

# ABJ's Sustainability Journey

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**5<sup>th</sup> Bank Social Responsibility Forum:  
"From Social Responsibility to Sustainable  
Development"**

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# A) Pillars of the ABJ Sustainability Strategy

✿ The ABJ's sustainability strategy is based on four pillars:

- ✿ Increasing awareness and commitment of the banking sector.
- ✿ Improving sustainability practices within the banking sector.
- ✿ Creating a sector's wide strategy for sustainable development.
- ✿ Increasing transparency and reporting of non-financial performance.

✿ In the following slides, we will review the main measures undertaken by ABJ to promote sustainability within the Jordanian banking sector.

## B) CSR Forums

- ✿ **ABJ has been championing an annual forum on CSR and sustainability for the past years.**
- ✿ **The main objectives of the forums were:**
  - ✿ **To raise awareness and commitment of the banking sector of international sustainable development standards, principles and practices.**
  - ✿ **To shed light on the role of international banks and financial institutions in the field of CSR and sustainability. The aim is to learn from their experiences.**
  - ✿ **To enhance the role of banks in sustainable financing.**



## B) CSR Forums

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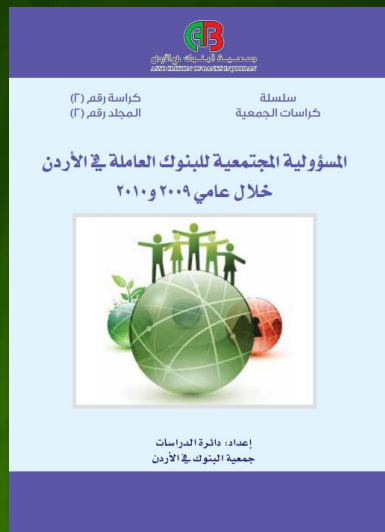
## C) Other CSR related Activities

### The Green Financing Forum

- ❁ In March 2010, the ABJ organized the first Green Financing Forum, in cooperation with Ministry of Environment and the IFC. The forum aimed at raising awareness about the importance of green financing that is directed to environment-friendly projects .

# D) Publications

## CSR of Banks Operating in Jordan during 2009-2010



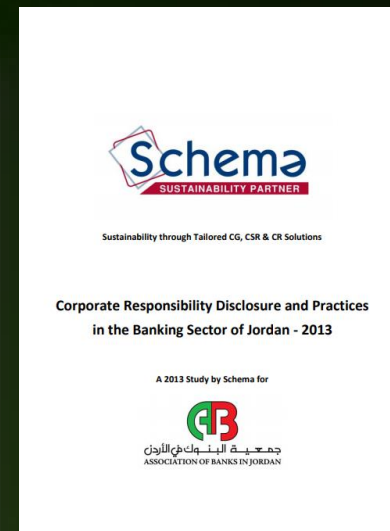
2011

## CSR of Banks Operating in Jordan during 2010-2011



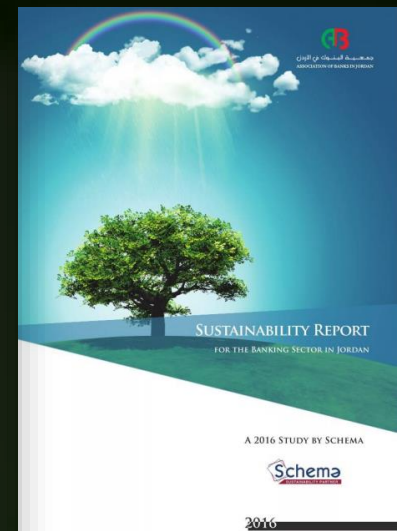
2012

## Corporate Responsibility Disclosure and Practices in the Banking Sector of Jordan



2013

## Sustainability Report for the Banking Sector in Jordan



2016

ABJ Website: [WWW . ABJ . ORG . JO](http://WWW.ABJ.ORG.JO)

## D) Publications

... (cont.)

### *Sustainability Report for the Banking Sector in Jordan, 2016*

- 🍁 From that time on, the ABJ has taken it upon itself to drive forward the sustainability of the banking sector which resulted in the preparation and issuance of: *"Sustainability Report for the Banking Sector in Jordan, 2016"* in cooperation with *Schema.*



## D) Publications

... (cont.)

### *Sustainability Report for the Banking Sector in Jordan, 2016*

- ❁ The aim of this report is to review the overall sustainability activities of banks operating in Jordan.
- ❁ This was done through a survey circulated to the banks and a review of the banks published information; namely, financial reports and sustainability reports.
- ❁ The survey included 9 key issues and about 30 questions. **The following are the main questions that were discussed in the survey:**

# D) Publications

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## 1) Definitions & Background

- ❖ What is the bank's definition of Sustainability?
- ❖ Do you have sustainability strategy / social investment policy?
- ❖ Is there someone or unit within the organization that handles sustainability issues?

## 2) Sustainability Goals

- ❖ Do you set any Sustainability goals?
- ❖ Are these goals publicly reported on?
- ❖ Are these tangible measurable SMART goals?
- ❖ Are your Sustainability goals incorporated into the company's business plan/strategy?

# D) Publications

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## 3) Social and Environmental

- ❖ Do you consider environmental and social issues in your decision making process?
- ❖ Why do you consider environmental and social issues?
- ❖ What are the key social and environmental risks you consider?
- ❖ What would you describe are the key benefits of considering environment and social issues?

## 4) Customer Focus

- ❖ How do you, if at all, encourage clients to be sustainable?
- ❖ To what extent do you get involved with customers to encourage them to be more sustainable?
- ❖ Have you undertaken a customer satisfaction survey in the past three years? \*
- ❖ What was the percentage rating of customer satisfaction?

# D) Publications

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## 5) Suppliers

- ❖ On average, what percentage of suppliers have you been working with for more than two years?
- ❖ As an overall from the procurement budget, what percentage is spent on suppliers from Jordan?
- ❖ What are the payment terms for your suppliers?
- ❖ Do you have a procurement policy?
- ❖ Does your procurement policy address the following:  
Responsible procurement / Green procurement / Responsible sourcing?

## 6) Materiality

- ❖ Identify the issues that the bank considers material and to what extent are they material

# D) Publications

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## 7) Reporting

- ❖ Have you reported on your sustainability in the past two years?
- ❖ Has this reporting been based on international frameworks i.e. GRI?
- ❖ Why do you choose not to report on your sustainability?

## 8) Sustainability Investment

- ❖ When deciding on undertaking a Sustainability investment, what is the decision based on?
- ❖ In general, how effective do you think your investments are in making a social, environmental or economical difference?

## 9) Stakeholder Engagement

- ❖ Do you engage with your stakeholders?
- ❖ Which of stakeholder groups do you engage with:
- ❖ How do you engage with your stakeholders?



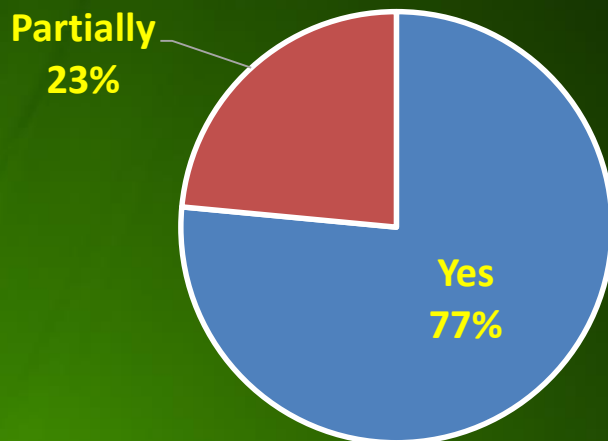
## D) Publications

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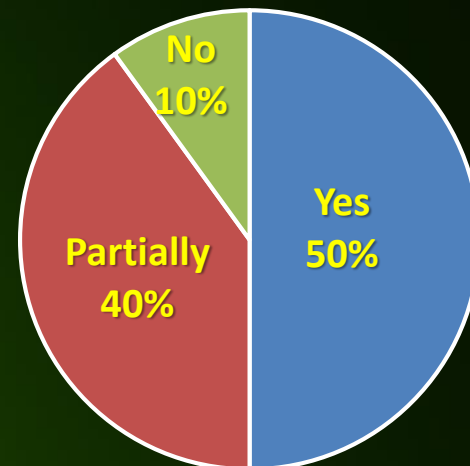
### Main Findings of the Report

- There are several differences in sustainability practices in the Jordanian banking sector versus global trends.
- There have been various success stories in the Jordanian banking sector regarding sustainability practices.

**Integration of Sustainability Goals into Bank's Strategies**



**Percentage of Banks with Sustainability Goals**



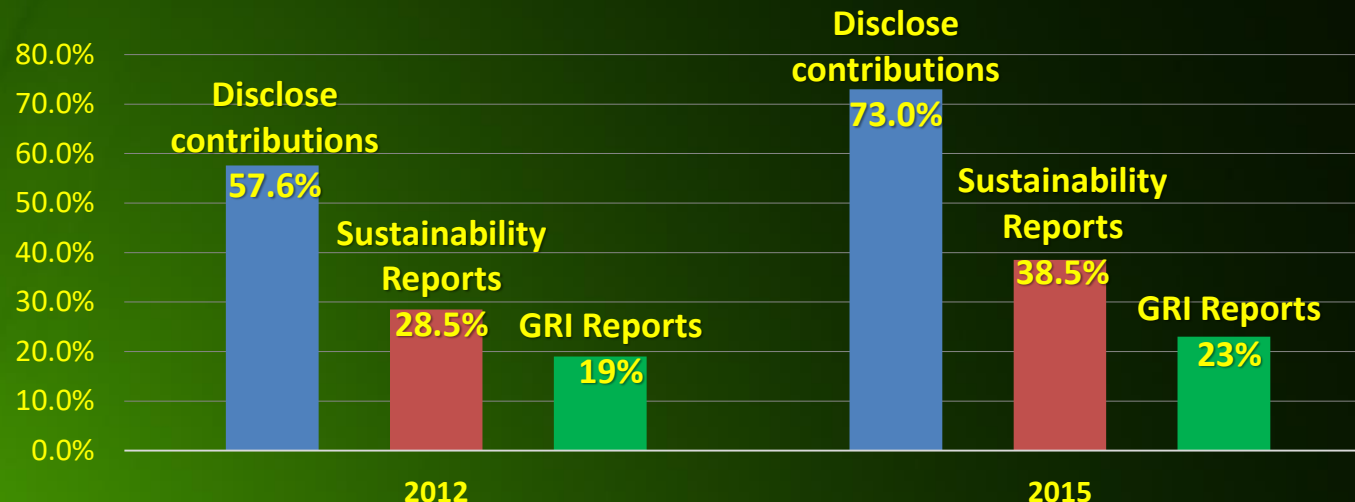
## D) Publications

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### Main Findings of the Report

- 🍁 The report shows improved sustainability practices such as: clearer definitions of sustainability, stronger strategies towards increased sustainability, more defined sustainability goals, increase in non-financial reporting, more advanced engagement practices and further analysis in sustainability investments.

### Sustainability Disclosures in Jordan



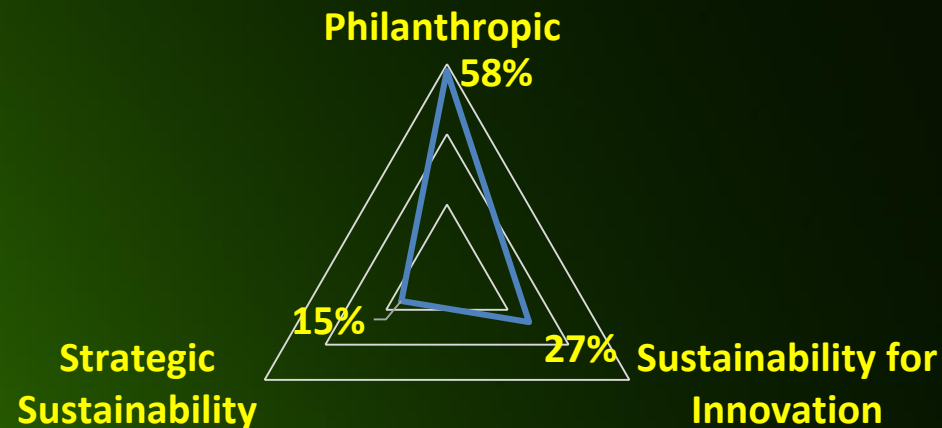
## D) Publications

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### Main Findings of the Report

- There is a slight movement towards using sustainability as an innovative tool for creating new products and attracting new segments of society.
- Sustainability remains as a predominantly **philanthropic** practice instead of an integrated value-added practice.

### Clusters of Jordanian Banks



## D) Publications

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### Main Findings of the Report

- ❁ The transformation from a philanthropic to a strategic practice is a key challenge in every sector and in many organizations.
- ❁ Overcoming such challenges require a change in mindset to impact the way businesses fundamentally operate. If successful, it can also provide many opportunities.

## D) Publications

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### **Main Recommendations of the Report**

- ❁ **Increase awareness and commitment of the financial sector towards sustainability.**
- ❁ **Improve sustainability practices within the banks.**
- ❁ **Create a sector wide strategy for sustainable development.**
- ❁ **Increase transparency and reporting of non-financial performance.**



## E) Partnerships with International Organizations

### **The ABJ Joins UNEP FI As Supporting Institution**

- ❁ On 16 October 2016, the ABJ joined UNEP FI as a Supporting Institution, becoming the second Banking Association in the region to join this very important global initiative.
- ❁ By joining UNEP FI as a Supporting Institution, the ABJ will work together with the secretariat to promote the concept of sustainable finance to the banking sector in Jordan and contribute to the adoption and implementation of sustainability practices among the industry.

# Thank You

