNIT	2021	2022
<b>Percentage of employees who received a regular performance and career development review during the reporting period</b>			
<b>(1) Gender</b>			
Female	%	100	100
Male	%	100	100
<b>(2) Employee Category</b>			
Senior Management	%	100	100
Middle Management	%	100	100
Staff	%	100	100

## OUR RELATIONSHIP WITH OUR CUSTOMERS

Capital Bank deeply prioritizes creating positive customer experiences and strong relationships with our stakeholders. Setting high standards for customer satisfaction is a key goal for us and has also been the driving force for various technical and organizational developments to elevate customer experiences. We prioritize listening to our client's needs and implementing solutions to streamline their banking experiences, to deliver maximum value.

### How Do We Listen to Our Customers?

Delivering on our Customers' needs is a core organizational value that we integrate into all our business activities. In line with the bank's vision and strategic objectives, our Customer Experience and Business Excellence Department continues to apply business plans track customer feedback across our range of products, with particular focus on the consumer banking sector where customer experience plays a key role shaping our institutional identity.

In addressing customer needs, we live by the values of continuous improvement, which involves creating technical solutions to maximize efficiency. In 2022, we created a revamped mobile app and a neobank called Blink and explored opportunities to both acquire other banks to increase our retail and corporate banking footprint, and to enhance customer engagement. These measures help us increase our customer base and actively incorporate feedback from our existing clients.

### Customer experience

Our success is highly dependent on listening to our customers, as we strive to build deeper relationships with our stakeholders and foster an environment of loyalty, trust, and integrity. To further understand customer needs, we carry out in-branch satisfaction surveys, account opening surveys, loans and credit card surveys and customer satisfaction surveys. We also provide a toll-free number on our website to address customer complaints with 100% guaranteed reply back rate.

These tools help us analyze improvements we can make, and address challenges faced in your banking experiences.

We are committed to implementing state-of-the-art solutions that promise us a competitive advantage when it comes to satisfying our customers. An example is, that by mid-2022, we had unified all our critical data into a single source, as our Capital Bank Data Office captured and centralized data from its core banking and 15+ banking applications into a data warehouse. This process had kickstarted our data science and analytics phase of using Artificial Intelligence (AI) and Machine Learning (ML), which ultimately enhanced client experiences.

We track and review monthly reports on customer experience and satisfaction reports, which analyze key metrics that provide us with information on how likely it is that our customer base will recommend our services, loyalty scores over the previous month, results of surveys conducted, and satisfaction scores against the following criteria:

- The comfort, cleanliness, condition, and maintenance of the local branch
- The service process, price and fees, product features and benefits, and range of products offered
- Service and wait times spent at local branches
- Efficiency and responsiveness, knowledge of products and services and friendliness of the branch employees



# COMMUNITY DEVELOPMENT



"Believing in our role as a responsible corporate social citizen, we continue to implement our CSR strategy that address stressing national needs and contribute to supporting our local community."

**Touleen Barto**  
Group Chief Marketing Officer

We believe that the health of our society involves meaningful inputs from every organization, person, institution, and authoritative body. Therefore, in line with the same goals, Capital Bank has created and implemented various corporate social responsibility (CSR) driven initiatives, to contribute to the wider development of Jordan.

## CSR Strategy and Framework

Guided by the conviction that it is essential to make meaningful contributions to the development of the local community, we have crafted a strategy for social responsibility that outlines the framework for our community engagement efforts. This strategy is centered around identifying key areas of need from the perspective of the bank and aligning these with its objectives. To execute this plan, we employ a business model that utilizes a dual-pronged approach, which includes forming strategic and long-term partnerships with civil society organizations that operate within the targeted sectors, as well as utilizing the talents and resources of its own volunteer employees to further our mission of fulfilling its social responsibility.

Our CSR strategy aims to serve the local community by focusing on the following areas:

- 1 Education and skills-building
- 2 Economic and social empowerment
- 3 Entrepreneurship
- 4 Philanthropy

We are also proud of our Corporate Communications and Corporate Social Responsibility Department, whose aim is to apply business plans that measure and develop customer experiences.

## Employee Volunteering

We strive to exceed our clients' and stakeholders' expectations of us. For the same, we have implemented strategic employee volunteering programs. Additionally, to fully integrate and align our volunteering efforts with the bank's overarching strategy and goals for social responsibility, we have initiated the Capital Cares Employee Volunteer Club. This initiative aims to fully capitalize on the diverse skills and expertise of its employees and effectively match them with the needs of those who stand to benefit from the program. The Capital Bank volunteer club offers a wide range of volunteering opportunities throughout the year for bank employees, in close collaboration with partner organizations from the local community. The goal is to design volunteer events and programs that not only enhance the volunteer experience for employees, but also bring about meaningful and positive outcomes for the program's beneficiaries.

## Employee Educational Fund

At Capital Bank, we consider our employees to be our most important asset. In celebration of our employees, in 2019 we launched the Employee Educational Fund, with the aim to support employees in covering their children's educational fees. The Fund, which aims to promote the importance of education in alignment with our CSR pillar, is governed by specific metrics and selection criteria to ensure fairness and transparency in the selection and fund allocation processes.

## Supporting SMEs to Empower the Local Economy

Small and medium-sized enterprises (SMEs) play a vital role in driving economic growth and creating job opportunities. Capital Bank is dedicated to supporting these key contributors to Jordan's economy. In 2022, we continued our commitment to empower SMEs through a range of strategic partnerships and financial solutions designed to foster their growth and development.

Our innovative collaboration with Liwwa, an online lending platform, streamlines the credit facilities process for SMEs, allowing them to receive financing more quickly and efficiently. To date, we have disbursed and approved limits of JOD 4.2 million for 37 clients, helping to bolster the local economy.

Capital Bank has also participated in various initiatives and agreements aimed at providing SMEs with favorable interest rates, loan guarantees, and targeted support for women-owned businesses, start-ups, and those affected by the Covid-19 pandemic. These efforts include partnerships with the International Bank for Reconstruction and Development (IBRD), the Arab Fund for Economic and Social Development (AFESD), the Jordan Loan Guarantee Corporation (JLGC), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD).

By offering comprehensive banking services through our Capital Start program and engaging in impactful collaborations, we aim to support the success of SMEs, ultimately strengthening Jordan's economic resilience and fostering sustainable growth.

Here's an overview of the key highlights from our efforts in supporting SMEs:

- 1 Capital Start: Comprehensive banking services and products tailored to the needs of SMEs and startups.
- 2 IBRD Agreement: Two agreements totaling JOD 5.9 million for SMEs, offering loans at favorable interest rates.
- 3 AFESD Agreements: Two agreements valued at JOD 9.1 million, providing SMEs with low-interest financing.
- 4 JLGC Agreement: Loan protection with coverage of 70% for regular projects, 85% for start-ups, and 80% for women-owned businesses.
- 5 EIB Economic Resilience Initiative: Capital Bank received 70 million Euros for SMEs affected by the Covid-19 pandemic, providing competitive interest rates.
- 6 EIB Agreement: USD 105 million loan to support institutional banking customers with medium and long-term financing.
- 7 EBRD MoU: A unique partnership offering SMEs access to expert consulting services and advisory solutions, with grants covering up to 70% of consulting costs.
- 8 Proparco & DEG Agreement: A loan to finance and develop the SME portfolio, focusing on women-led businesses, start-ups, FinTechs, youth-owned businesses, and SMEs located outside Amman.
- 9 IFC Agreement: A USD 25 million loan to support sub-borrowers impacted by the COVID-19 pandemic through eligible sub-loans.
- 10 FMO Guarantee Agreement: A USD 20 million «NASIRA guarantee program» providing risk-sharing support for loans to SMEs affected by COVID-19 and young entrepreneurs.

## Corporate Social Responsibility

Capital Bank is deeply committed to making a positive impact on society through our CSR initiatives. Our primary focus areas are education, socio-economic development, entrepreneurship, and philanthropy, as we dedicate funds and design initiatives to proactively contribute to these themes.

### Education

In 2022, Capital Bank continued to support critical national issues, particularly in education and socio-economic development. We sponsored academic and skill-enhancement programs for disadvantaged students throughout Jordan, furthering our commitment to empowering our communities. We maintained partnerships with various NGOs and civil society organizations, including:

- Queen Rania Foundation.
- Elia Nuqul Foundation.
- Loyac Jordan for Youth Employability.
- Injaz for Education & Entrepreneurship.
- Eywa' Centre for Special Education.
- AL Bunayyat Centre for Special Education

### Socio-Economic Development

Capital Bank remains committed to promoting socio-economic development and supporting underprivileged members of society through strategic partnerships with various entities. These partnerships include collaborations with organizations such as:

- Jordan Hashemite Fund for Human Development
- Tkyyet Um Ali

### Entrepreneurship

Capital Bank is dedicated to promoting entrepreneurship in Jordan through various initiatives that support startups and small businesses. Our objective is to foster innovation, creativity, and empower the next generation of business leaders in the country. As part of our efforts, we have partnered with INTAJ, an organization that is actively involved in promoting entrepreneurship in Jordan. INTAJ provides aspiring entrepreneurs with access to training, mentorship, and networking opportunities that help them launch and grow their businesses. Through this partnership, we aim to further strengthen the entrepreneurial ecosystem in Jordan and contribute to the growth and success of the country's business community.



## Philanthropy

Capital Bank values philanthropy and is committed to giving back to the communities we serve. We support various NGOs and CSOs through our Miscellaneous Donations program, contributing to causes related to education, health, and social welfare. In addition to our corporate donations, we encourage our employees to engage in philanthropic activities by offering an Employee Donations program. Through this program, employees can donate a portion of their salary to support charitable causes of their choice. This program reflects our belief in the importance of individual responsibility and the power of collective impact in creating positive change in society.

### CSR spending for the year 2022

NAME	AMOUNT (JOD)
Royal Initiatives	759,000
Civil Societies Initiative	277,773
Jordan Basketball Association	90,000
Support of Local Campaigns	45,000
Educational Expenses	33,088
Queen Rania Foundation	25,000
World Economic Forum Costs	25,000
Donation to Lweibdeh building	20,000
Jordan Football Association	9,975
Enjaz Company	7,090
Al Hosn Sports and Cultural Club	6,667
Young Muslim Women Association	6,250
Elia Nuqul Association	5,350
King Hussein Cancer Center	5,000
Lebanese Community Committee	5,000
Other donations	184,260
<b>TOTAL</b>	<b>1,504,452</b>

Capital Bank also continues to support socio-economic development targeting underprivileged members in society, in partnership with some leading entities, including The Jordanian Hashemite Fund for Human Development, Orphan Support Association- Mafraq, Al-Aman Fund for the Future of Orphans and The Crown Prince Foundation. Believing in the power of sport as a catalyst to the young generation, we have also supported activities and entities alike such as the Basketball Federation and the Basketball University League, football clubs and tournaments across Jordan and Seven Mountains Initiative.

Additionally, Capital Bank is committed to providing educational scholarships to deserving students. The program was launched in 2019, supporting two beneficiaries with a budget of JOD 5,000. Since then, the program has expanded and in 2022, scholarships were provided to eight beneficiaries with a budget of JOD 20,000. This growth demonstrates the Bank's continued dedication to promoting education and investing in the future of Jordan's youth.

### CSR Club: Initiatives and activities undertaken by Capital Bank's employees

#### 2019:

- Al Bunnayat Center Visit – Children with Down Syndrome
- Blood Donation Day Initiative
- Elderly Home Visit
- Iftar with SOS orphans in Haya Cultural Center
- Home Renovation Initiative
- Story Telling Day with KHCC Children
- Orphans Iftar with Tkyyet Um Ali.

#### 2020

In 2020, no initiatives were performed due to the coronavirus pandemic.

#### 2021:

- Blood Donation Day initiative
- World Diabetes Day Initiative
- Pink October Initiatives (Pink Walk, sales Booth from KHCC, medical checkups for female employees)

#### 2022:

- Blood donation day
- Down Syndrome Day
- Green Wheels Initiative – plastic bottle caps recycling
- Orphans Iftar at intercom Hotel
- Elderly Home Visit
- Public Service Day Initiative – painting Zaha Cultural Center

# CORPORATE GOVERNANCE

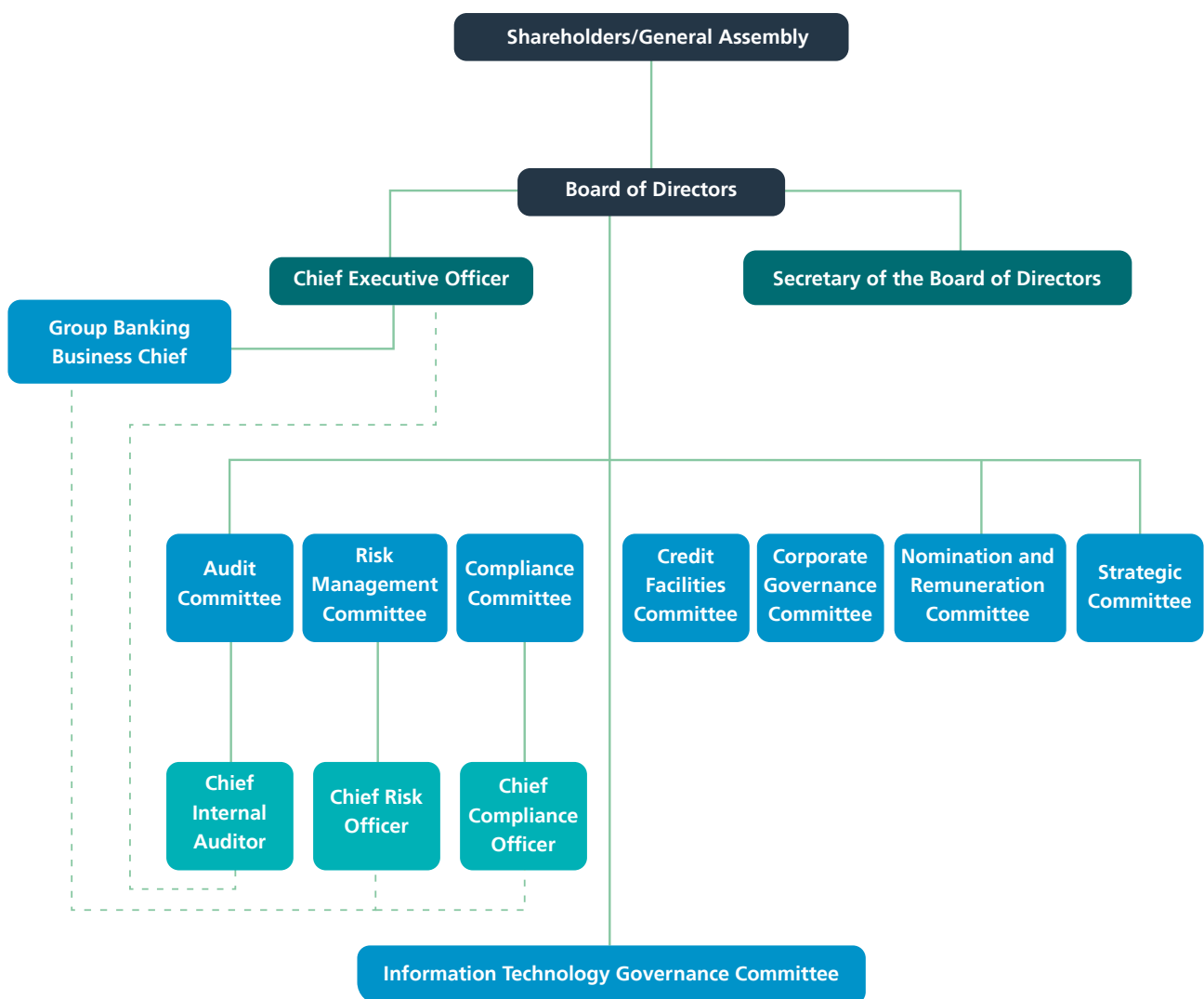


# CORPORATE GOVERNANCE

At Capital Bank, we apply a robust governance structure with clearly defined responsibilities and policies is essential in ensuring we achieve our goals while maintaining integrity and ethics.

In pursuit of good governance, we identify the responsibilities of our Board of Directors and its committees and establish principles to guide their relationship with executive management. We take responsibility for instituting proper governance principles that regulate decision-making processes, promote transparency and credibility in decision-making, and implement internal controls to mitigate any risks we may face. By doing so, we can avoid improper practices that could result in conflicts of interest and put our bank at risk.

One of the most critical components of effective corporate governance is an efficient and effective internal control system. We derive our control system's principles from our Board of Directors, who are committed to fulfilling our overall aims and objectives, following applicable laws, as well as our internal instructions and policies, maintaining the integrity of our financial and management reports, and ensuring that our operations are efficient and effective. As a result, we can provide our customers with a high level of service and protect our company from potential risks.



**FIGURE 1 CORPORATE GOVERNANCE SYSTEM**

## THE BOARD OF DIRECTORS

We have a Board of Directors composed of thirteen non-executive members who are elected through a secret ballot using the cumulative voting system. We have a fit and proper policy for our Board members, which includes criteria, requirements, and conditions that must be present in the nominated and appointed members. We also have a code of conduct in place for our Board members, which is reviewed and modified regularly.

We ensure that our Board members meet certain requirements, such as being at least 25 years of age, not being a member of any other bank's board of directors in the Kingdom and having a minimum of five years' experience in banking, finance, or similar fields. We also require a prior approval from the Central Bank of Jordan for any person to be nominated on our Board of Directors. Additionally, we have strict rules in place to prevent conflicts of interest, such as prohibiting the Chairman of the Board or any of the major shareholders from being related to the General Manager up to the third level/degree relation. Overall, we strive to ensure that our Board of Directors is composed of qualified individuals who will act in the best interests of the Bank and our stakeholders.

## GOVERNANCE COMMITTEES

In our commitment to sustainable and responsible business practices, Capital Bank of Jordan has established various specialized committees. These committees play a critical role in overseeing key aspects of our operations, ensuring compliance, managing risks, and driving strategic growth. In this section, we highlight the primary functions and responsibilities of each committee, demonstrating our dedication to transparency and strong corporate governance.

- 1 Audit Committee:** Oversees auditing and internal control systems, evaluates auditors, recommends appointments and terminations, ensures proper whistleblowing procedures, evaluates internal audit managers, and reports to the Central Bank of Jordan on audit results
- 2 Remuneration Committee:** Evaluates the performance of the Board and Executive Management, provides continuing education, grants financial incentives, and oversees human resources policies.
- 3 Corporate Governance Committee:** Oversees the preparation, updating, and implementation of the Corporate Governance Manual and submits the Governance Report to the Board of Directors.
- 4 Risk Committee:** Recommends the Bank's risk management strategy, oversees stress testing, evaluates and recommends the appointment and performance of the head of the Risk Management Department, and reviews the business continuity plan and assessment study for capital adequacy.
- 5 Credit Committee:** Makes decisions on facilities that exceed the credit authorities of the highest credit committee in the executive management and periodically reports the details of approved facilities to the Board.
- 6 Compliance Committee:** Ensures the effectiveness of the Bank's compliance programs, reports on money laundering and terrorism financing risks, and addresses contentious issues with executive management.
- 7 Technology Governance Committee:** Reports periodically to the Board of Directors and operates in accordance with the instructions of governance and information management and related technology.
- 8 Strategy Committee:** Directs the Executive Management in preparing a strategy for the Bank, recommends key performance indicators, approves new investments, mergers, and acquisitions, and recommends the adoption of an estimated budget that achieves the approved strategy.

# MANAGEMENT WITH RESPONSIBILITY

## Code of Conduct

At Capital Bank, our values are the cornerstone of our business operations, guiding us in our commitment to providing exceptional customer experiences, acting with integrity, investing in our people, embracing resilience and innovation, thinking ambitiously, and fostering accountability. Our Code of Conduct, grounded in these values, serves as a vital framework to ensure ethical and responsible behavior across our organization.

To uphold our values, we have established a Code of Conduct, which encompasses the following principles:

- 1 Ethical behavior:** Reflecting our commitment to integrity, we expect employees to act with honesty and fairness, complying with laws, regulations, and our policies.  
  
We expect all of our employees to act with integrity, honesty, and fairness in all their dealings with customers, colleagues, and other stakeholders. We also expect our employees to comply with all applicable laws and regulations, as well as our own policies and procedures.
- 2 Anti-discrimination and anti-harassment:** In line with valuing our people, we maintain a discrimination-free and harassment-free workplace, promoting diversity and inclusion.  
  
We are committed to providing a workplace that is free from discrimination and harassment of any kind. We prohibit discrimination on the basis of race, gender, sexual orientation, age, religion, or any other protected characteristic, and we have policies in place to prevent and address incidents of harassment.
- 3 Compliance with laws and regulations:** Demonstrating accountability, we comply with all relevant laws and regulations, providing regular training to ensure employee awareness.  
  
We are committed to complying with all applicable laws and regulations, including those related to banking, finance, and data privacy. We expect our employees to follow these laws and regulations as well, and we provide regular training and education to ensure that they are aware of their obligations
- 4 Protection of confidential information:** To put our clients first, we safeguard customer and employee data through stringent policies and procedures.  
  
We take the protection of confidential information very seriously. We have policies and procedures in place to safeguard customer data, employee data, and other sensitive information, and we require all employees to abide by these policies.
- 5 Conflict of interest:** Reinforcing integrity, we prevent conflicts of interest by requiring disclosure and prioritizing the company and customers' best interests.  
  
We have policies in place to prevent conflicts of interest, and we require all employees to disclose any actual or potential conflicts of interest that may arise. We also require employees to act in the best interests of the company and its customers at all times.
- 6 Social and environmental responsibility:** Showcasing resilience and innovation, we minimize environmental impact and contribute to local communities through various initiatives.  
  
We are committed to social and environmental responsibility, and we believe that businesses have a responsibility to contribute to the communities in which they operate. We strive to minimize our environmental impact, promote diversity and inclusion, and support local communities through charitable giving and other initiatives.
- 7 Reporting and enforcement mechanisms:** Emphasizing accountability, we encourage reporting of Code of Conduct violations and have a zero-tolerance policy for behavior misaligned with our values.  
  
We have established reporting and enforcement mechanisms to ensure that our Code of Conduct is followed. Employees are encouraged to report any violations of the Code of Conduct, and we have a zero-tolerance policy for any behavior that is inconsistent with our values.

## Business Ethics and Compliance

At Capital Bank, we are dedicated to maintaining the highest standards of ethical conduct and compliance across all our operations. Our commitment to ethical practices, combined with our robust policies and frameworks, ensures that we meet and exceed legal and regulatory requirements while protecting our customers, employees, and shareholders. In this section, we outline our key policies, frameworks and activities related to business ethics and compliance.

### Whistleblowing

Whistleblowing is an essential component of Capital Bank's commitment to transparency, accountability, and ethical behavior. As a financial institution, we recognize the critical role that whistleblowers play in preventing and exposing misconduct, and the potential benefits of their actions for our stakeholders. Therefore, we are committed to fostering a culture that supports and protects whistleblowers, and to providing them with appropriate channels to report any concerns they may have.

Our whistleblowing policy encourages employees, subsidiaries, and stakeholders to report any improper practices or violations of our high ethical standards. This policy ensures that individuals who report such practices are protected from retaliation or any negative consequences, provided that the reporting is done in good faith and not for personal or malicious reasons. The scope of the policy includes, but is not limited to:

- Illegal behavior or misconduct
- Financial misconduct
- Fraud
- Non-compliance with internal control policies and systems, and the approved professional code of conduct
- Failure to disclose conflicts of interest
- Abuse of position
- Manipulation of accounting data or financial dues
- Undue benefits, rewards, or gifts from third parties
- Illegal disclosure of confidential information
- Harassment and immoral behaviors
- Health and safety risks
- Application of non-justice

### Compliance

Compliance is a crucial element of Capital Bank's commitment to sustainable and responsible business practices. As a financial institution, we operate in a highly regulated environment and must adhere to a wide range of laws, regulations, and standards. Compliance ensures that we operate ethically and lawfully, and that we protect the interests of our stakeholders. We have established a robust compliance framework and policy that encompasses all aspects of our operations, including risk management, governance, and transparency.

Our compliance framework outlines the structure through which business units and support functions manage their compliance risks, allocate authority and responsibilities, and maintain a corporate culture of integrity, safety, and soundness. The framework includes:

- Establishment of the "Three Lines of Defense" model
- Day-to-day identification and management of compliance and financial crime risks
- Promotion of a culture of integrity, safety, and soundness
- Monitoring of compliance with applicable laws and regulations

Our compliance policy is designed to maintain trust with our customer base and shareholders, ensure adherence to laws, regulations, and legislation, protect the bank from potential risks resulting from non-compliance, and provide guidance and awareness on the responsibilities associated with the compliance function. The policy's objectives are to:

- Maintain the bank's reputation and trust with customers and shareholders
- Compliance with laws, regulations, instructions, and legislation
- Protect the bank from potential risks resulting from non-compliance
- Provide guidance and awareness on compliance-related responsibilities

## Anti-Money Laundering Policy

Money laundering is a criminal activity that seeks to disguise the proceeds of illegal activities as legitimate funds, and it poses a significant risk to the integrity of the financial system. As a financial institution, we are subject to stringent AML laws and regulations, which require us to implement effective controls to prevent, detect, and report suspicious transactions. At Capital Bank, we take a risk-based approach to AML, which means that we assess our risks and implement controls commensurate with the level of risk.

Our anti-money laundering policy applies to all branches of Capital Bank and complies with the Anti-Money Laundering, Counter Terrorist Financing, and Sanctions Law issued by the Central Bank of Jordan or other relevant regulators. The policy's objectives are:

- Comply with AML/CTF laws in Jordan and other countries where the bank operates
- Implement a strong customer identification program
- Apply global standards related to AML/CTF and economic sanctions
- Protect the bank from legal, financial, and reputation risks
- Maintain the highest standards of integrity in all areas of operation
- Enforce administrative measures against employees who violate AML/CTF policies
- Provide legal and professional protection for employees who report suspected financial crimes

## Focused training on Business integrity and anti-corruption

We conduct regular training programs on anti-corruption for our employees, ensuring that they understand and adhere to our commitment to ethical conduct and compliance with anti-corruption laws and regulations. This training helps to foster a culture of integrity and accountability throughout our organization.

REPORTING REQUIREMENTS	UNIT	2021	2022
<b>Total number of employees that have received training on anti-corruption, broken down by employee category and region:</b>			
Senior Management	Number	1	20
Middle Management	Number	140	236
Staff	Number	560	1017

REPORTING REQUIREMENTS	UNIT	2021	2022
<b>Total percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region:</b>			
Senior Management	%	5%	91%
Middle Management	%	100%	100%
Staff	%	98%	98%

In conclusion, our comprehensive approach to business ethics and compliance demonstrates Capital Bank's unwavering commitment to operating with the highest standards of integrity and transparency. We believe that by maintaining these standards, we not only protect our reputation and the trust of our stakeholders, but also contribute to a more sustainable and responsible financial industry.

REPORTING REQUIREMENTS	UNIT	2021	2022
FN-CB-510a.1. Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Number	0	0

# RISK MANAGEMENT

Our Risk Management Mission is to ensure that Capital Bank has a robust framework to Identify, Measure, Control/ Mitigate, and Monitor/ Report. All the significant risks to help the Bank achieve the strategic objectives, having regard to its financial capacity, non-financial capacity, and regulatory constraints and to provide assurance to the Board of Directors (BoD) that it is applied consistently across the bank.

We define risk as the potential for adverse consequences arising from an action or event. These consequences can manifest in two primary ways:

- 1 Direct financial losses that negatively impact the bank's profitability or financial position.  
Constraints on the bank's capacity to achieve its strategic objectives, potentially limiting our ability to
- 2 maintain ongoing operations or capitalize on opportunities for growth and improvement.

To address these concerns, our risk management framework encompasses a wide range of activities that shape the bank's overall risk profile. This comprehensive approach involves the identification, measurement, monitoring, and control of risks, with the goal of ensuring the following:

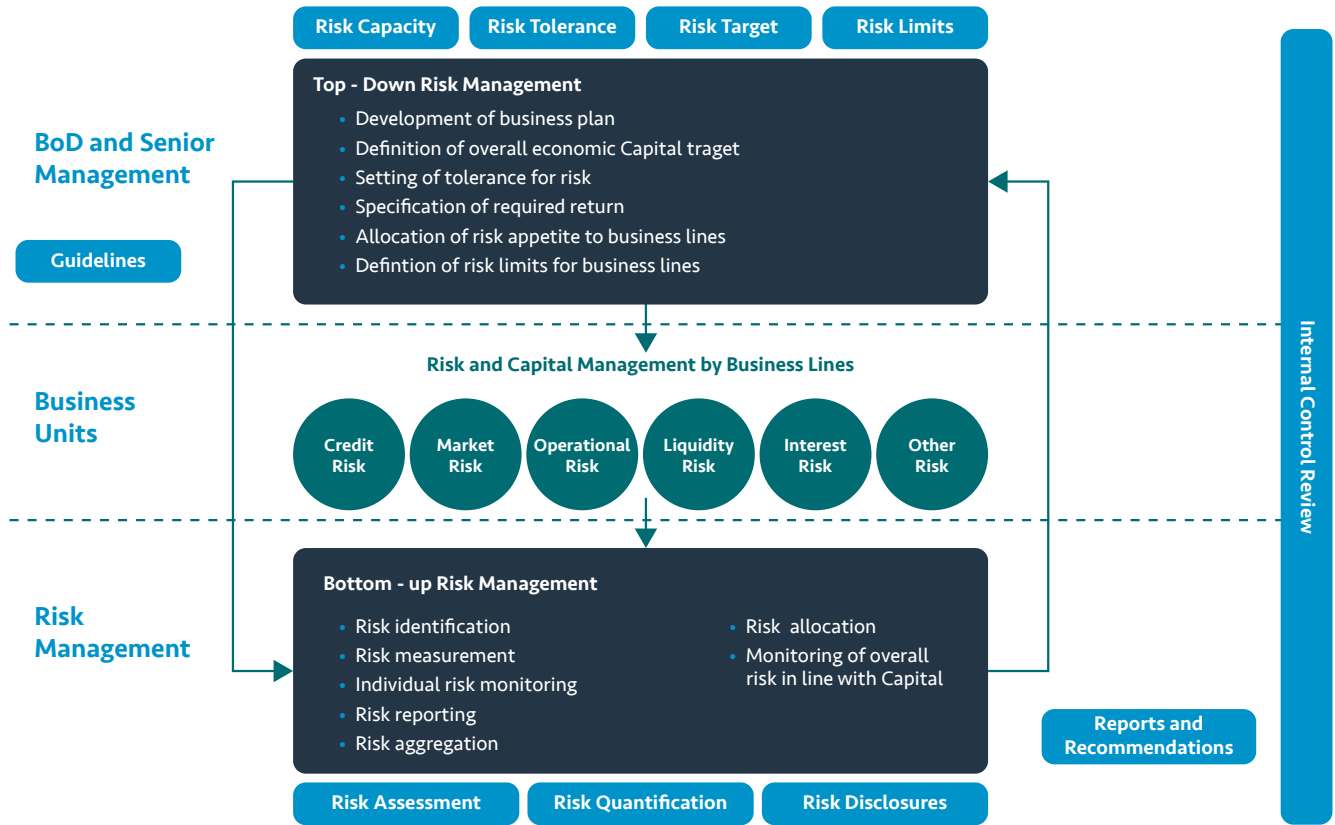
- a Risk-takers within the organization have a clear understanding of the risks they assume.
- b The bank's risk exposure remains within the boundaries set by the BoD.
- c Decisions to take risks align with the bank's strategy and objectives as determined by the BoD.
- d Expected returns adequately compensate for the risks taken or are justified by a specific business requirement.
- e Risk-taking decisions are explicit, well-defined, and transparent.
- f Adequate capital buffers are in place to absorb potential risks.

By adhering to these principles, Capital Bank can effectively manage risks and continue to uphold its commitment to long-term sustainability and value creation for our stakeholders.



# RISK MANAGEMENT FRAMEWORK

A robust risk management framework is essential for any financial institution to ensure the effective management of risks and the protection of its stakeholders' interests. At Capital Bank, we aim to establish and sustain an ideal risk management structure that incorporates a combined top-down and bottom-up methodology. This framework is designed to align with the Bank's overarching strategy, which is determined by the Board of Directors and senior management, and promotes a culture of risk awareness and accountability throughout the organization.



# INCORPORATION OF ESG FACTORS IN CREDIT ANALYSIS

“At Capital Bank, we adhere to a strict Environmental & Social Management Policy that we apply to our credit analysis process, conscious of our role in supporting the alleviation of social and environmental impacts.”

**Samer Al Aloul**  
Group Chief Banking Officer

Capital Bank is committed to fostering sustainable practices in today's rapidly changing financial landscape. In alignment with our dedication to Environmental, Social, and Governance (ESG) factors, we have implemented a comprehensive Social and Environmental Management System (SEMS) and an E&S policy that guides our credit analysis process. This policy adheres to the International Finance Corporation (IFC) criteria, categorizing industries based on their environmental risk.

Our SEMS framework ensures that we systematically identify, assess, and manage the ESG risks and opportunities associated with our clients' businesses. To gain a thorough understanding of our clients' ESG performance, we require them to complete an environmental and social (E&S) questionnaire. This questionnaire is included in the credit report for new clients and updated annually for existing clients during credit limit renewal and client visits.

In instances where clients have ESG-related violations, Capital Bank mandates the submission of a corrective action plan and diligently follows up until the plan is executed. We then re-evaluate the client's standing to ensure compliance with our sustainability standards. Moreover, Capital Bank is committed to responsible lending practices by adhering to the IFC exclusion list, refraining from granting credit facilities to clients operating in excluded industries.

Integrating ESG considerations into our credit analysis through our SEMS approach allows Capital Bank to proactively identify and manage potential risks and opportunities that may have a material impact on borrowers' creditworthiness. This comprehensive approach enables us to make more informed lending decisions while contributing to sustainable economic growth and responsible business practices.

Furthermore, our commitment to incorporating ESG factors into the credit analysis process aligns with the growing expectations of our stakeholders, such as investors, regulators, and customers, who increasingly demand responsible financial services. Ultimately, Capital Bank's dedication to ESG integration and the implementation of SEMS not only strengthens our risk management framework but also reinforces our reputation as a responsible and forward-looking financial institution, dedicated to fostering long-term value creation for all stakeholders.

## **DATA PRIVACY AND SECURITY**

At Capital Bank, we understand the importance of safeguarding the personal information of our customers and have a strict policy in place to ensure the protection of their privacy. We believe that it is not only a legal obligation but also a moral responsibility to keep our customers' information secure. This is reflected in the roles and responsibilities of all employees, who are trained and mandated to take every possible measure to protect the privacy of customer information. In 2022, we are taking additional steps to ensure that we are fully compliant with all CBoJ's regulations and guidelines pertaining to customer privacy. We are committed to providing our customers with the highest level of protection for their personal information and have established an effective system for handling any complaints related to breaches of customer privacy that may arise.

Capital Bank is dedicated to preserving customer privacy in all aspects of its operations. The bank's policies and procedures emphasize the importance of protecting customer privacy and provide guidance for employees on how to maintain it. To manage customer privacy, the bank continuously updates its policies and procedures, conducts regular oversight and review to ensure proper implementation, instills a culture of protecting customer privacy through awareness sessions and training programs, and recognizes employees and teams for their positive contributions. To track the effectiveness of these actions, the bank uses periodic management and Board of Directors reporting, develops and tracks Key Performance Indicators (KPIs) at the project, department, and individual level, and ensures that the objectives of these activities are being achieved. Capital Bank also engages with stakeholders through periodic progress update meetings and reporting.



## Complaints

TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS RECEIVED CONCERNING BREACHES OF CUSTOMER PRIVACY, CATEGORIZED BY:	UNIT	2021	2022
i. Complaints received from outside parties and substantiated by the organization	Number	0	0
ii. Complaints from regulatory bodies	Number	0	0
Total number of identified leaks, thefts, or losses of customer data	Number	0	0

## (SASB Data Privacy)

REPORTING REQUIREMENTS	UNIT	2021	2022
FN-CB-230a.1. Number of data breaches	Number	0	0
FN-CB-230a.1 Percentage involving personally identifiable information (PII)	Percentage	0	0
FN-CB-230a.1 Number of account holders affected	Number	0	0
FN-CB-230a.2. Description of approach to identifying and addressing data security risks	Narrative	Data Mapping, Data Protection Impact Assessment, Cyber & IT Risk Assessment, Asset Classification	

We also understand the importance of maintaining regulatory compliance in regard to customer privacy. In order to ensure that we meet all relevant requirements, we have implemented a continuous process of reviewing and upgrading our policies and procedures. This includes not only updating our materials to stay current with industry standards and regulations, but also developing a comprehensive training strategy to promote a culture of compliance within our organization. This emphasis on customer privacy is not only important for maintaining a positive image and reputation for our bank, but it is also crucial in preventing potential financial loss that could arise from fines and penalties. Our ultimate goal is to ensure that our customers have complete trust and confidence in the way we handle their personal information, and that their relationship with Capital Bank is one of satisfaction and peace of mind.



# INNOVATION AND DIGITIZATION

At Capital Bank of Jordan, innovation and digitization are integral to our corporate governance. They fundamentally shape our operations, customer engagement, risk management, regulatory compliance, and stakeholder relations.

## Innovation

Our ambition to innovation is woven into our governance strategies. This is evident not only in our advanced digital products and services but also in how we adapt to industry trends, make decisions, and increase operational efficiency.

Our suite of digital products, such as Capital Bank Business Online and Capital Bank Mobile App, embody this innovative spirit. These tools offer our institutional and individual customers a comprehensive, secure, and efficient platform to manage their financial activities.

## Digitization

Through adopting digital solutions, we streamline operations, enhance transparency, and bolster risk management capabilities.

Our digital solutions, including Capital Bank Business Online and Capital Bank Mobile App, have transformed how customers interact with banking services. By digitizing our processes, we have made banking operations more affordable, accessible, and seamless, demonstrating our governance principles in action.

In 2022, we took our digitization efforts a step further with the launch of Blink. As the first digital bank in Jordan to instantly issue credit cards, Blink exemplifies our dedication to leveraging cutting-edge financial technologies to simplify banking operations and promote financial independence.

## Balancing Innovation with Risk Management

As we continue to pioneer in our innovation journey, we remain acutely aware of the associated risks. Our governance framework includes robust risk assessment and management strategies to identify, evaluate, and mitigate potential risks. This ensures that our innovation initiatives align with our risk appetite, governance principles, and compliance norms.



# GRI CONTENT INDEX

## STATEMENT OF USE

Capital Bank of Jordan has reported the information cited in this GRI content index for the period 1 January 2022 to 30 December 2022 with reference to the GRI Standards.

## GRI 1 USED

GRI 1: Foundation 2021

## GRI STANDARD/ OTHER SOURCE

## DISCLOSURE

## LOCATION OR ANSWER

### GENERAL DISCLOSURES

## GRI 2: GENERAL DISCLOSURES 2021

2-1 Organizational details	5
2-2 Entities included in the organization's sustainability reporting	Capital Bank Group Capital Bank of Jordan Capital Investments
2-3 Reporting period, frequency and contact point	Reporting Period: 1 January 2022 to 30 December 2022 Reporting Frequency: Yearly Contact Point: investors.inquiries@capitalbank.jo
2-4 Restatements of information	This is Capital Bank's first Sustainability Report. Restatements are not applicable currently.
2-5 External assurance	The report has not been externally assured
2-6 Activities, value chain and other business relationships	8
2-7 Employees	6
2-8 Workers who are not employees	N/A
2-9 Governance structure and composition	42
2-10 Nomination and selection of the highest governance body	Highest governance body is selected based on experience, expertise, background and overall competency
2-11 Chair of the highest governance body	42
2-12 Role of the highest governance body in overseeing the management of impacts	42
2-13 Delegation of responsibility for managing impacts	N/A
2-14 Role of the highest governance body in sustainability reporting	42
2-15 Conflicts of interest	44
2-16 Communication of critical concerns	N/A
2-17 Collective knowledge of the highest governance body	N/A
2-18 Evaluation of the performance of the highest governance body	N/A
2-19 Remuneration policies	27
2-20 Process to determine remuneration	N/A
2-21 Annual total compensation ratio	30
2-22 Statement on sustainable development strategy	13
2-23 Policy commitments	N/A
2-24 Embedding policy commitments	N/A
2-25 Processes to remediate negative impacts	N/A
2-26 Mechanisms for seeking advice and raising concerns	45
2-27 Compliance with laws and regulations	44
2-28 Membership associations	N/A
2-29 Approach to stakeholder engagement	14
2-30 Collective bargaining agreements	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION OR ANSWER
<b>MATERIAL TOPICS</b>		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	13
	3-2 List of material topics	13
<b>CLIMATE CHANGE AND DECARBONIZATION</b>		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	21-22
	305-1 Direct (Scope 1) GHG emissions	24
GRI 305: EMISSIONS 2016	305-2 Energy indirect (Scope 2) GHG emissions	24
	305-4 GHG emissions intensity	24
<b>ENVIRONMENTAL MANAGEMENT</b>		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	21-22
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	405-2 Ratio of basic salary and remuneration of women to men	30
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<b>SASB DATA SECURITY (FN-CB-230A.2)</b>	Description of approach to identifying and addressing data security risks	50
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<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	48-49
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