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# Corporate Social Responsibility Report

BUILDING A SUSTAINABLE TOMORROW



**FRANSABANK**



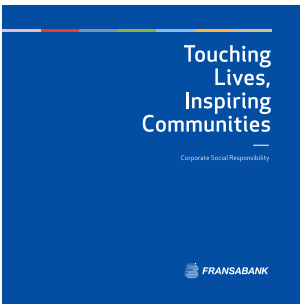
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# Corporate Social Responsibility Report

BUILDING A SUSTAINABLE TOMORROW



**FRANSABANK**





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# Vision, Mission and Values

## Fransabank approach to Corporate Social Responsibility reflects in the Bank's vision, mission, and values

### Vision

We aspire to be the leading banking group, the trusted partner and the responsible contributor in the communities we serve.

### Mission

We are determined to be a leading financial institution within both the local and regional markets, while providing quality services to our customers, throughout innovative, cutting edge, and value added banking services and financial solutions. To achieve our mission, we are committed to:

- Consolidate and expand our presence in selective regional and international markets
- Adopt and implement the highest international banking and finance norms, standards, corporate governance, and diligent compliance practices
- Exceed our customers' expectations and fulfill their needs and demands
- Strive for distinguished quality service for our existing and potential customers
- Promote professional development, quality performance, decision-making and teamwork within our Group
- Generate increasing value for our shareholders in a dynamic manner and on solid sustainable grounds
- Align responsible business practices and social investments to create long-term value and sustainability for our Group along with its communities.



## Values

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### Integrity

Gaining the trust of our customers, colleagues and other stakeholders by taking responsibility for our own actions

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### Loyalty

Showing devotion and faithfulness to our institution and our customers

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### Credibility

Demonstrating high level of trustworthiness and expertise in all what we do

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### Accountability

Taking responsibility for all our actions

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### Transparency

Providing our customers with all relevant information regarding their rights and duties

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# Message from the Chairmen



**Adnan Kassar** | Chairman  
**Adel Kassar** | Deputy Chairman



We abide by a sound corporate governance, work for economic progress, support our workforce, face environmental challenges, and create social values. We believe that these five pillars set the direction for a future-oriented business strategy that would embrace economic success as much as social responsibility.



Fransabank's approach to Corporate Social Responsibility (CSR) is based on five dimensions of sustainability: abide by a sound corporate governance, work for economic progress, support the workforce, face environmental challenges, and create social values. We believe that these five pillars set the direction for a future-oriented business strategy that would embrace economic success as much as social responsibility.

Throughout the years, we came up to recognizing the need to carefully weigh our actions and to consider the broader economic, social and environmental impacts of our activities – making sure that short-term interests do not undercut our longer-term objectives.

In 2016, we updated our CSR strategy, whereby we will assimilate corporate responsibility further in our core activities ensuring that our business is governed by responsibility, financial confidence, and personalized financial services among our customers and in society as a whole.

Our CSR strategy prioritizes the areas where we can have the greatest impact and influence.

Accordingly, we sustain our microfinance and small and medium sized enterprises financing approach that are intended to drive inclusive growth and help people advance in their society. We provide sustainable energy finance loans and eco-loans to limit the impacts on climate change by the investments we make and the credits we grant. We support youth financial education and inclusion in order to empower the future generation to achieve their full potential, and help remove social and economic barriers that hold them back. Furthermore, our social commitments include strategic partnerships, financial support for charitable institutions, and contributions to cultural expansion. Yet, we strongly believe that our employee engagement constitutes the backbone of our impact and our programs' success.

Our commitment to a responsible business also includes endorsing strategic international agreements. We are committed to the ten principles of the United Nations Global Compact (UNGC) and constantly do our best to develop our sustainability performance. Amid growing calls for a transition to a more sustainable economy, the UN presented its Sustainable Development Goals (SDGs) in 2015. Fransabank

actively participated in several discussions about the SDGs, showcasing Fransabank endeavors towards selected SDGs, whereby we have chosen so far to use our expertise to advance six SDGs in particular: "Quality Education", "Gender Equality", "Decent Work and Economic Growth", "Industry, Innovation and Infrastructure", "Sustainable Cities and Communities", and "Climate Action".

Trust underpins our core business values; it helps us secure long term relations with our stakeholders based on confidence and a clear understanding of their needs with what they expect from us as a Bank. Our CSR report is designed to be part of our stakeholders' dialogue and communication on progress, offering insights into the way we live up to our responsibilities.

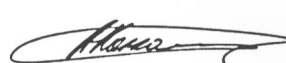
Yet, we at Fransabank, recognize that we don't have all solutions of society's challenges at our fingertips. With an understanding of the priorities and concerns of our customers, partners and people, whenever a positive opportunity presents itself, we contribute with our best expertise.

While we still have more work to do, we are pleased to feature our achievements in this report.

Sincerely,



Adel Kassar  
Deputy Chairman



Adnan Kassar  
Chairman

# About Fransabank

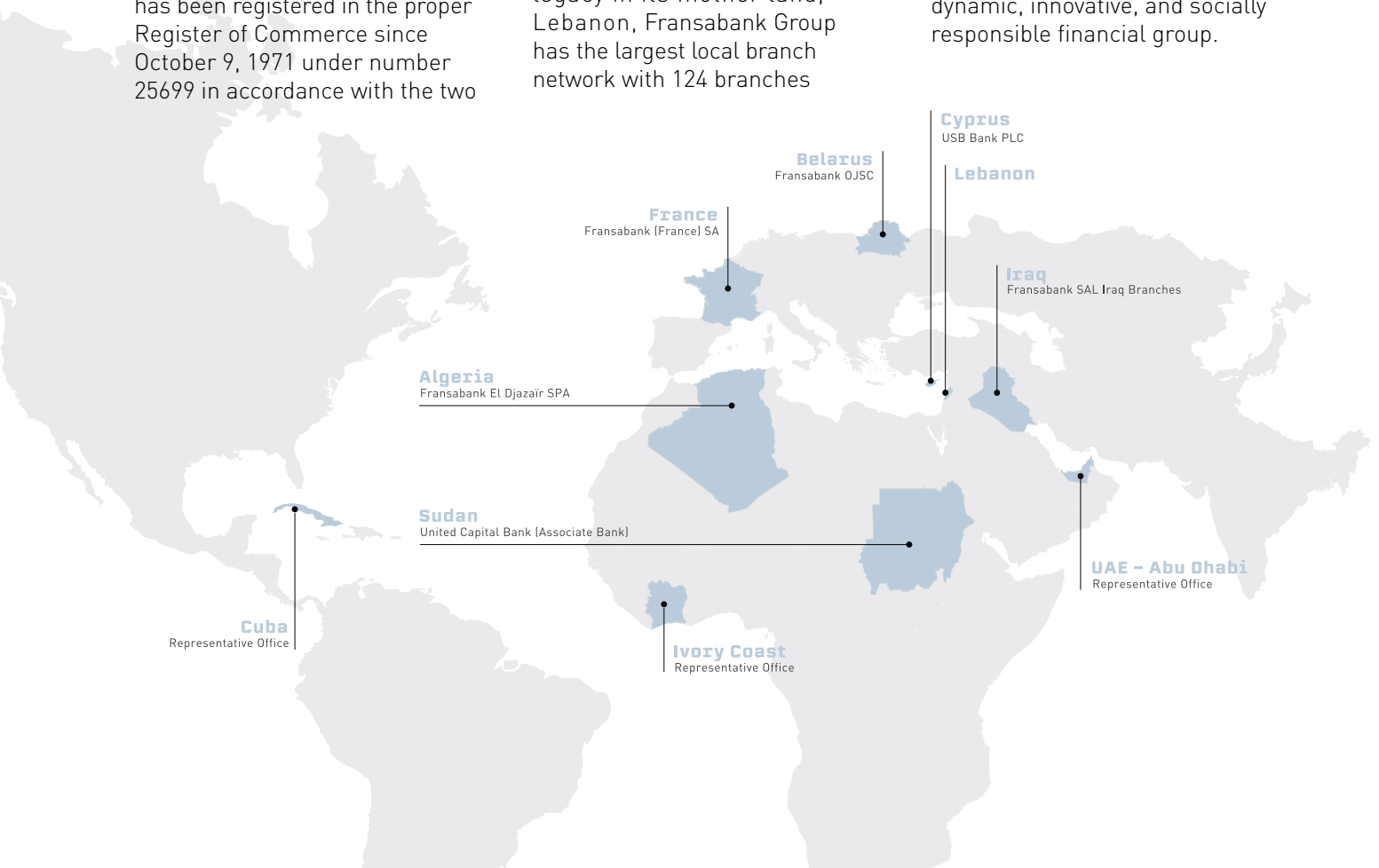
A leading financial and universal banking player, Fransabank Group offers tailored retail, commercial, corporate, investment and international banking products that meet the evolving needs of the societies it serves, through its 158 branches spread across the world.

The Group is present in 10 countries, namely in Lebanon, France, Algeria, Belarus, Cyprus, Sudan, Iraq, Cuba, UAE, and Ivory Coast. Established since 1921 in Lebanon and listed 1<sup>st</sup> amongst registered banks - (it has been registered in the proper Register of Commerce since October 9, 1971 under number 25699 in accordance with the two

articles 26 and 49 of the Lebanese code of commerce).

Fransabank Group enjoys today the ranking of a top three leading Lebanese financial group. With more than 95 years of financial legacy in its mother land, Lebanon, Fransabank Group has the largest local branch network with 124 branches

spread all over the Lebanese territory; this is in addition to a total of 19 banking and non-banking subsidiaries and associates. Fransabank Group succeeded in positioning itself as a forward-looking, trustworthy, dynamic, innovative, and socially responsible financial group.



Present  
in  
**10**  
countries

**158**  
branches  
across  
the world

**3,561**  
employees  
as of  
December 31, 2016

Our business model is based on our solid partnership with our customers, our employees' proficiency and expertise, and of course the diverse products and services we provide. We contribute to society as a financial intermediary, taxpayer, and through our CSR initiatives. This makes us a responsible player in our communities engaging in the pressing societal issues through our commitment to the United Nations Global Compact principles and the UN Sustainable Development Goals (SDGs).

Our stakeholders are at the heart of our business development and continuity. We rely on our long-term relationships with them to build new strategies and reach better responsible practices. Our

focus on cultural, environmental, social and governance functions makes us a robust and more sustainable Bank.

Corporate Social Responsibility is embedded in our vision, mission, values and core business. In 2016, we revised and updated our CSR strategy by further incorporating responsible practices in our core activities and instilling this culture further among our employees' behavior and practices. We want to ensure that our business is managed in a responsible way, and that we use our expertise to build up financial confidence and access to financial services amongst our clients and in society all together.

## Fransabank Financial Highlights

as end of December 31, 2016

Total Assets

**USD 20.86 billion**

Net Profit

**USD 200.9 million**

in 2016

Total Customers' Deposits

**USD 17.01 billion**

Net Loans & Advances to Customers

**USD 6.53 billion**

Total Customers

**437,372**

## Fransabank Products & Services

### RETAIL BANKING

- Small & Medium Size Business Financing
- Payment Cards
- Accounts
- Loans
- Saving & Insurance Products
- Micro Credits
- E-Services
- Special Services

### CORPORATE BANKING

- Working Capital Financing
- Medium & Long Term Loans
- Structured Finance
- Syndicated Loans
- Trade Finance
- Overdrafts
- Leasing Services "Lebanese Leasing Company SAL"
- Real Estate "Société Générale Foncière SAL"

### INVESTMENT BANKING

#### Financial Advisory

- Mergers & Acquisitions
- Equity Capital Markets
- Private Investments
- Corporate Equity/Debt Advisory
- Re-Organization
- Balance Sheet Re-Structuring

#### Equity & Debt Financing

- Corporate & Project Financing
- Syndicated Financing
- Feasibility Studies
- Legal & Financial Due Diligence
- Debt/Equity Structuring
- Equity Placements
- Debt Settlement Arrangement

### PRIVATE BANKING / ASSET MANAGEMENT

- Advisory
- Wealth Management
- Capital Market/Brokerage
- Structured Products
- Research

# Our Strategic Direction to Corporate Social Responsibility

Our updated CSR strategy for the period 2016 to 2018 focuses on integrating Corporate Social Responsibility further in our core business.

We aim to do this by establishing common grounds and clear directives on integrating a holistic sustainability approach. Our ambition is to apply CSR at all levels within Fransabank. That would affect the products and services we supply, the customer experience we offer, and the way we conduct our business. As part of the process of updating the strategy, we pulled together feedback from a number of stakeholders for our analysis; the latter are clearly explained in the stakeholders' engagement and materiality assessment sections.

To use our expertise and competencies for the benefit of society, we have identified strategic themes in areas where we can add value. Through our business, we can contribute to the communities by providing:

- **Sustainable energy financing**, which is about showcasing positive environmental impact through our loans;
- **Economic development**, which is about promoting our positive contribution to the economy through our corporate, SME, consumer and micro-credit loans;
- **Youth financial education and inclusion**, which is about educating and integrating the youth in the financial stream;
- **Community support**, which is about measuring our value-added contribution to the community;
- And of course being a **responsible employer**.

The CSR initiatives should involve all of Fransabank stakeholders, divisions, departments, branches and delivery channels. For that purpose, we have to focus on motivating employees as key players for the Bank's growth and success, improving client relations to reach our target of top-notch client satisfaction, promoting a paperless banking strategy, and integrating employees in volunteerism initiatives.

Each strategic line is developed through various tactical CSR actions; some of these actions are being already applied within the Bank's operations such as programs on sustainable energy finance, on SMEs and microcredits, as well as, youth financial education and inclusion. Other actions are under study; such as how we can better measure the societal impact of our initiatives. Yet, we should still be vigilant in ensuring that the implementation of the strategic plan is effectively executed and constantly monitored.



# Our Selected UN Sustainable Development Goals (SDGs)

Fransabank pays deep consideration to the new set of 17 measurable Sustainable Development Goals (SDGs), formally accepted by the UN General Assembly in 2015, and which range from ending world poverty and hunger to fighting climate change, promoting quality education, protecting the environment, and addressing all forms of inequality.

We believe that the SDGs are critical for a constructive transformation of today's world, as well as, the long-term success of our business. Accordingly, we contribute directly to the advancement of selected SDGs through our CSR strategy and initiatives. We have chosen to advance in specific:



But as the 17 SDGs are ambitious and concrete, with each goal supported by sub-goals and targets, and since they are highly cross-related, our contribution has additional indirect impacts on other goals' advancement.

## UNDP - Lebanon: "Together Towards Sustainable Development"

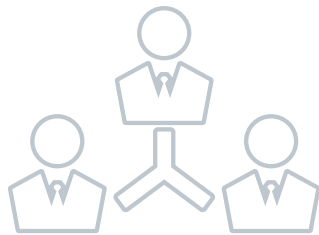
Fransabank is proud to be the sole representative of the banking sector to take part in the United Nations Development Program - Lebanon Lobbying Group with representatives from the private sector. The purpose is to work on yearly objectives to achieve, by 2030, the 17 SDGs, bringing together businesses committed to aligning their efforts with the goals. For the year 2017, the Board agreed to focus on **Goal 4 – Quality Education** through targeted initiatives that would be held on a national level, achievable in the short-term, and can be replicable in different industries.

# Our Stakeholders' Engagement and Communication

At Fransabank, CSR activities are managed in a well-thought-out, strategic way to make sure we stay on course, keep our stakeholders involved and informed, and measure our progress.

Addressing our CSR priorities requires working with our internal and external stakeholders and other partners from the public and private sectors who share our vision and values. We conduct stakeholder dialogues and one-on-one meetings to better engage with parties of interest and act on their feedback.

## A Snapshot of our Stakeholders' Engagement



### Employees

#### CSR Framework

We see our employees with their skills, expertise and dedication as our greatest assets. Management is committed to maintaining a good, honest and collaborative dialogue with the employees.

#### Engagement Platforms

Focus groups  
Regular communication campaigns via intranet, publications, e-newsletters, and social media.

### Customers

#### CSR Framework

We strive to act from a long-term perspective for our customers' benefit in a transparent way.

Customer satisfaction surveys are conducted periodically.

Customer complaints are handled professionally and in a timely manner.

#### Engagement Platforms

Marketing research surveys  
One-to-one meetings  
Workshops and conferences  
Financial consumer protection unit  
The Bank's delivery channels (branches, call center, electronic banking, mobile banking, social media, email, among others).



### Shareholders

#### CSR Framework

We want to inform investors, analysts and shareholders openly and adequately about the Bank's results and achievements.

#### Engagement Platforms

General meetings  
Presentation to the Board of Directors of the Banks' CSR initiatives and outcomes  
Annual reports  
CSR reports.



### Regulatory authorities

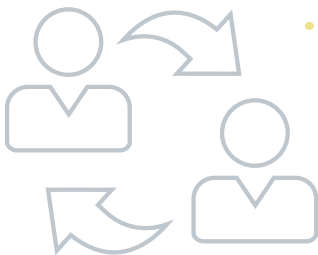


#### CSR Framework

We are the trustworthy partner that provides reliable information about Fransabank, the financial sector and the economy in general.

#### Engagement Platforms

Systematic reporting  
Meetings and conferences  
Periodical audits  
Economic bulletin  
Market index.



### Business partners and suppliers

#### CSR Framework

We act to establish lasting ethical relationships based on innovation and trust with our business partners and suppliers.

#### Engagement Platforms

Meetings  
Email communication.

### The media, interest groups and local communities



#### CSR Framework

We want to share our expertise and knowledge proactively in a manner that creates real value.

We invite the interest groups to our events, provide them with all relevant information through our press releases and publications.

#### Engagement Platforms

Strategic collaborations  
Sponsorships  
Events  
Social media.



# Our Materiality Assessment

The information gathered from our stakeholders' engagement sessions provides essential input to our materiality assessment – the process of identifying those issues that are core to the Bank's sustainable development. Our materiality assessment guides for reporting and informs our strategic approach.

## Methodology

Materiality assessment is essential in order to determine the matters which have the most significant economic, environmental and social impacts on our Bank, or those matters viewed most important by our internal and external stakeholders. Accordingly, we have actively involved our stakeholders in order to come up with a list of the most significant issues relevant to our core business.

Since we have embarked in the year 2015 on our first materiality assessment exercise, we had identified 23 topics that are material to Fransabank and to its stakeholders. We based our materiality assessment for the year 2016 on the outcome of the first exercise and have put into operation an inclusive process of materiality to come up with our first materiality matrix after being reviewed and approved by the Bank's top management.

## Assessment Procedure

In selecting and ranking the material issues, we have used a detailed procedure based on the principles of relativity, importance and ranking. The procedure involved:

### Step 1

Determining and understanding the issues significant to our stakeholders, through a series of practices: a Corporate Social Responsibility presentation to the Board members, discussions with the top management, focus groups with employees, and through benchmarking with the latest international banking sector reports with reference to the identified material issues. In addition, we conducted in-depth interviews with selected retail and corporate customers, as well as, selected NGOs in order to understand their expectations from the banking sector, how banks should improve their CSR initiative impacts and the current sustainability challenges they face. At the end of each session, attendees filled a questionnaire whereby they prioritized the most material issues to them whether on the short, medium or long term.

### Step 2

Identifying and categorizing the most significant issues, as they arise from the revised CSR strategy of the Bank, the outcome of the questionnaire with the internal and external stakeholders and their feedback.

### Step 3

Bringing together the results into a matrix, and evaluating each issue on the basis of its more general social, environmental and economic impacts, based on a scale of 1- 10 (1 being the least important to 10 most important). Each issue was evaluated and given a materiality ranking in accordance with its importance to stakeholders and the Bank.

### Step 4

Ensuring the marketability assessment is approved by senior management. Subsequently, the report includes all issues with the highest level of materiality. Issues of less materiality are briefly discussed.

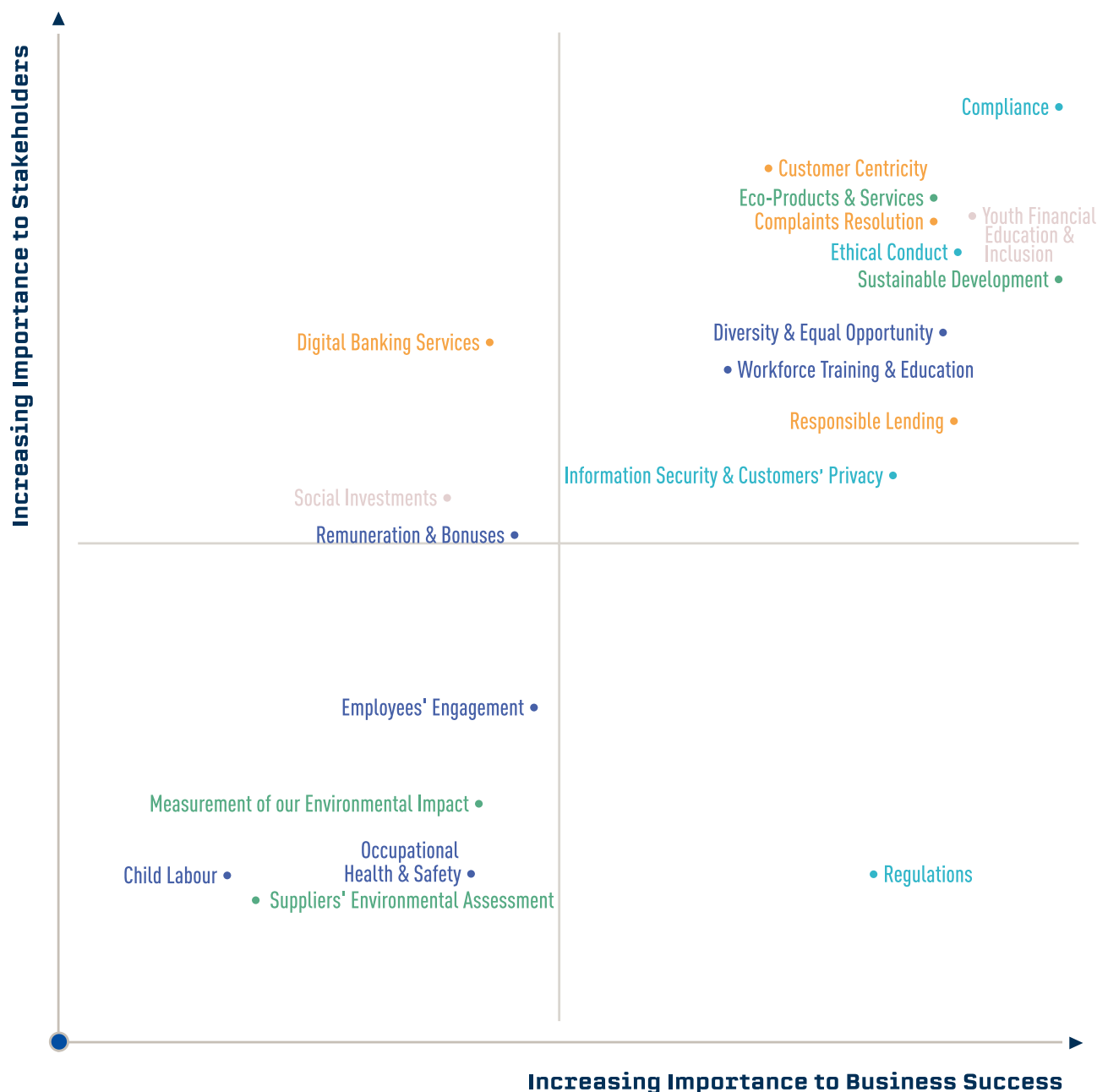
While working on addressing the most important topics raised by our stakeholders, we were also keen on mainly raising the issues of concern that would be aligned with our core business and have great impact on our customers and employees. We also went through the feedback from the extensive stakeholders'

dialogue we held in 2015, along with customers and employees feedback from different market researches.

The material issues are presented on a graph, with the X-axis representing the importance level of issues to the business success, and the Y-axis the

importance level to the stakeholders. The matrix provides a snapshot of the material issues of high, medium and low importance in relation to sustainability issues identified from an internal and external perspective. The issues located on the top right corner of the graph are regarded as the most substantial.

## Materiality Matrix





The material issues selected reflect our Bank's attention on economic, environmental, and social impacts. The issues with the highest level of materiality: compliance, customer centricity, eco-products & services, complaints resolution, youth financial education and inclusion, ethical conduct, sustainable development, diversity & equal opportunity, workforce training & education, responsible lending, and information security & customers' privacy, are of greatest importance to both organizational success and stakeholders expectations. These topics are a major focus for our Bank's objectives and sustainability policies, and are clearly reported in our Corporate Social Responsibility Report 2016. The issues assigned a medium level of materiality: digital banking services, social investments, remuneration & bonuses, and regulations, represent four topics that the Bank must manage and report on consistently. The issues given the lowest level of materiality:

employees' engagement, measurement of our environmental impact, occupational health & safety, child labour, and suppliers' environmental assessment, are not currently of major strategic importance to the Bank or stakeholders and thus will not be a focus for immediate action or extensive reporting.

A topic that emerged as being increasingly important was youth financial education and inclusion, which has recently become more critical to business. Overall, stakeholders emphasized the need for ethical conduct and transparency in everything we do.

Being aware that each stakeholder is touched differently depending on the material issue, we had to draw boundaries for each issue. Boundaries helped identify the issues that have impacts within and outside Fransabank.

It is clear that CSR activities address a number of social issues with different targets and objectives. It is worth noting that the material aspects discussed throughout the report are relevant for Fransabank SAL operations, whereas, Fransabank Group local and overseas subsidiaries activities are not discussed.

Still, adopting a full materiality assessment exercise for the first time was interesting. We faced some challenges in including conflicting stakeholders' views and management thoughts into our prioritization process. However, we believe that constant stakeholder engagement sessions, will help extend the materiality assessment further as still more needs to be done. All material issues change over time, as do knowledge about them, and new issues might arise. We will, therefore, review the materiality analysis process on a yearly basis.



## About the Report

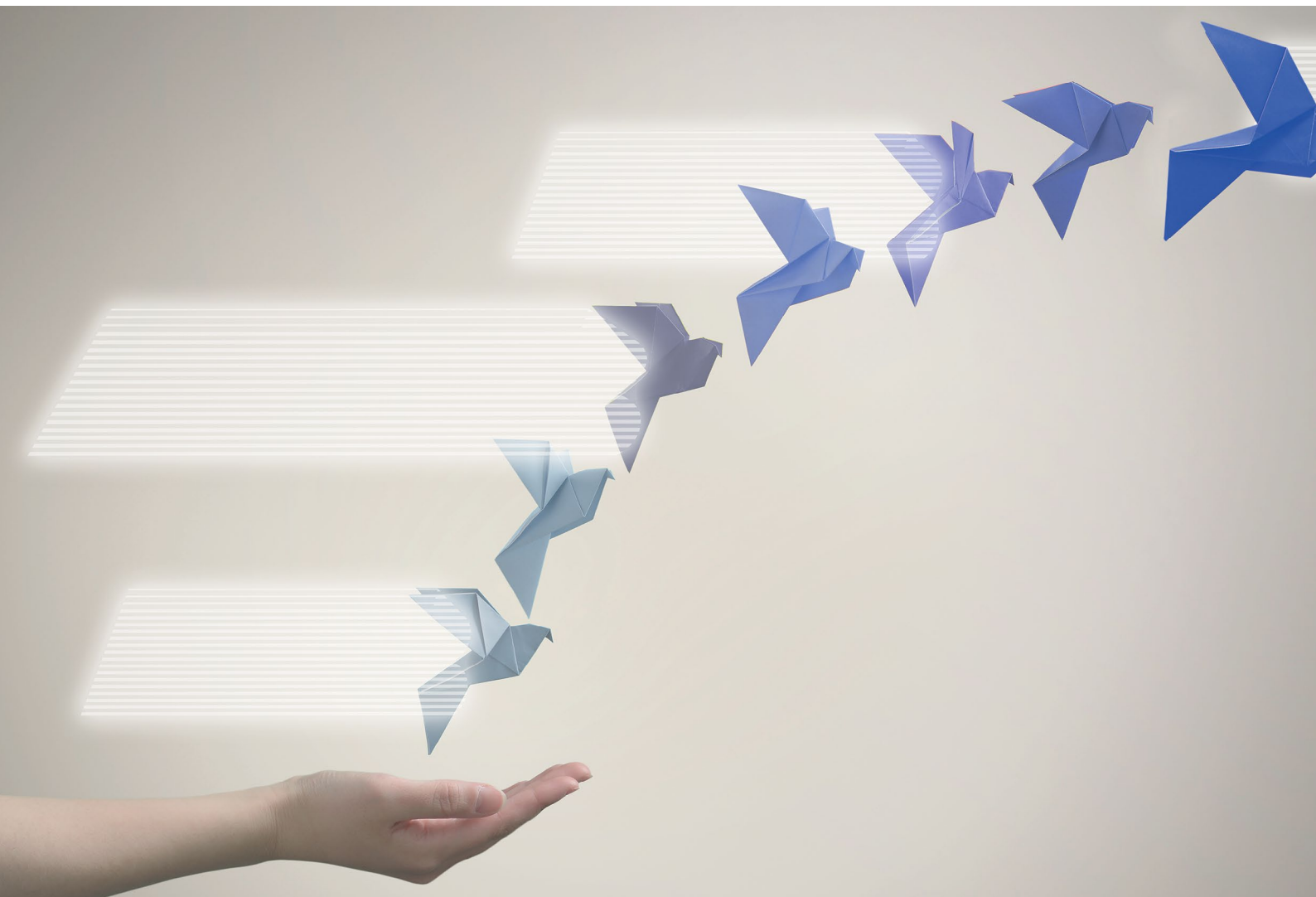
Fransabank CSR report, which has been published every year since 2012, is the main tool available for communicating with our stakeholders about the Bank's efforts and performance in achieving sustainable development through the application of the principles and objectives of Corporate Social Responsibility.

The compilation of the CSR Report 2016 takes full consideration of the ten principles of the United Nations Global Compact and focuses on six selected Sustainable Development Goals (SDGs). Our reporting on CSR reflects the requirements set out in the Global Reporting Initiative (GRI) – a voluntary standard for reporting on sustainability, providing a sound basis for the selection of the material issues covered in this report, for an effective communication with stakeholders. Our 2016 report is produced based on the GRI G4 guidelines – (Core option).

It is our Communication on Progress to the UN Global Compact for the 2016 financial reporting year. All reporting and performance data are limited to information on Fransabank SAL – the parent company of Fransabank Group, unless stated otherwise.

Fransabank CSR Report 2016 is not certified by an external certification authority.

The report constitutes part of Fransabank's yearly reports, along with Fransabank Annual Report 2016 which presents detailed information about our financial results and risk management practices. You can find the reports on [www.fransabank.com](http://www.fransabank.com). Our corporate responsibility main icon on the website and periodic publications provide regular updates on our CSR initiatives.





01.

DILIGENT  
**G O V E R N A N C E**

# Diligent Governance

## Key highlights

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Promote, support and strengthen



Incorporate **good governance** and **ethical business practices** in decision making

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**Work against corruption** via, amongst others, adequate AML policies

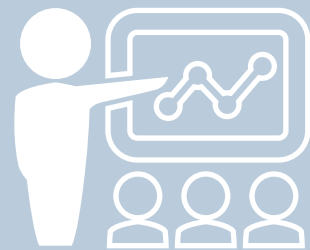


Value the sensitive use and transfer of personal client data, enabling for **sufficient data security**



**116**  
employees

completed  
compliance  
training sessions



Provide the footprint for the highest forms of professionalism, ethical behavior and integrity through the

**Code of Conduct**



For a business to succeed, it needs to be supported by sound governance structures and strong organizational and risk frameworks. Having well established these prerequisites, we, at Fransabank are committed to implement rigorous Corporate Governance practices by maintaining governance structures, policies and processes that best serve the changing needs of our employees, clients, and community while promoting a culture of integrity, diversity and ethical conduct across the Bank.

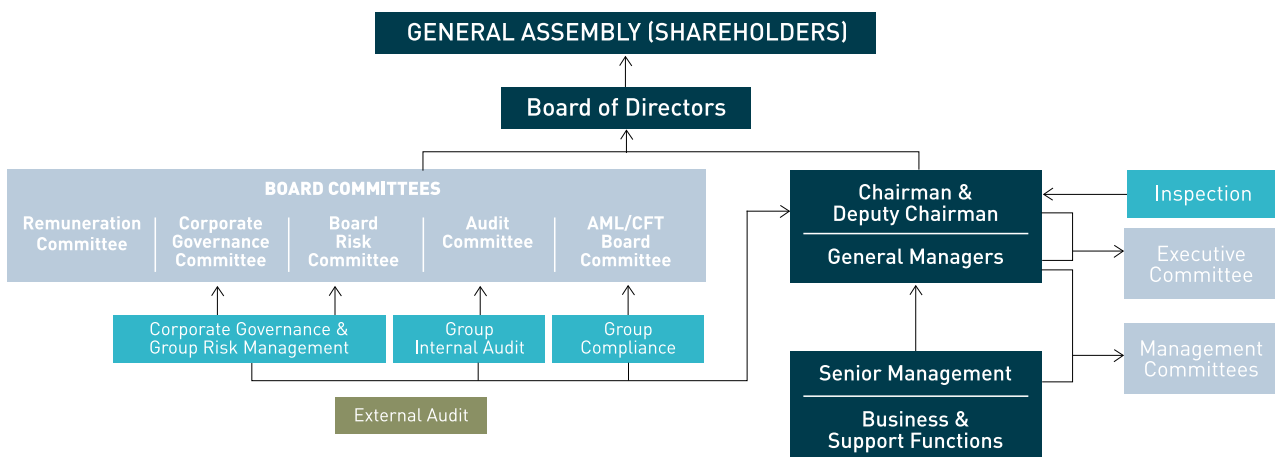
## Corporate Governance Framework

Fransabank Corporate Governance framework revolves essentially around the Corporate Governance Code as adopted by the Board of Directors in line with the regulatory requirements and international best practices. It also includes a set of governance related policies and charters, as well as, a Code of Conduct and Ethics.

Fransabank Corporate Governance framework promotes the commitment of the Bank to the highest level of transparency, integrity, fairness and accountability which helps in disseminating a strong governance culture within the Bank by setting the 'tone at the top'.

The Bank's governance structure aims to provide an efficient framework for the assignment of responsibility and accountability. It includes the General Assembly of Shareholders; the Board of Directors, the Chairman, the Deputy Chairman, the various committees, control functions, the external auditors, general and senior management and the business and support functions.

### Fransabank Corporate Governance Structure





The Board of Directors consists in its majority of non-executive members and is supported in carrying out its oversight duties by Board Committees, namely the Corporate Governance Committee, the Board Risk Committee, the Audit Committee, the Remuneration Committee and the Anti-Money Laundering/Combating the Financing of Terrorism - AML/CFT Board Committee (which was established in December 2016).

Also in 2016, the Board of Directors has adopted a policy for managing conflicts of interest which sets the process to identify and manage these conflicts that can arise between the Bank and its clients and examines the rules for dealing with related parties.

General and Senior Management execute their responsibilities, supported by specialized Management Committees, to ensure a proper segregation of duties and separation of functions, promoting an effective internal control framework.

Fransabank's strategy remains to standardize the governance practices across its entities and to strengthen its governance and control culture, to ensure that the implementation of good Corporate Governance is embedded at the Group level.

### Managing Risk

The Board acknowledges that one of its primary objectives is to explicitly enforce the collective oversight and risk governance responsibilities. Key components of risk governance include Risk Culture, Risk Appetite and their relationship to the Bank's Risk Capacity (i.e. the absolute risk bearing capacity of the Bank); as well as, the overall checks and balances.

The Bank is charged with carrying out the duties of a commercial bank in the interests of its stakeholders, all the more emphasized by being one of the largest banking groups in the country and contributing to the financial stability.

In that respect, Fransabank faces a broad range of risks including those resulting from its core activities, mainly customers' deposit taking, lending and running of complex payment and IT systems to support its day-to-day operational activities.

The risk management framework seeks to ensure that there is an effective process in place to manage risks across the Bank. These risks are managed through detailed processes that emphasize the importance of integrity, maintaining high quality staff and public accountability.

Fransabank operates in full compliance with all relevant local laws and regulations. The Bank values its reputation highly as a responsible and ethical operator in the financial industry.

### Business Ethics

At Fransabank, we are dedicated to improve our culture by building on our values and adhering to the high expectations of ethical and professional

behavior and standards we set for ourselves. In view of that, Fransabank allocates great value to responsible conduct reflecting the sound image of the Bank with all employees receiving training in various related topics. These include, but are not limited to code of conduct, anti-money laundering, compliance, and information protection.

### Preventing Money Laundering, Financing of Terrorism, and Corruption

Acting as the backbone of the Lebanese economy, the banking sector is well-known for its resilience, sound performance, and most importantly its confidentiality and the trust it derives. Therefore, we always work on keeping up with the increasing international regulation laws and restrictions over the financial sector to consolidate the Lebanese banking sector's solid reputation. Fransabank has been updating its policies and procedures to be aligned with local and international rules. Henceforth, the Bank has been leading its business with the highest ethical standards and in full compliance with all applicable anti-money laundering, financing of terrorism and corruption laws and regulations.

We follow a wide Anti-Money Laundering and Counter-Financing of Terrorism policy (AML/CFT) supported by our Know Your Customer policy (KYC), which in turn commits us to:

- fulfil regulations governing identification, recording, and archiving;

- detect suspicious transactions and process internal suspicious-activity alerts;
- improve, update, and implement internal policies, procedures, and controls; and
- create staff awareness, set a staff reliability process, and provide training.

These policies are put into practice at the front line of our business, they are continually monitored and updated.

Our measures for customer due diligence, reporting, record keeping, internal controls, risk management and communications are applied to anticipate illegal activities and crimes. These measures were opened out by the Law No. 44. Crimes such as human trafficking, tax evasion, extortion, bribes, and corruption are listed as illicit doings that we report through our AML/CFT Compliance Department, and managers who suspect such activity, as we all share the responsibility of ensuring and reporting compliance.

Our sanctions program and policies for fighting corruption and bribery are in full compliance with international standards and requirements. We make sure our employees are rigorously meeting the terms of AML/CFT and FATCA procedures. In view of that, they have to:

- Conduct a periodic review of the AML/CFT, sanctions and FATCA policies and procedures to ensure compliance with the updated related requirements.
- Make sure that appropriate KYC and FATCA due diligence

procedures are applied at the onset of the relationship with the customer and renewed at every material change in related data.

- Undertake a close monitoring on accounts' movements and daily executed transactions to ensure their consistency with the customers' net-worth situation and their economic activity reflected in the KYC form. Hence, handling system-generated alerts showing any deviation between mentioned and actual account activity.
- Perform a daily screening of the customers' names against local watch and sanctions lists published by the Special Investigation Commission, as well as, those published by international bodies including UN, OFAC, EU, HM Treasury, and Interpol.
- Apply strict control measures on wire transfers prior to processing them to make sure that the payment is not directly or indirectly in relation with sanctioned countries, individuals, entities, goods, vessels and ports.
- Conduct an Enhanced Due Diligence (EDD) on high risk customers, such as:
  - Politically Exposed Persons (PEP),
  - Off-shore companies,
  - Non-profit organizations,
  - Precious stone dealers,
  - Used car dealers,
  - Exchange companies,
  - High cash income professions,
  - Nationals of sanctioned countries,
  - Income directly or indirectly related to sanctioned countries.



## Compliance Trainings

Compliance trainings are continuously organized for Fransabank employees, to improve their understanding of new and/or updated financial sector, governmental laws and regulations. Consequently, the compliance department has training modules intended for particular areas of responsibility. In 2016, 116 employees completed compliance training sessions (from Fransabank SAL, Fransa Invest Bank SAL – the investment arm of Fransabank and the Lebanese Leasing Company SAL – the leasing arm of Fransabank).

The training modules covered topics ranging from:

- AML/CFT awareness sessions
- FATCA awareness sessions
- The Common Reporting Standard
- Regulatory requirements for compliance implementation within banks and financial institutions
- International sanctions requirements
- Financial crimes detection

- Fighting digital fraud and piracy in the banking and commercial sectors in Lebanon.

Our required trainings are not limited to Fransabank branches' employees (customer service representatives, tellers, deputy branch managers and branch managers), but extend as well to cover teams from selected departments/divisions at the Bank, such as:

- Internal Audit Department
- Retail Banking Division
- Risk Management Division
- Loan Recovery Department
- Security and Business Continuity Department
- Corporate Banking Division
- Financial Consumer Protection Unit
- International Banking Division
- Inspection Department
- Compliance Department.

We value these trainings as they are essential for the Bank's professional performance, whether for doing business with customers in a clear and well-informed manner or for

dealing with correspondent banks with consistency and proficiency. Being transparent and responsive when exchanging complex regulations is critical for a high quality of service.

## Valuing the Bank's Code of Conduct

Corporate culture is not only fostered through top-down leadership; it also requires employees at all levels to understand the importance of personal accountability, risk, and values of integrity. Our Code of Business Conduct and Ethics helps in achieving this culture. We ensure that employees have the tools to support our commitment to ethical business practices and require that they speak up if they notice questionable behavior and escalate their concerns if they feel it is not being addressed.



The main objectives of Fransabank code of conduct are:

- To establish a common understanding of the standards of behavior expected of all employees,
- To provide a clear framework within which employees are expected to conduct themselves,
- To maintain a work environment in which honesty, integrity and respect for fellow employees, and customers/clients constantly reflect in personal behavior and standards of conduct, and
- To remind employees of what is expected from them as for their appearance and work ethics.

In this regard, all employees must comply with our Code of Conduct and are expected to live our core values. The Code helps employees in their daily decision making in situations that involve confidential or inside information or conflicts of interest. It helps employees better understand their responsibility to make the right ethical choices, promptly report actual or suspected misconduct and know to whom concerns should be reported.

Our Code of Conduct reinforces the message that adherence to our core values and principles is every employee's responsibility and that we each have an obligation to:

- Apply the values and principles expressed in our Code in everything we do and where we operate.
- Conduct business in a transparent, prudent and dependable manner.
- Take responsibility and hold each other accountable.
- Raise concerns and ask questions.

## Protecting the Bank's and its Customers' Information

One of Fransabank's highest priorities is to protect the confidentiality, integrity, and availability of customer data and the Bank's information assets.

Fransabank's strategy with respect to security is to always upgrade its security infrastructure with the evolving technology. This provides assurance to all stakeholders (specifically the customers) that the data and services are duly protected and constantly available.

In line with this strategy, and in addition to the multitude of security layers already implemented as appliances or software, (e.g. the data leakage protection, the end point security, firewalls, IDS, IPS...) a multitude of control and monitoring systems are now in the scrutiny pipeline, namely a Security Incident and Event Management solution, a Business Continuity Management System, a Vulnerability Management tool, an Auditing tool and Sandboxing Solution.

As far as the readiness of the current Business Continuity Site, during 2017 the site will be covering all Fransabank services, even those not classified as critical in the objective to better serve customers and to ensure seamless shifting of the services from the Head office to the Disaster Recovery Site.

Investment is also done on the security staff members, where employees are always encouraged to stay up to date and to provide evidence of that by gaining specialized certifications in the field of Security and Governance (e.g. CISM, CGEIT and CRISC).





02.

ACCESSIBLE  
**FINANCE**

# Accessible Finance

## Key highlights

- Create economic, social and environmental values by providing products and services in a profitable manner
- Serve all segments of the population, so as to ensure financial inclusion in society
- Promote financial inclusion and eradicate poverty through our microcredits
- Support SMEs in Lebanon through a diversified portfolio of products and services at advantageous rates

As end of 2016, an outstanding amount of **USD 628.02 million was invested in SME financing**

- Drive local economic growth, entrepreneurship and jobs. In 2016, Fransabank participated in two additional equity funds under the Central Bank of Lebanon Circular 331
- Ensure well-developed accessibility channels and proximity banking close at hand reaching low-populated and economically disadvantaged areas
- Provide advice that meets the needs of customers and promote products and services that are appropriate to their personal circumstances and risk profile
- Provide clear and transparent information on products and services and other terms and conditions of use
- Mystery Shopping research project was prolonged to monitor the Bank's standing and re-assess the customer service quality
- Inform and communicate with customers, deal with complaints quickly and efficiently
- Advertise responsibly and ensure the visibility of information on products and services both in the branches and on internet sites
- Be transparent towards all stakeholders, including our customers, in communications and reporting about our impact on society

We have invested through our microfinancing loans around

**USD 34.1 million** granted to **17,031 beneficiaries** at end of 2016

In 2016

**USD 5.97 million**

had been disbursed for microcredits financing



**40%**

of our beneficiaries were females



**460 jobs**

were created

**5,096 jobs**

were sustained



**42.5%**

of the beneficiaries are between the ages of 18 to 35

**41.48%**

of the beneficiaries derived from the commerce sector

Economic development is always at the forefront of national advancement. Yet, supporting a responsible and sustainable growth is a necessity for the achievement of valuable long-term objectives. Therefore, at Fransabank, we believe that pulling off Lebanon's real growth requires new concepts and partnerships with a reinforced commitment to helping societies produce more inclusive economic growth.

Working through our lending capacity, we aim to improve the main pillars of Lebanon's economy including its infrastructure, services and innovative technologies, as well as, key businesses. Of course, we have to deal with several challenges to go forward, such as:

- Broadening access to financial services and improving the understanding of their appropriate uses.
- Expanding further microfinance opportunities across Lebanon.
- Continuing to improve opportunities for small businesses to create jobs.
- Continuing to support affordable homeownership in difficult economic climates.
- Promoting responsible use of credit cards as a tool to improve households' finances.

Our core business works on ensuring loans and credit facilities approved on the basis of a professional credit assessment. We include environmental, social and governance features in advancing credits; while making sure our customers realize the repercussions of taking out loans. In parallel, our investments are aligned with international principles such as human rights, labour rights, and environment protection.

## Lending Responsibly

Fransabank considers itself responsible for providing transparent credit facilities in an era in which banks are increasingly expected to share accountability for customers' use of funds. That is why we integrate responsibility measures in our lending practices and offer proactive advices.

- For private individuals, we confer loans on the basis of a professional credit assessment of the person's needs and financial situation. It is in the interest of both the customer and the Bank that credit facilities are granted only when the customer understands the associated obligations and risks.
- For business customers, we not only assess the customer's needs and repayment ability but also consider the purpose for which the funds will be used and assess possible Environmental, Social and Ethical (ESE) risks.

For us, responsible lending means ensuring a good customer experience and a long-lasting financial partnership based on mutual understanding and trust. Accordingly, our team of experts is well trained to evaluate, assess and support our customers in their projects while offering them practical assistance.

## Financial Inclusion

Financial inclusion is a vital aspect to generate balanced economic growth, as it helps people start and expand a business, which in its turn reduces poverty and inequality. In view of that, financial inclusion is essential to reach higher societal goals generating resources which would be accessible to all.

Yet, access is exactly what Fransabank works on providing these small businesses with. We do not wait for them to walk through Fransabank doors to achieve their potential; however, we personally reach them through our microcredit program in partnership with Vitas – one of the largest microfinance institutions in Lebanon, our wide presence across Lebanon, and our on-the-move team. Equipping these underserved businesses with the resources to get ahead can be one of the greatest switches for creating national economic progress.

## Microfinance

With our microfinance funds, we have extended an estimated of 17,031 loans to micro entrepreneurs with a total outstanding amount of USD 34.1 million since 2007 till end of year 2016, delivering social and economic value to the beneficiaries and their communities.

Businesses that benefit from Fransabank microcredit program covers several key commerce ranging from restaurants, bakeries, barbershops, tailors, farmers, among others. By boosting the vivacity of some regions, we give a new lease of life to marginalized ones; and so inclusive economies have the contagious power to prosper. We are also tailoring solutions to meet the needs of women and minority-owned businesses, all with the aim of generating inclusive growth in the communities where we live and work.

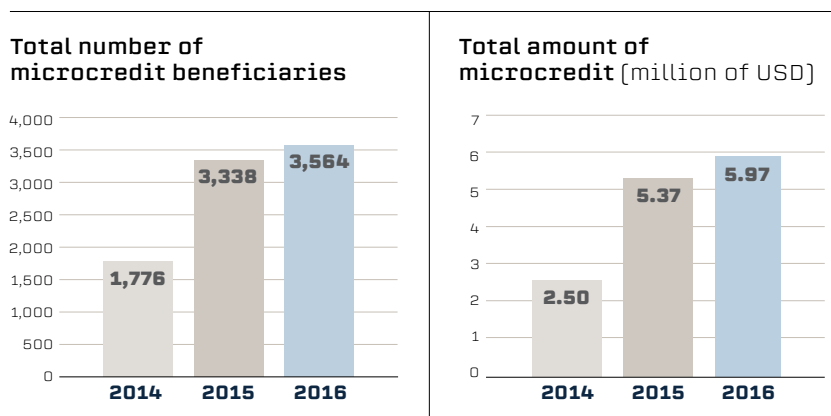
In 2016, the total number of microcredit beneficiaries reached 3,564 clients. Simultaneously, the outstanding amount of microcredits reached around the c/v of USD 5.97 million in 2016 compared with around USD 5.37 million in 2015; a year-on-year increase of almost 11.17%.



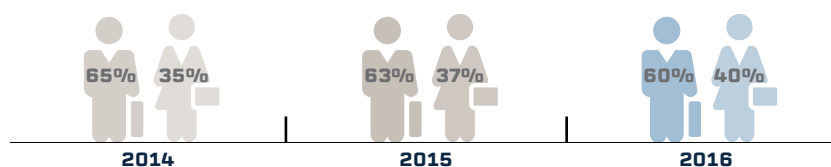
The outstanding amount of microcredits reached around the c/v of

**USD 5.97 million**  
in 2016

## Microcredit highpoints over the past three years [2014–2016]



### Gender distribution



### Amount disbursed per age brackets [USD]

AGE	2014	2015	2016
Between 18 to 35	USD 1,060,150	USD 2,292,012	USD 2,404,429
Between 36 to 50	USD 967,585	USD 2,098,109	USD 2,283,127
Above 50	USD 421,960	USD 987,004	USD 1,281,605

### Percentage of beneficiaries per age brackets

AGE	2014	2015	2016
Between 18 to 35	43.3%	45.6%	42.5%
Between 36 to 50	39.5%	36.6%	37.5%
Above 50	17.2%	17.8%	20.0%

### Number of jobs created

2014	2015	2016
266*	2,278**	460*

\*The number of jobs was calculated based on data gathered from the clients.  
\*\*The number of jobs was estimated based on the loan type and amount financed.

### Number of jobs sustained

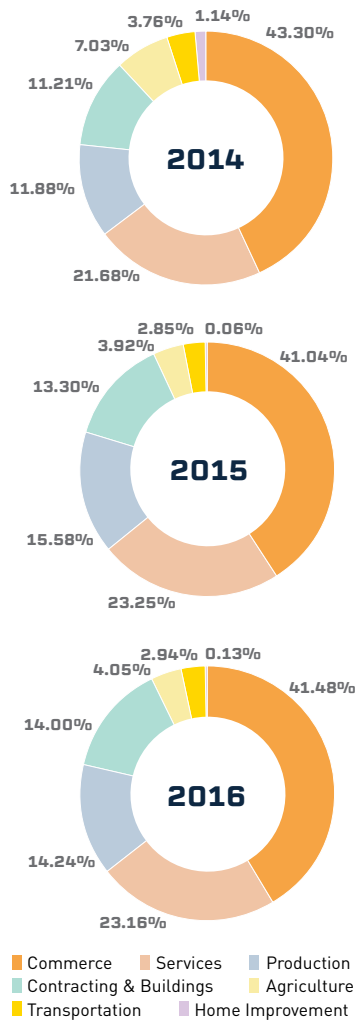
2014	2015	2016
N/A	1,789	5,096

### Non-performing loan ratio

AGE	2014	2015	2016
PAR > 90 days	1.81%	1.17%	2.62%
PAR > 180 days	N/A	0.44%	1.35%



**Microcredit beneficiaries' sectors distribution**



In December 2016, Fransabank sustained its commitment to stimulate economic growth by launching a joint project in collaboration with Michel Issa Foundation and Vitas, to shed light on the microloans programs, and support local micro businesses in Jbeil area, particularly remote areas and villages in the region, which suffer from displacement.

The program's main target is the people of Jbeil region and those with simple crafts whose circumstances may not allow them to develop their careers and trades, or in some cases can't even bear the burdens of debt and interest repayment. In this initiative, Fransabank has taken it upon itself to pay interest of about 30 loans and the payment of the value of about 20 loans, a gift to the borrowers of the sons of Jbeil.



Established in 1999, Vitas is the first microfinance institution to receive a license from the Central Bank of Lebanon. Vitas is a pioneering microcredit institution in Lebanon with regional and international outreach. Its mission is to provide financial support to families with limited income with the purpose of assisting them to become self-sustainable. The majority of Vitas clients are located in rural areas. It focuses on women, youth, and rural-based businesses. Vitas became part of the Vitas Group in 2011, a global network of microfinance institutions operating in Lebanon, Jordan, and Romania, among others.

## Small and Medium-sized Enterprises (SMEs) Financing

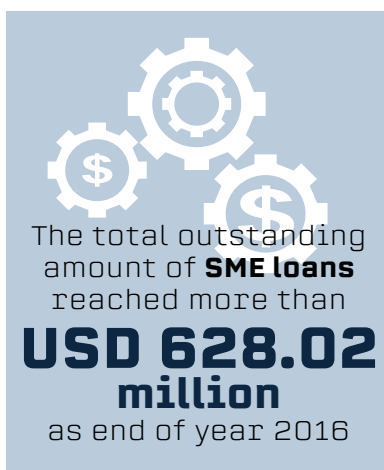
According to a research study conducted by the International Finance Corporation (IFC) in 2013, SMEs collectively represent almost 97% of the total formal enterprises in Lebanon and employ more than 51% of the working population. Fransabank continues to prioritize SMEs, in recognition of their importance to financial inclusion and as a cornerstone for sustainable economic growth. Not only that, they are playing a key role in the creation of new employment opportunities in Lebanon; and therefore offering a wide array of tailor-made products and services to SMEs at very competitive terms and conditions.

To support new and established small and medium-sized enterprises in reaching their potential, Fransabank provides the necessary expertise through various initiatives and suitable solutions that fit their needs. By absorbing risks, providing advice and facilitating access to capital and financing, the Bank helps companies achieve their ambitions. Having financial confidence can help SMEs focus on what matters most – commercializing their business ideas and innovating their business model so that they stay accustomed to their customers' expectations.

### Micro and SME Selection Criteria as per the Central Bank of Lebanon:

A simple approach to define Micro and SMEs is based on annual turnover and number of employees.

	FROM AN ANNUAL TURNOVER PERSPECTIVE	FROM AN EMPLOYEE COUNT PERSPECTIVE
Micro	LBP 500 million	10
Small	LBP 5 billion	50
Medium	LBP 25 billion	100



At the core, helping people get on the path to financial stability, and move up the economic ladder, requires connecting the dots. Apart from providing financial facilities and strategic insights, Fransabank organizes seminars and sector based information meetings in order to raise its customers' level of knowledge and to bolster their understanding of the different SME products and services. These annual SME workshops and trainings are provided to existing and potential clients across Lebanon. Adequate access to education and training and building the skills that are in demand, are key to our mission's success and to the socio-economic impacts we aim to create.

### We actively support and believe in:





## Innovative Entrepreneurship

At Fransabank, we are not only responsible for delivering financial facilities through credit lines; we are also expected to participate through direct investments in ready-to-scale start-ups. Owing to the Central Bank of Lebanon Circular 331, whereby Lebanese banks are encouraged to invest in innovative start-ups in the Lebanese knowledge economy. Thus, local banks are entrusted with allocating equity funding to its most efficient use by investing in:

- creative young entrepreneurs with innovative ideas,
- ready-to-scale start-ups,
- accelerators,
- incubators,
- venture capital funds with solid management team.

Fransabank puts forward programs that support early stage, innovative, and impact-driven businesses that drive positive change in society. We give these businesses access to what they need to get off the ground and reach their next level where young entrepreneurs benefit from guidance, strategic mentorship, entrepreneurship-focused business training, and access to networks of partners and mentors. In view of that, 2016 witnessed additional participations in equity funds under Circular 331:

- **Broadgate Y Ventures Partners** aims to target the current gap in the Lebanese eco-system by targeting seed and early stages startups in Lebanon and abroad. It is the first and sole fund so far to combine commitments from banks under the Central Bank of Lebanon Circular 331 and direct equity from private investors. The Fund will target a portfolio of 40 to 45 high-potential Lebanese startups and 12 to 15 later stage foreign companies. The Fund's multi market exposure, and ability to tap a broader market potential could offer competitive advantage over the competition in accessing a larger pool of investments. The aforementioned can help build local talent, develop the Lebanese economy and create much needed job opportunities. Fransabank and Fransa Invest Bank (the investment arm of Fransabank) committed USD 2,000,000 and USD 300,000 respectively out of total fund size of USD 46,000,000.
- **Cedar Mundi Fund** objectives are to promote the Lebanese economy, create jobs, grow the portfolio companies, and eventually contribute (to the extent possible) to the development of the Beirut Stock Exchange. Nevertheless, Cedar Mundi Fund

is bringing a new dimension over the existing similar funds in that its strategy will also focus on importing the technological know-how, property of successful foreign start-ups (mainly European). This is done through establishing subsidiaries in Lebanon which main activity would be to sell the product in the Middle East & Gulf region and grow the parent company and contribute to its value creation. Cedar Mundi Fund will mainly focus on companies in the food, travel & hospitality, and finance sector. Fransabank and Fransa Invest Bank committed USD 3,500,000 and USD 500,000 respectively out of total fund size of USD 40,000,000.

As for our previous equity participations, they went through some updates in 2016:

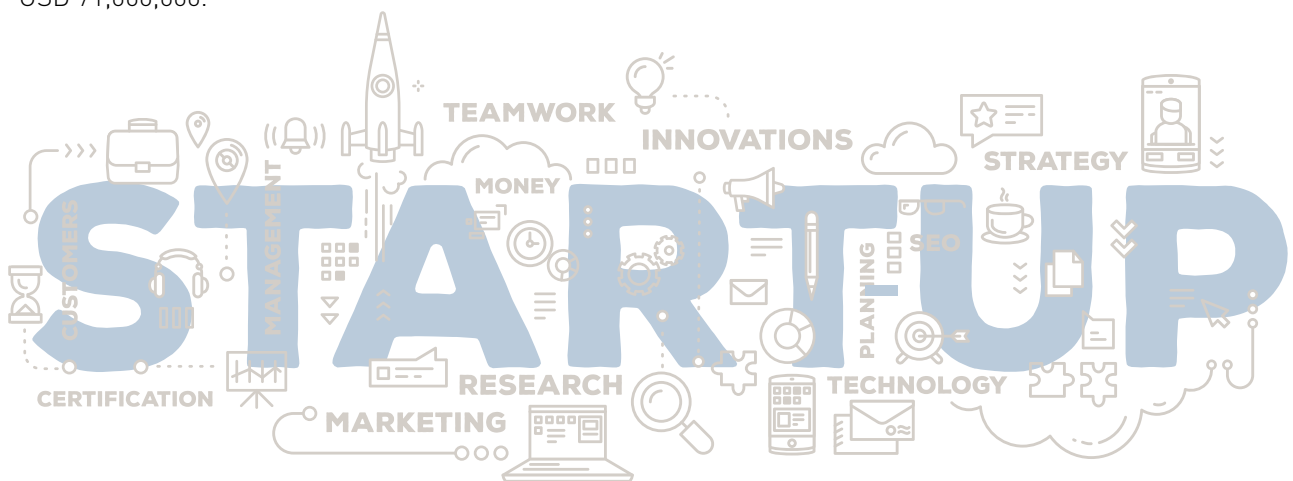
- **Impact Fund** by Middle East Venture Partners (MEVP) which was established in 2014, with a total size of USD 70 million, invested circa USD 11.5 million in companies, mainly in the sectors of online payments, education, technology, gaming, and online publishing. The Impact Fund mainly focuses on consumer technology products and services, consumer retail products and services and enterprise software. Fransabank and Fransa Invest Bank had committed USD 5,000,000 and USD 500,000, respectively.
- **Leap Ventures** invests in growth stage, well established companies that are ready to scale. In 2016, it invested circa USD 30 million in companies, inter alia, in the field of renewable energies, fintech, online retail, education, and cyber security. Fransabank and Fransa Invest Bank had committed USD 6,000,000 and USD 1,000,000, respectively, out of a total fund size of USD 71,000,000.

Fransabank is also a partner and shareholder in Berytech whose purpose is to nurture economic growth through providing incubation, support and hosting opportunities to the largest possible number of project holders as well as developing enterprises working in the fields of technology, multimedia and health. In 2016, Berytech carried on with its Funds I & II along these lines:

- **Berytech Fund II** invested USD 9 million mainly in the sector of technology and online banking. The Fund invests in early and formative stage start-ups with proven innovation levels and technology disruptions in many sectors covering the Information and Communication Technologies (ICT) sector as well as other knowledge based and creative industries (such as energy, creative and fashion design). Fransabank had committed USD 3,000,000 out of a total fund size of USD 51,500,000.

- **Berytech Fund I** successfully exited four companies for a total value of USD 1,846,817. The Fund empowered start-ups through pioneering initiatives, e.g. Berytech Digital Park Beirut which aimed to create a tech-hub for the digital industry in Lebanon and the region.

And so, Fransabank, amongst other Lebanese banks, was keen to participate in Banque du Liban Accelerate 2016 conference, Lebanon's third annual international start-ups conference. Confident in its capabilities to accommodate financial tools in support of forward-looking entrepreneurs, and with the aim to create a favorable environment that would serve the growing needs of start-ups.





## Accessible Homeownership

Home is the essence of stability and security. Therefore, we believe that our customers' ability to buying a house of their own is important for building healthy communities. Often, people worry about applying for a housing loan due to the large amount they would be borrowing over a long period of time. However, we are keen on reviewing, on a yearly basis, our housing loan programs to put in possible improvements to offer a well-studied product. This would help customers acquire a house while still settling their monthly payments in a smooth manner.

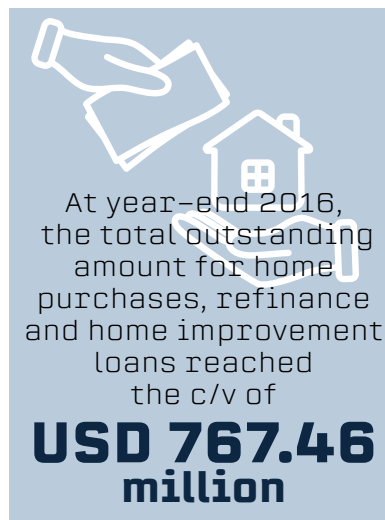
In view of that, the Bank launched, a housing loan campaign, in 2016, promoting a cashback of 1% from the loan amount for the new housing loans approved applicants; 93 Fransabank clients with a net loan amount of more than c/v of USD 15 million benefited from this promotional campaign.

For homeowners who are struggling to make their loan payments, we intervene as early as possible. While our employees have to support customers who are having difficulties making loan payments, we also provide counseling and arrange for any available option to put the client back on track with the due payments.

Yet, we follow a strict and conscientious evaluation for each application to avoid overloading people with grants they cannot afford. Our employees must be sure that clients understand the characteristics, functions and risks inherent to each product



or service. They are trained to consistently communicate and interact with customers, setting clear expectations, and explaining fees and costs that are part of the origination process. At Fransabank, we focus on achieving and maintaining excellence in key customer experience drivers, such as closing on time and avoiding multiple requests for documents.





## Putting Clients First

Fostering a culture based on clients' needs rather than an approach that focuses on products and profits is a prerequisite for pursuing equally valuable client relationships. As a result, we believe that listening to our customers, identifying their needs and addressing areas where they are not satisfied are amongst the cornerstone of Fransabank's customer service experience and a substantial element in the Bank's sustainable progress. These unstinting efforts contribute towards further enhancing the level of customer satisfaction.

Fransabank has promoted several notions that lead to open communication with clients as per the Central Bank of Lebanon Circular 134 on "The Principles of Banking and Financial Operations with Customers":

**Educating clients:** It is of major importance to us to educate our customers about their rights and duties. In view of that, the client has the right to:

- have full information of the terms, conditions, and details of the product or service sold,
- request ample explanations to be sure that he/she has understood them and can abide by them,
- obtain a clear, ample and simplified explanation about different risk levels of any financial product from the concerned employee,
- know the actual cost of the product or service, including the actual insurance cost and the computational method of the lending or deposit interest rate,
- obtain, for each product or service, a periodic detailed statement of account,
- refuse to sign a blank or incomplete form and make

sure all the required fields and figures in the form to be signed are correct and complete...

**Being approachable:** With the purpose of being approachable to the clients willing to contact us or file a complaint, several means are made accessible; through our email that is displayed on all our customer facing channels, call center where our customer service representatives are available to answer any inquiry or channel them to concerned personnel, complaint boxes in all our branches. Hence, customers are granted the possibility to raise their concerns, and the chance to inquire about any needed clarification concerning any of our products or services. Moreover, they can submit a claim about any service or product, and request an explanation on the claim submission procedure, the time

limit needed to be notified of the claim outcome, and the mechanism applied to submit the claim to other authorities whenever the customer is not convinced of the claim outcome.

**Transparency** is a priority at Fransabank. We make sure clients have full access to the information they want. We seek to disclose full information about our products and services by revealing thorough details related to their financial and operational aspects. Consequently, sharing this information with our customers will assist them in taking the convenient decisions when acquiring one of our products, by assessing the risk associated to it.

**Committing to a loan** is a critical decision that one needs to make, taking into consideration all the relevant features of the product in order to evaluate the risk taken. Therefore, assuring suitability of the product or service purchased with the customers' request, profile and perception of the likely financial risks associated to the lent amount is our main concern.

### Mystery Shopping

Whether we believe that our products are well-studied and our service is of grade A is not enough. We have to evaluate periodically our customer experience to monitor and qualify it. Accordingly, we carry out extensive researches to keep up with our customers' under-

standings, needs, expectations, opinions, values, and to identify any room for improvement. Thus, we mandate an independent marketing research firm to send mystery shoppers to review our service standards and to benchmark it with the one of selected competitive banks.

In this respect, a Mystery Shopper research project was re-launched in 2016, to monitor the Bank's standing and re-assess the customer service quality as compared to the competition. Through this exercise, an appraisal of the branches' service performance and adherence to high standards was completed out of real life customer experiences which in turn helped identify best practices/need gaps. The project covered specific criteria as per the branches exterior, interior, customer service officers' appearance, behaviours and interaction, in addition to a telebanking overall evaluation. Fransabank's 74 branches were visited twice per month, during peak and off-peak periods providing valuable insights into the quality of our services and compliance with our standards of excellence; with more than 200 visits to competitive local banks branches. While the project's outcomes indicated increasing levels of satisfaction across all of our customers' service areas; this self-assessment exercise also proved to be a necessity especially in a highly competitive market that increasingly relies on better services and higher customers' contentment.

## Accessibility

Today, keeping in touch with customers has been taking a different approach with the changing social behavior. We recognize that our digital reach will become as important as our physical reach, and we are adapting our delivery model to these future requirements. However, while the number of customers shifting to digital solutions is growing, some customers are still not confident enough to interact for financial purposes with a computer or smartphone. So, it is important for us, as a Bank, to ensure a liable and soft transition to future financial services and to take into account the consequences of a more digital business model.

Per se, Fransabank offers a variety of online banking solutions such as the e-banking, mobile banking, and the mobile payment solution. These services enable customers to manage basic banking transactions without assistance through a continuous experience across all touchpoints that are accessible, easy to use, and secure. These services add up to Fransabank Group's 124 branches spread from Halba in the North of Lebanon to Naqoura in the South, maintaining our first rank as the largest branch network in Lebanon, along with the 112 ATMs installed at all our branches and some strategic off-premise locations.

Fransabank has been enriching its clientele's experience by supporting the Lebanese public sector in the establishment of an E-Government, reducing therefore administrative and financial bureaucracy and alleviating its burden and repercussion on the Lebanese citizens. These first e-payment services benefit taxpayers, residents and expatriates, to settle their subscription fees or taxes all week long including Sundays and holidays, using their plastic cards, in a most easy and secure way. Accordingly, Fransabank credit cardholders can pay their taxes through an E-Taxation system in collaboration with the Lebanese Ministry of Finance, and can also pay their water subscription fees online. The same applies for the settlement of subscription fees for the members of the Syndicate of Engineers and Architects in Beirut.

Likewise, we are also engaging customers through social media; real-time updates allow us to keep our customers informed of significant events or updates to our services. We had a significant increase in social media engagement; Facebook fans have grown by almost 133%, Instagram followers increased by almost 118%, and Twitter followers rose by almost 41%.

## FRANSABANK TOUCHPOINTS



Branches  
& ATMs

E-Banking



Mobile &  
Tablet  
Application



24/7  
Call  
Center



Mobile  
Payment



SMS  
Alerts

E-Mail



Social  
Media  
Channels



Mail







## Connecting with the Lebanese Diaspora through Businesses

Known of its larger than residents diaspora, Lebanon's economy largely depends on remittances coming from its migrated population. As a Bank, we do measure the importance of keeping up with Lebanese emigrants and appreciate their bond and concern with their fatherland. In view of that, we do support the Lebanese International Finance Executives (LIFE), a worldwide membership organization of Lebanese financiers based in the diaspora, through our financial support of USD 50,000 for the year 2016. LIFE's main objective consists of enabling Lebanese finance executives worldwide to connect

via networking events, nurtures the next generation of Lebanese finance executives through education, mentoring and coaching, and promoting economic growth and job creation both for Lebanese residents and expatriates.

## Supply Chain Management

As a financial institution, we may focus the most on our client relations; yet, in the rear of our operations we have to secure a procurement network that fits within our CSR believes. As Fransabank meets the needs of its branch network and departments from local suppliers, we depend on an extensive supply chain, with a large number of suppliers providing goods and services to support our business.

Therefore, Fransabank suppliers' course of action encloses guidelines for promoting responsible and transparent procurement practices. Detailed requirements for each product type are set forth in contracts with individual suppliers. Recently, the Bank included a new article in its supplier contracts requesting suppliers of the cleaning service to comply fully with the United Nations Global Compact (UNGC) humanitarian principles.



03.

FOSTERING A DIVERSE  
**WORKPLACE**



# Fostering a Diverse Workplace

## Key highlights

- Create decent work in an inclusive environment
- Provide good working conditions for all our employees in all the regions in which they operate
- Provide employees with the opportunity to achieve a good work-life balance

- Fransabank 2016 Development Programs targeted  
**233 employees** for the Talent Management program  
**439 employees** for the Polyvalence Enhancement program  
**398 employees** for the Potentials Development program  
**177 employees** for the Succession Planning program

- Respect and protect human rights and labour standards

- **229 students** were welcomed in our 2016 Internship Summer Program

- **475 employees** enrolled in Partner in Life Program, contributing to a total amount of **USD 306,132** at end of year 2016

- **659 employees** are enrolled in the Amicale Club, an **increase of 15.6%** from the year 2015



**46%**

of employees are women

**8%**

of the Board of Directors are women

**37.3%**

of senior management positions are women

**45.4%**

of middle management positions are women



Promote training and life-long learning opportunities in order to facilitate career advancement

**1,013 employees**

received specialized trainings in 2016; being 59.1% of the workforce.

An average of

**94.7**

**hours of training**  
per employee

Attracting and retaining a competent and devoted workforce is an organization's guarantee of its sustainability and efficient growth. Accordingly, we, at Fransabank, are committed to creating a diverse and inclusive workplace in which employees are empowered and engaged. We view equality of opportunity and continuous learning and development as fundamental values and driving forces for the Bank's corporate culture.

## Diversity and Inclusion

We have a great responsibility in promoting diversity among our workforce. Believing our employees reflect the communities where we live and work, we are keen on attracting diverse backgrounds and experiences to promote further social inclusion which is inevitably a strong foundation. We invest in our people – the talent of tomorrow – through leadership and development, engagement and well-being, diversity and inclusion. In turn,

our people are building winning careers and achieving their professional, personal and financial goals.

In 2016, our workforce gender segmentation was unchanged as compared to the previous year with an almost equal share among men and women employment, 54% being males and 46% females. Fransabank staff population counted among its ranks 1,712 staff, with a 1.90%

growth rate and 3.44% turnover rate – among the lowest in the sector. While, we welcomed 105 new comers at Fransabank; 40% of them were women. With new blood joining our workforce, it resulted with an average personnel age of 37.1 years old compared to 38.2 in 2015, and the percentage of university degree holders rising by 3.3% to reach 69.3% in 2016. This increase resulted from the continuous education policy implemented by the Bank.

### Fransabank employees' composition by gender and seniority

YEARS OF EXPERIENCE	MALE	FEMALE	TOTAL	PERCENTAGE
0 – 10	464	426	890	52%
11 - 20	199	169	368	21%
21 - 30	182	141	323	19%
Above 30	84	47	131	8%
<b>Total</b>	<b>929</b>	<b>783</b>	<b>1,712</b>	<b>100%</b>

### Fransabank number and percentage of new hires by gender

GENDER	NBR OF NEW HIRES	%
Male	63	60%
Female	42	40%

### Fransabank number of new hires by gender and by age group

AGE	MALE	FEMALE	TOTAL
20 – 30	38	32	70
31 – 40	9	4	13
41 – 50	5	2	7
51 - 60	3	1	4
Above 60	8	3	11
<b>Total</b>	<b>63</b>	<b>42</b>	<b>105</b>

Women employees are active members of the Bank holding several key positions. Fransabank governance body is composed of 12 members, with an 8% of female participation.

#### Fransabank Board of Directors members by gender

	MALE	FEMALE
Board of Directors	92%	8%

Senior management positions at Fransabank include: head/deputy of division, head/deputy head of department, and regional manager. 28 women (37.3%) employed at Fransabank are occupying senior positions out of a total population of 75 senior managers.

#### Fransabank total number of women in senior management position according to their age group distribution

AGE	<30	30-50	>50
Women in Senior Management Positions	0	17	11

As for middle management positions at Fransabank, they include: head/deputy of section, branch manager, deputy branch manager. 45.4% of the positions are held by women out of a total population of 255 middle managers.

#### Fransabank total number of women in middle management position and their age group distribution

AGE	<30	30-50	>50
Women in Middle Management Positions	0	84	32

Strengthening the allegiance of women in the workplace, the Bank introduced a special working hours schedule for mothers of children aged 12 years old and below; they were granted a leave permission an hour earlier as compared to the normal schedule. We believe that women are multitaskers in our society and deserve our gratitude for the load of achievements they do to provide the best quality of life for their families.

#### Return to work and retention rates after parental leave

TOTAL NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE		TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE		RETURN TO WORK RATE	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
43	48	42	45	97.6%	93.7%

Freedom of association is another important human rights issue. Fransabank is ruled by the Collective Labour Agreement. All employees are enrolled in the National Social Security Fund, and are endowed for fair compensations, benefits and working conditions.

#### Fransabank employees distribution by contract type

CONTRACTUAL		FULL-TIME		COLLECTIVE AGREEMENT	
MALE	FEMALE	MALE	FEMALE	FRANSABANK	CONTRACTUAL
33	8	896	775	100%	0%



## Learning and Development

Employees retention and devotion to their company are inevitably linked to the career path, development, and opportunities they are granted. We believe that employees have different experiences and learning approaches and accordingly require personalized development methods. To help employees stand out, we provide professional development programs, tools, and courses dedicated to specific lines of businesses across the Bank.

We seek to build the capabilities of managers and staff in order to help them develop both professionally and personally and to position the Bank for future success. Talent and development actions have three main concerns: building leadership capabilities, nurturing an environment that supports sustainable performance, and promoting continual professional and personal development for all employees. The Bank's polyvalence and succession programs are well-studied to provide employees' with the abilities to: improve their multitasking skills, and prepare them to take responsibility of key positions with the Bank. We

also focus on enabling employees to build skills through internal mobility, and we place a priority on filling open roles from within.

At the same time, our talent management and potentials development programs ensure a consistent, enterprise-wide approach to selecting, developing and promoting a diverse set of leaders who inspire change and engage our people to realize their full potential.

In 2016, employees Development Program, effectively focused on:

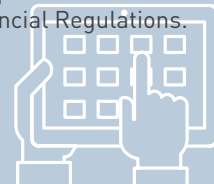
- Promoting 63 individuals in branches and departments management.
- Rotating 398 employees, all as part of Potentials Development.
- Recognizing 233 staff as Talents to pursue a fast-track program in 2017 and 2018.
- Guaranteeing contingency planning for 439 staff members through the Polyvalence program.

Accordingly, the total number of employees trained in 2016 reached 1,013 employees; being 59.1% of the Bank's population with a total of 162,149 hours of training. On an average, each employee received 94.7 hours of training.

In addition, we place increasing importance on managing and developing employee performance holistically, regularly giving feedback, and taking appropriate actions. For instance, all talent development programs have a strong culture component as part of their curriculum. When employees are being considered for promotion, it is now standard for managers to assess how candidates demonstrate the values and beliefs in their daily business.

### E-Learning a Knowledge Improvement Tool

A new E-learning process was made accessible to our employees through a shared folder. Fransabank E-Learning process enables employees to easily access clear and straight-forward presentations on several topics such as: AML, documentary credits, MS Office, and exams samples related to the Lebanese Financial Regulations.



## Processing Remunerations

While we work on helping employees grow in their roles to better serve our customers, we also make sure they are valued and rewarded for their achievements. We acknowledge the importance of remuneration to preserve our employees' motivation and interest. The annual evaluation of employees' performance provides the means for determining and directly linking merit and bonus to both individual and team achievements and productivity. It is based on abilities, competencies, and yearly objectives.

## Employee Health and Well-Being

Having invigorated our employees' career progress, we also invest in programs and policies to help ensure the health, safety and well-being of our employees and their families. This commitment is closely aligned with the Bank's goals of sustaining an engaged, high-performance work culture and offering a wide range of competitive benefits that are important to our people. The benefits also include, but are not limited to; transportation allowance, representation allowance, family allowances, preferential loans, college tuition fees for employees' children, a special 50% discount for tuition fees at the Lebanese American University (LAU), cost of living adjustment, medical coverage, wedding gift, amongst others.

Within our support to employees' children schooling fees, 1,296 children benefited from this support and the total amount invested reached over USD 3 million in 2016.

Of course, these initiatives are a reflection of our commitment to the protection and wider promotion of human rights. We make every effort to ensure that all employees are treated with fairness, dignity and respect in the workplace. Our commitment to human rights is embedded in the culture and values that define our Bank.

## Creating Tomorrow's Leaders

Onboarding is an important part in the hiring process or even in transition phases. Introducing recruits to their new team in a smooth manner and connecting them to the tools they need to succeed are very important to the Bank as it is the foundation of a fruitful career.

In order to build the next generation of leaders, Fransabank is present on a yearly basis at different job fairs with staff dedicated to recruiting and retaining young talents.

We also connect college students to opportunities in the banking sector through our internship program. By offering them the possibility to experience real world employment, students could better shape their education with the right skills, helping them realize their full potential

and have them understand the banking and finance world. Our internship program is designed for senior and junior students majoring in banking and finance, economics, or other business related fields, and last for about eight weeks with practical experience at Fransabank branches and/or departments. In view of that, we welcomed 229 interns in 2016, an increase of 6% from the previous year.

## Integrating Employees

### Social Engagement

Being a good corporate citizen includes giving employees opportunities to engage in volunteer work. While corporate volunteerism provides great benefits to the community; it also generates business value which in return leads to improved employee engagement. In view of that, Fransabank employees have always endorsed opportunities to contribute to their social surroundings whether through donations or personal engagement. In 2016, our employees took part in two volunteering activities:

- 15 Fransabank employees participated in a one-day volunteering at Himaya Resilience Center in Broumana - a Lebanese NGO that promotes awareness for the protection of innocent children from sexual, physical, and verbal abuse. The one day event consisted of organizing games and competitions for 18 children, followed by an enjoyable lunch.



- On the occasion of International Apple Day, 42 Fransabank employees with their families and friends teamed up and enjoyed fun times picking apples at Akoura, North Lebanon, to support apple farmers in Lebanon. They also shared some quality time, having a tasty lunch at Guita guest-house – a small family run farm offering natural eco-friendly food, and promoting rural development and tourism.

Fransabank employees have also since 2005 been contributing, on a voluntary basis, to the treatment of children struggling with cancer. This individual commitment to the “Partner in Life Employee Giving Program” with the Children Cancer Center of Lebanon (CCCL) comes out from the employee’s own sense of responsibility and his/her wish to help



make a difference on the social level. With the 50 new adherents, the CCCL received around USD 40,605 in 2016, resulting in the collection of USD 306,132 from 475 Fransabank’s employees at end of year 2016.

### A Break from Work

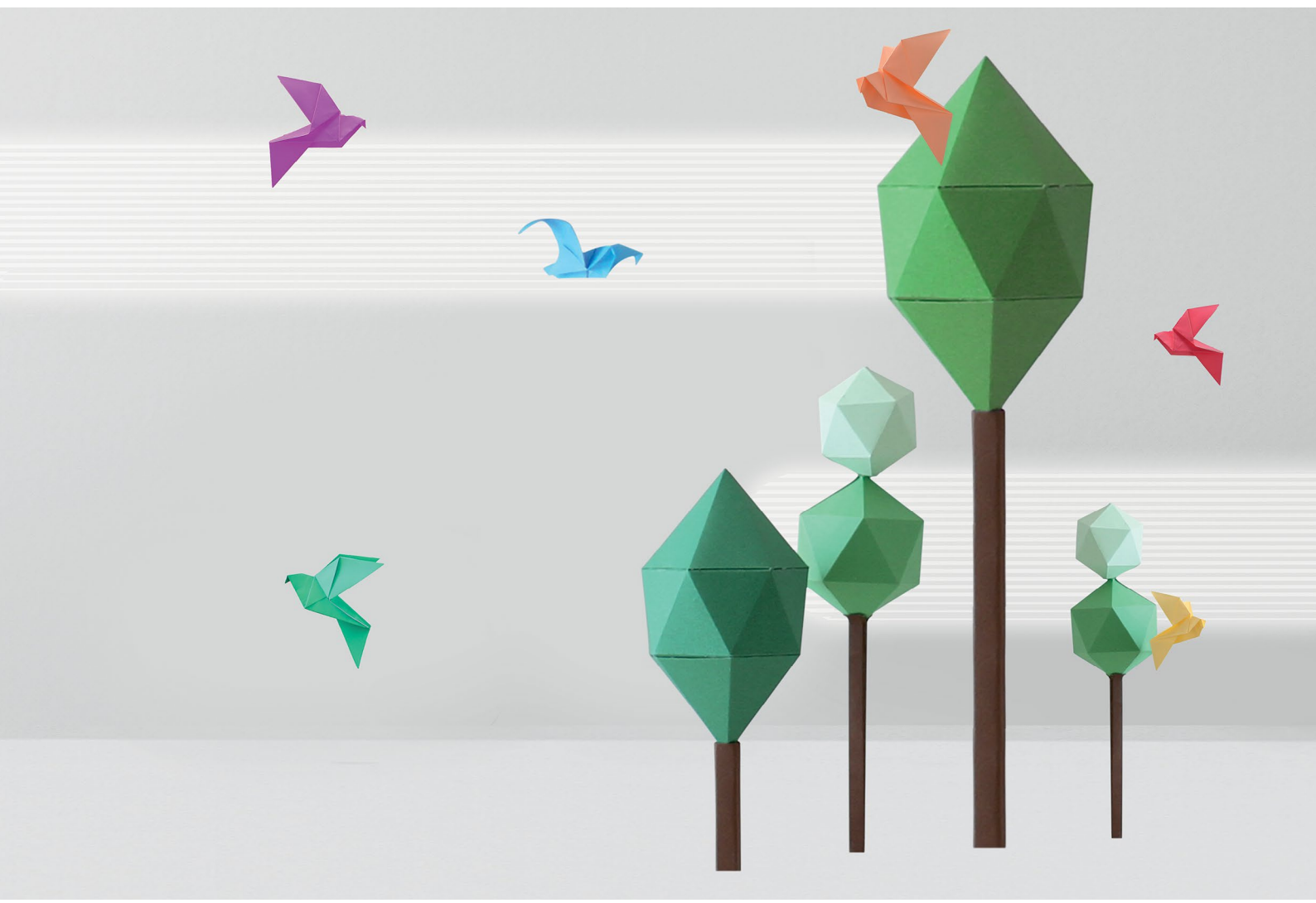
Fransabank Amicale Club has been providing since its inception recreational activities for the Bank’s staff. We believe that taking a break from work and making the time to relax, socialize and generate friendship bonds among colleagues would help employees refresh and surpass the stress environment and routine. The Club is managed by a Committee, which includes nine members covering all the Lebanese regions in conformity with our branch network. A yearly budget is allocated for the Club’s activities and is spent on activities undertaken throughout the year including an annual trip, nature outings, socials events, banqueting...

To liven the social lives of Fransabank employees, tickets to concerts, theater, dinners, social activities and invitations for cultural and sports events of which the Bank is a corporate sponsor, are offered to employees. In addition, Fransabank employees receive special deals from sports centers, shops, and diet centers, among others.

Fransabank Amicale members increased by 15.6% from end of year 2015, reaching 659 members as end of December 2016.

Likewise, the Bank’s management strongly supports sports activities among its employees and competitive banks; believing in the team bond it creates. As a result, and for the second year in a row, Fransabank Blue Knights Basketball team succeeded to make it to the final but this time with a trophy in hand. Fransabank Basketball Team was crowned Champions of the Banks Basketball League 2016.







04.

ENVIRONMENTAL  
ENGAGEMENT



# Environmental Engagement

## Key highlights

- Promote products and services that respect social, environmental and sustainable development criteria
- Stand by an Environmental and Social Management System (ESMS) to help clients manage risk associated with the impact of their businesses on the environment
- Consistently share best practices on the implementation of energy efficiency to selected sectors of the economy
- Fransabank was recognized as a “replicable” success story that IFC will now recommend as best practice in the Conference of Parties (COP22)
- 4 MoUs were signed to promote greener and sustainable environment in Lebanon with:
  - IPT petrol stations and Phoenix Energy/Indevco Group IPT Gas Stations
  - The Lebanese American University (LAU)
  - The Chamber of Commerce, Industry, Agriculture of Tripoli and North Lebanon and Phoenix Energy
  - The E-Eco Solutions for their Green School Certification Program

## — Green Recognitions & Awards

**The Energy Ambassador of the Year 2016** was granted to Fransabank Chairman, Mr. Adnan Kassar, as an acknowledgement to the efforts exerted by Fransabank to finance energy projects and create general awareness in Lebanon

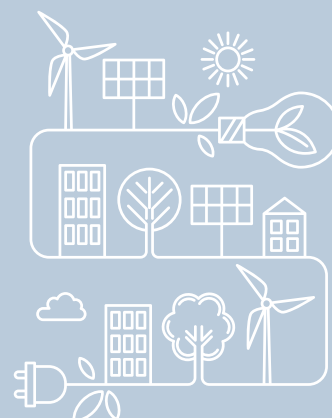
**The Energy Awareness Award** – the category of Pioneers of Sustainability was granted to Fransabank for the launch of its Eco-Business loans



Chairman  
Mr. Adnan Kassar,  
was selected  
to represent

## SDG 13 – Climate Action

by Businessworthy.org



Fransabank  
total number of  
Sustainable Energy  
Finance (SEF)  
eligible projects,  
is

# 170

Total  
SEF eligible projects  
reached

# USD 104.5 million

[From 2014 till March 2017]

The world is challenged by the potential impacts of climate change, resource scarcity, ecosystem degradation, rapid population growth, and urbanization. These problems endanger well-being, hinder community progress and threaten global prosperity. Accordingly, the pace of investment in renewable and efficient energy technologies, has significantly increased over the past few years as the cost of technologies falls and efficiency improves.

According to a study on the economic costs of climate change to Lebanon by the Ministry of environment and the United Nations Development Programme (UNDP), Lebanon would experience reductions in GDP (forgone GDP and direct damage) of USD 17 billion in 2040; if the country does not implement quick and serious measures to reduce green-house gas emissions (GHG).

Believing that the financial sector can help limit climate change through a financial infrastructure

that supports a low-carbon economy, hence providing through the core business of the Bank Sustainable Energy Financing (SEF), Eco-Business loans and personal eco-friendly loans, taking the environment and climate change into consideration in our products, services and business conduct. We work closely with clients to help them meet international standards and mitigate risks ensuring that many of our clients' practices are best-in-class, as we share experiences and learn from each other.

#### Fransabank Sustainable Energy Finance aims to cover:

- More efficient use of limited resources, via Energy Efficiency (EE) and/or Cleaner Production (CP).
- Generation of clean/ renewable energy: Hydropower, wind, solar including photovoltaic, biomass, geothermal, etc.

Through our commitment, we have a real opportunity to affect the climate agenda by the investments we make and the Eco-Business credits we grant. Accordingly:

- We strive to incorporate concern for the climate and environment in our products and services, and seek to conduct our business in a way that minimizes our footprint.
- We work to create general awareness and transmit this commitment to our clients so, in turn, they are responsible towards the environment.
- With our "Go Green" strategy, we have built capacity to become the Sustainable Energy Finance banker in Lebanon. Thus our strategy aims at encouraging companies to control and reduce the environmental impact of their activities, embrace renewable energy and engage in responsible and sound environmental management practices by increasing companies' competitiveness through cost reduction and improved productivity.

At Fransabank, we are aware that what we finance can have environmental and social impacts and so we incorporate these risks into our financing decisions. We are tackling these issues with activities in three areas:

#### 1. Environmental Finance:

Advising on and financing projects focused on environmental and climate change solutions.

#### 2. Environmental and Social Management System (ESMS):

Helping our clients understand and manage risk associated with the impact of their businesses on the environment and communities.

#### 3. Operations and Supply Chain:

Managing our own operations and supply chain to minimize our direct environmental impact, reduce costs and demonstrate best practices.





## Investing Responsibly

Supporting energy efficiency and renewable energy projects is key to fostering a sustainable future in Lebanon and other parts of the region. For the past years, we have been moving away from traditional business by imbedding a new culture within the Bank. Therefore, we developed Fransabank's know-how in energy financing through extensive training sessions, sharing and exchanging best practices with international financial institutions.

Accordingly, Fransabank supports and provides funding for investments aimed at environmentally and socially responsible actions. It has created a series of green products and advisory services, supporting both businesses and consumers, allowing for economic development that preserves natural capital and enhance quality of life.

For businesses, we target all industries, financing till date projects in different sectors, such as industries (factories,

printing etc...) agriculture, petrol stations, green buildings, schools, universities, hospitals, restaurants, bakeries, residential, leasing, etc. These financing projects are funded through our partnerships with international financial institutions and help Fransabank support clean energy technologies and encourage sustainable practices that will improve competitiveness of local companies and increase their profitability; while for consumers, we build partnerships with selected municipalities to create awareness and provide subsidized low-interest rates for personal eco-friendly loans.

We have been able to prove to our customers the importance of energy efficiency measures or renewable energy projects in terms of increase of production/capacity and/or reduction of the energy bill. In addition, we offer some of our customers energy audits to help them identify areas of concern and thus to analyze the best way to develop their business.

Fransabank total value of SEF eligible projects, from 2014 until March 2017, reached

**USD 104.5 million**

(total projects cost is USD 192 million)

Total number of eligible SEF projects:

**170 projects**

In the pipeline:

**28 projects**

for more than

**USD 200 million**

## SEF projects financing subdivision



The key success factors for Fransabank Sustainable Energy Finance (SEF) loans goes to the Bank's management commitment and follow-up, the partnership established with major international financial institutions, the incentive programs launched by the Central Bank of Lebanon for energy financing, and the dedication of the Bank's employees advocating SEF loans in Lebanon, and certainly resides in the breakdown of our finance portfolio.

### Building the Ecosystem

Fransabank has been developing a sound ecosystem and creating partnerships with all the players in the sustainable energy field whether in Lebanon or the region. Indeed, we have liaised with:

- Equipment suppliers mainly in the solar photovoltaic market
- Energy and environment consultants in markets
- The main official actors of this market including but not limited to the Ministries of Energy and Water as well as Environment and the Central Bank of Lebanon
- Several Non-Governmental Organizations, some active associations in this field, the UN Development Program (UNDP), etc.
- Several international finance institutions and development banks
- Some very specialized funds.

In order to provide our customers with the most complete and global offer, we had to close the loop for this market and have extensive knowledge on the different players and their roles and responsibilities:

- To initiate any energy efficiency, renewable energy, climate

change, environmental projects of a green building (certified or non-certified), we had to create awareness to the clients and provide them with enough proofs of the viability and financial benefits of their energy-related projects. Therefore, we needed to have an exhaustive list of the consultants and energy auditors operating in the market and identify lists and targets for each segment of this market.

- To execute any project in the field, we had to identify and build partnerships with the suppliers and the operating parties.
- To finalize and monitor the projects, we had to have a list of maintenance and support function specialists.

All through the project chain, we have tried to create links and identify opportunities.

### Environmental and Social Management System (ESMS)

When adopting the sustainability challenge, Fransabank understood that it is no longer enough for banks to promote a green

image and develop environmental friendly products, but rather to become a "sustainable bank" by exerting serious efforts to make sure that access to financial resources promotes environmental protection, social justice and economic prosperity.

In order to achieve this role, Fransabank has developed an Environmental and Social Management System (ESMS), a framework that integrates Environmental and Social (E&S) risk management into the Bank's credit processes allowing us to follow-up, and reduce the environmental impact of the businesses being financed.

Based on the ESMS, an environmental and social due diligence is conducted to evaluate the compliance of a project with international environmental best practices and applicable local laws, based on assessment of the environmental and social management practices in place (waste management, efficiency of resources, labour and working conditions, pollution prevention, community health safety, conservation of biodiversity in proximity of the project premises, etc...).



The due diligence will allow us to assign a risk category to each project at hand:

<b>Category A (High risk)</b> Corrective action plan required Sample projects	<b>Category B (Medium risk)</b> Follow-up and corrective measures required Sample projects	<b>Category C (Low risk)</b> Minimal or no impact Sample projects
<ul style="list-style-type: none"> <li>• Oil and gas projects</li> <li>• Large infrastructure</li> <li>• Major irrigation</li> <li>• Mining</li> <li>• Manufacture, storage and transport of hazardous chemicals</li> <li>• Queries</li> <li>• Forestry operations</li> </ul>	<ul style="list-style-type: none"> <li>• Breweries</li> <li>• Dairy operations</li> <li>• Food processing</li> <li>• General manufacturing plants</li> <li>• Small scale mining</li> <li>• Metal plating</li> <li>• Pulp and paper mills</li> <li>• Textile plants</li> <li>• Hotels/tourism</li> <li>• Hospitals</li> <li>• Residential projects above 15 floors</li> </ul>	<ul style="list-style-type: none"> <li>• Retailers</li> <li>• Software development</li> <li>• Financial services</li> <li>• Service industries</li> <li>• Consulting firms</li> <li>• Residential projects below 15 floors</li> </ul>

The ESMS has been recently integrated in our credit process and will be fully implemented over three phases:

1. Clients who have benefited from SEF loans
2. The biggest 20 clients
3. Full integration to cover all SMEs and corporate files.

Currently, the first phase has been completed with due diligence performed for SEF clients, categorized in medium and low risk categories. The next phase will be completed within the ensuing year to cover the 20 largest exposures, allowing as such for full integration of the ESMS.

The follow-up that will be performed through this system will urge businesses to identify the practices hindering environmental and social sustainability, thus taking action towards reforming these

practices, and embracing renewable energy, clean production practices and sound environmental management, aiming at the improvement of environmental stewardship across the country.

### Partnerships, MoUs, and Green Awards

2016 marked the year of achieving results. It was during this year that we have built several partnerships and signed Memorandums of Understanding that helped us create business opportunities, developing the SEF ecosystem and creating a real cultural shift.

### Partnerships with International Institutions

In that context, and following the successful partnerships over the past years with the Inter-

national Finance Corporation (IFC) and the Government of Canada, Fransabank was given again their support to scale up its lending to businesses that are looking to adopt renewable and energy-efficient technologies and mitigate climate change.

In 2016, the IFC provided a loan package of USD 20 million to Fransabank to help increase its lending for energy efficiency and renewable energy projects. This was intended to help businesses save energy, reduce greenhouse gas emissions, and promote sustainable development. The financing package included a USD 14 million loan from IFC's own account, and a USD 6 million loan from the IFC-Canada Climate Change Program.

The investment marked IFC's fourth loan to Fransabank Group in Sustainable Energy Finance (SEF). In May 2014, IFC provided a USD 10 million loan to the



# Ecosystem

Bank and a USD 3 million loan to its leasing arm, the Lebanese Leasing Company SAL (LLC), where both loans were fully utilized. Moreover, in January 2016, a USD 7 million loan was also granted to LLC.

## Creating a Snowball Effect

Signing Memorandums of Understanding helps foster partnerships that fall in line with our objectives of setting out a green and sustainable environment in Lebanon. The MoUs were signed with:

- IPT petrol stations and Phoenix Energy/Indevco Group IPT Gas Stations to transform the stations into green and sustainable ones.
- The Lebanese American University (LAU) aiming at launching a cooperation between both parties to combat climate change, creating public environmental awareness, as well as, funding LAU's sustainable energy projects.

- The Chamber of Commerce, Industry, Agriculture of Tripoli and North Lebanon and Phoenix Energy to support the creation of a solar farm destined to generate 5MW electricity to fulfill the needs of four areas in Tripoli. Solar panels are to be installed in the Rachid Karame International Exhibition Center.
- The E-Eco Solutions for their Green School Certification Program to support schools in their green financing process; which would certify the schools as being "Silver, Gold, or Platinum Green School".

## Green Recognitions and Awards

Resulting from the Bank's "Go Green" strategy, its Corporate Social Responsibility commitments, its initiatives to support Sustainable Energy Financing and to invest in the fields of renewable energy, Fransabank accomplishments were well recognized. As such:

- The Energy Ambassador of the Year 2016 was granted to Fransabank Chairman, Mr. Adnan Kassar, as an acknowledgement to the efforts exerted by the Bank to finance energy projects and create general awareness in Lebanon.
- The Energy Awareness Award – the category of Pioneers of Sustainability was granted to Fransabank for the launch of its Eco-Business loans.

Fransabank was actively present at the 7<sup>th</sup> edition of the International Beirut Energy Forum 2016, a networking place which aims to update the participants on several initiatives, events and achievements in the energy sector in Lebanon and the Arab World. This year again, Fransabank held two presentations showcasing the Bank's green CSR activities and its Sustainable Energy Finance (SEF) initiative, which were given alongside speakers from United Nations Development Program (UNDP) in Lebanon and IFC.



## SEF and SDG 13 – Climate Action

Following Fransabank's adherence to the Business for Peace Platform in 2014, we were asked to provide a brief on our CSR initiatives explaining how they fall within the scope of the UN 17 Sustainable Development Goals (SDGs). Our Sustainable Energy Finance strategy received

the highest recognition and as such, Fransabank, Chairman Mr. Adnan Kassar, was selected to represent SDG 13 - Climate Action.

Therefore, as a believer in the impact of business energy on social progress, Chairman

Kassar, supported the Business-worthy Pledge by submitting his thought piece as a commitment to ethical and responsible values. Sharing the commitment is a mean of endorsing the United Nations Sustainable Development Goals, agreed on by world leaders in 2015 and the values we all want by 2030.

## #businessworthy

Home Mission Make the pledge



### Adnan Kassar (2014 Business for Peace Honouree, Lebanon)

Fransabank, Chairman



### What is your company doing?

With the "Go Green" strategy we have implemented since 2012, Fransabank has built capacity to become the leading Lebanese bank in Sustainable Energy Finance. The Bank partners with several international institutions, such as the IFC, EIB, AFD, and DEG.

### Why are you doing it?

• To affect the climate agenda by the investments we make and the credits we grant • To incorporate concern for the climate and environment in our products and to conduct our business in a way that minimises its CO2 footprint • To create general awareness and transmit this commitment to clients

### What is the impact?

• Launching an Environmental & Social Management System (ESMS) taking into consideration environmental and social impacts • Counselling customers that are working to employ sustainable solutions using energy efficient technologies • Instilling a culture of green sustainability in our employees' habits

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**“Chairman Mr. Adnan Kassar, was selected to represent SDG 13 – Climate Action.”**

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## Reducing our Ecological Footprint

### A Green Audit

A comprehensive green audit on Fransabank Headquarters was conducted by the International Finance Corporation (IFC) to evaluate the building energy efficiency and come up with applicable solutions to be implemented in a multi-phase schedule.

A brief update on the audit recommendations and implementations:

#### **Lighting load was the largest electrical energy consumption with more than 31% of the total cost**

- The Bank has been gradually replacing conventional lighting with LED lighting. The project was completed for parking and floors common areas; offices are being done progressively in parallel with renovations.
- As for the branches, Led lighting and VRV systems are being employed in all new major renovations which is being done progressively (around 25% of branches have already been refurbished).
- All decorative lightning were removed from the management offices.

#### **Replacing old air conditioning chiller system with the VRV air conditioning system**

- The project was completed; old air conditioning system has been replaced by the VRV air conditioning system, thus reducing the Bank's energy consumption in the HVAC area by 30% to 40% coupled with a drop in water consumption.

#### **Implementing a full energy management program with clear targets**

- The monitoring and targeting program has been completed for the VRV system. It was also finalized for the infrastructure of the Headquarters by end of March 2017.

#### **Increasing demand control: lighting, A/C, escalators, and ventilation**

- Lighting control was finished for the new Data Center area.
- Night consumption control was completed for parking lighting and ventilation. Next phase will target floors at the Headquarters and is expected to be completed by end of 2017.
- Escalators speed reduction is hard to implement on old escalators; a study for replacement is in the pipeline.

#### **Retrofitting parking ventilation**

- Parking ventilation retrofit and demand control project is scheduled for the year 2017.

#### **Implementing renewable energy solutions (PV on roof and facade)**

- Solar radiant heat barriers for windows were replaced by mirror reflective films on windows which reduced our energy consumption.
- The project of placing solar photovoltaics on the Headquarters roof (125 kWp) and façade (130 kWp) is under study.

### Towards a Paperless Environment

Moving away from deep-rooted habits is a challenging mission especially when working in a banking sector involving a lot of paper consumption. For the past years, we have been working on reducing Fransabank's environmental footprint by adopting new practices and technologies. We are committed to minimize our ecological impact mainly by converting most of our documents into their digital form, since we believe that going paperless can simultaneously cut down on expenses, boost productivity, save trees, and hence aid the overall environment.



Our ongoing achievements:

- Building a state-of-the-art data center based on the highest international standards to ensure nonstop operation of our banking services coupled with significant energy savings. It should be noted that among the biggest power consumers are data centers.
- Adding to the intranet portal platform additional features such as digital signature/ encryption, IP telephony mobility, and Skype for business. The advanced intranet portal implementation will provide various benefits including improved collaboration and communication, better consolidation of information, as well as, moving towards a paperless environment.
- Adopting a centralized printing solution across the organization that will give us the ability to control the misuse of paper and set quotas on print jobs. This will allow users to adopt double sided-printing and motivate users to minimize the usage of papers. This initiative would provide the essential tools to pin-point the areas where prints are still needed so as to transform those processes to become completely paperless.
- Reaching 52,000 registered active users of Fransabank internet banking and mobile banking by end of December 2016, an increase of around 12% as compared to the previous year.
- Adopting an internal paper recycling initiative targeting our employees. This initiative has also been a success with over 459.78 tons of papers recycled since 2014 till end of year 2016, and 135.47 tons in 2016 alone.

### Recycle Today for a Better Tomorrow

In collaboration with arcenciel, Fransabank launched the "Bouchons Roulants" initiative in 2014, with the objective, to educate Fransabank's employees on the importance of sorting and recycling plastic caps and bottles in order to preserve the environment, and provide the bestowment of wheelchairs to a person with special needs.

The plastics collected were sold to a recycling company in order to provide a wheelchair to a person with special needs; as, every one ton of recyclable plastic bottle caps collected and sold endows arcenciel with a wheelchair.

As for the effective promotion of these environmentally friendly initiatives and spreading environmental awareness to its employees, the Bank decided in 2016 to target its customers as well.

Following the garbage crisis that Lebanon went through in 2016, and through our commitment to a greener environment, Fransabank reacted to the crisis by introducing an awareness campaign inciting its clients to embrace recycling habits. As a result, we added to our waste management strategy the new initiative "Start Recycling Today" targeting selected branches in Beirut and Mount Lebanon, the areas that were the most affected by the garbage crisis.

Accordingly, each branch received two color-coded bins

to be placed, inside the branch: a blue lid bin for recyclables, whereby clients could throw in this bin: papers, plastic bottles and cans, and a black lid bin for all non-recyclable waste, whereby clients can throw in this bin: tissues, food waste, and plastic bags...

Arcenciel handled the collection process of the recyclables from the blue lid bin.

As we wanted this project to succeed and knew that we were going to face some challenges; we assigned a green coordinator at each branch to guide clients on what to throw in the recycling bin, in addition, to keep-up with this eco-friendly initiative, we shared some advices regarding the waste sorting through a detailed informative list placed above the recycling bins to facilitate the sorting process.

The initiative main objective was to act as an awareness strategy targeting our branches customers. It was intended to alert our clients on the necessity of adopting waste management practices in their daily life, and better inform the public on how and what to recycle.



Since 2014, Fransabank spurred hundreds of employees at its Beirut Headquarters and Hamra main branch to collect the plastic bottles and caps, not just from their workplace, but also from their homes. With over 5.9 tons collected and sent for recycling, this initiative resulted in the acquisition of 3 wheelchairs over the past three years. Moreover, Fransabank's management matched the number of wheelchairs donated through an equal contribution to employees' efforts. As a result, a total of 6 wheelchairs were donated to people with special needs.

## Waste Management Approach

Fransabank envisages the re-use and recycling of waste where and when possible.

Method	Explanation
<b>1. Re-use</b>	<p>The re-use of waste is a major priority.</p> <p>Computers that are broken or redundant are delivered to the Information and Communication Technology Department which examines their potential scope for re-use.</p> <p>Other computers not in need are donated to schools or to NGOs.</p> <p>Furniture that is in usable state is kept at the warehouse for servicing and sent to branches/departments when the need arises.</p> <p>In addition, furniture that is no longer needed is donated to institutions in need.</p>
<b>2. Recycling</b>	<p>“Recycle Today for Better Tomorrow “ slogan and our partnership with arcenciel - “Bouchons Roulants” initiative was described beforehand.</p> <p>Paper recycling.</p> <p>Placing recycling bins at selected branches.</p>
<b>3. Reduce</b>	<p>Whether papers, plastics, electricity, or other resources, employees are entitled to manage their waste by reducing the consumption of resources.</p>
<b>4. Excavation of Waste</b>	<p>Excavation of waste and debris left over during branch openings or renewal is sent to disposal areas as designated by the municipality.</p>

## Favoring Green Initiatives

### #LebanonClimateAct

Supporting national efforts to fight climate change, Fransabank joined the Lebanon Climate Act. This pledge again demonstrates our ongoing engagement to climate action, and assurance to reduce our environmental and carbon footprint, increase low-carbon investments, deploy more clean energy, and build more sustainable businesses and communities.

Lebanon Climate Act aims at creating economic growth by addressing climate change challenges, and catalyzing the involvement of the private sector in the wider climate change community. The project was organized in line with Lebanon’s Intended Nationally Determined Contributions (INDCs), Lebanon’s climate change engagement at COP21. Lebanon’s INDC has mainly set a target of 15% CO<sub>2</sub> emissions reduction as an unconditional target and committed to reduce 30% of its CO<sub>2</sub> emissions conditional to finance, technical support and capacity building.

## Green Business Pledge

Being one of the first signatories to the Green Business Pledge launched by Info Pro, (an information provider in Lebanon that owns several publications, platforms, products and services related among others to media and marketing fields); Fransabank was rewarded with a certificate of appreciation during the "Business Opportunities in Lebanon" Conference: "Cutting-edge" Economy. The conference witnessed the creation of the 'Lebanon Opportunities Green Business Club' providing a forum in which all the signatories can exchange information and learn about sustainability practices, and whereby Fransabank shared its expertise in sustainable energy finance.

## "Go Green" TV Segment

Within Fransabank's determined belief that public awareness is key to changing behaviors that negatively affect our environment, we have prepared 60 TV spots on green initiatives and tips entitled "نقي بيئتك" which means "Cleanse your environment". They included very simple, straight forward

messages coupled with attractive graphical animations to be comprehended by the public at large and consequently encourage them to adopt green ideas/initiatives.

Messages were informative and explicative; where topics covered the different types of green initiatives and steps that can be easily applied as daily habits. For example, tips included ways of adopting recycling how to have a cleaner garbage free environment, how to differentiate between reusable, recyclable and organic waste, difference between solid wastes and liquid wastes, how to prepare a grocery shopping list and opt for eco-friendly products, food safety...

The segments were run on a daily basis at peak times on one of the main local TV channels and are now available on our YouTube channel FransabankGroup.



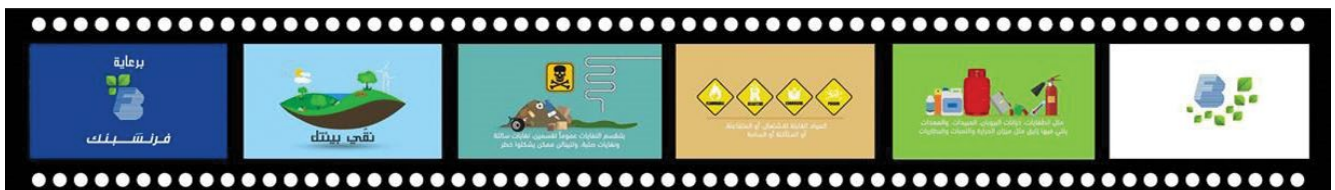
We received positive feedback on these green TV spots from our stakeholders which proved very successful and created the needed awareness.



## "Where You Land"

Our continuous support for green initiatives and sustainable practices has also reached young Lebanese artists. In this context, Fransabank supported the young Lebanese Director Wafa'a Celine Halawi to shoot her short film "Where You Land" raising awareness about the garbage crisis in Lebanon.

With the support of Fransabank "Where You Land" was filmed and submitted to The Film4 Climate Global Video Competition. This initiative invited young filmmakers from all over the world to showcase their talents and create a Public Service Advertisement (PSA) to promote action, offer new solutions, and inspire change. It was run during the COP22 in Marrakech.







05.

S O C I A L  
C O M M I T M E N T

# Social Commitment

## Key highlights

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- Provide **financial education programs** to fulfil the commitment of providing the youth with a better knowledge of financial issues enabling them to make informed choices
- 

- Participate in the Children Youth Finance International **“Global Money Week”**, inviting students from different schools to attend two corporate days at Fransabank through a very real-world simulation
- 

- **#UDesign** Competition targeted LAU students in Architecture and Design;  
3 winning projects were selected out of the 11 exposed ones, in total USD 7,000 were handed out to the winners
- 

- Engage with communities through multi-stakeholders partnerships or corporate philanthropy, in such fields as culture, social entrepreneurship, education, integration, and the preservation of natural and historical heritage
- 

- Reinforce inclusive communities through strategic financial support and corporate volunteerism



The total outstanding amount of educational loans reached the c/v of more than

**USD 16.36**  
million

at end of year 2016

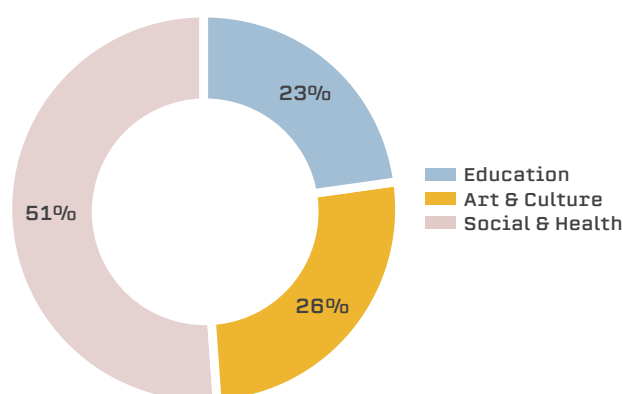
## **JABAL 2016**

young Lebanese artist exhibition welcomed

**21**  
talented  
Lebanese  
artists  
&  
**4,000**  
visitors

Corporate responsibility should extend beyond a bank's core business to include the society it serves. Fransabank has a long-standing track record as a responsible financial institution. We view our social commitment as a strategic investment in the societies in which we operate. With a total investment of around USD 0.9 million in 2016, Fransabank showcased a sense of unbounded citizenship for about 100 benefitters from the educational, cultural, and social spectrums.

Invested USD 0.9 Million for about 100 benefitters



## Youth Financial Education & Inclusion

### Youth are World's best bet to lead sustainability

65 out of the 169 SDGs targets reference young people explicitly or implicitly, with a focus on empowerment, participation and/or well-being. There are 20 youth-specific targets spread over six key SDGs: hunger, education, gender equality, decent work, inequality and climate change. In order to achieve "participation, inclusion, accountability and revitalized global engagement embedded in Goals 16 (peaceful, just and inclusive societies) and 17 (partnerships and implementation), young people's involvement is key.

Source: The United Nations Development Program fast facts

At Fransabank, we believe that children should be encouraged to learn about personal finance at an early age. It not only benefits the individual later in life; it also contributes to sound economic developments in society. This is why, as a responsible Bank, we support children and young people in becoming financially confident. It is a participatory approach that engages young people within their communities,

academic institutions, organizations, peer groups and families in a manner that is productive, constructive and of necessity.

Fransabank's youth engagement program focuses on education and enabling talents. It supports young people through education-led projects that help raise aspirations and confidence, develop core academic along with life skills, while improving access

to opportunities towards further education and employment.

In 2016, Fransabank helped educate Lebanese youth to ultimately include the young generation in the banking system and activities; by creating awareness among the future clients and/or future employees of the banking sector. Accordingly, the Bank partnered with youth associations and organizations



as well as schools and universities for the development of several initiatives among which the launching of specific products and the arrangement of educational tours. Among our partners we list the Children Youth Finance International (CYFI), the United Nations Development Program (UNDP), the Higher Council for Childhood under the Ministry of Social Affairs, other regional and local organizations along with selected schools and universities in Lebanon.

Our youth financial educational initiatives include:

- A volunteering initiative from executives of the Bank was initiated at selected schools and universities across Lebanon. It included more than twenty executives from Fransabank's different departments, covering a range of expertise and sharing their knowledge about; financial literacy, business and work environment, internal/external rules and regulations, and the requirements along with possibilities for youth integration

in the labor market. Following these presentations and Q&A sessions, Fransabank awarded selected students with job shadowing internships in the departments of their choice. These sessions help bridge the gap between the school/university and the professional environment.

- Participation in the Children Youth Finance International "Global Money Week", inviting students from different schools and universities to attend two corporate days at Fransabank. Students were given a global overview of the banking sector, the different products and services that our Bank offers and their specificities, as well as, several tips on how to apprehend the job market, its conditions and rules. Department visits were organized along with a very real-world simulation in which students took in the role of a teller, customer relationship officer, customers...



- Underwent a pedagogical competition in cooperation with the General Secretariat of Catholic Schools and an educational consultant company, with the participation of 120 students from 40 schools covering all the Lebanese regions. Cash awards of USD 22,500 were distributed to the 15 top contestants according to four academic subjects: dictation in Arabic, spelling in English, mathematics, and biology.
- Supporting the initiatives of the Higher Council for Childhood in Lebanon and launching joint actions for children's financial education, as well as, raising awareness on banking and finance.

These initiatives come within the framework of our corporate social responsibility and contribute to the production of a rich, diversified national fabric. We aspire not only to nurture a new generation with human values, but also aim at building a culture of dialogue thus enriching Lebanon's diversity and harmonious way to live.

## Youth Targeted Products

At Fransabank, we believe that all people, regardless of their background, should have access to resources that would push them forward in life to achieve their full potential. Today's world basically cannot afford to ignore a broad spectrum of talents. Education is crucial to social unity, mutual acceptance, and communal advancement.

Accordingly, Fransabank educational loan total outstanding amount reached around the c/v of USD 16.36 million as end of December 2016. Fransabank educational loan was launched in 2009, offering all qualified students the opportunity to pursue their education either in Lebanon or abroad at very competitive rates and flexible repayment periods. Acknowledging the importance of education in empowering a vigorous Lebanese youth, we also echo our support through other collaborative initiatives.

As we help secure our youth education, we also offer them a laid-back introductory encounter with the Bank. As future potential customers, the youth are an important segment of our society; yet we have to work on building a relation based on trust and transparency with the young generation to secure a double edge relation. Therefore, we put their satisfaction and interest first while developing a product aligned with their lifestyle. Accordingly, we help those between 16 and 25 years old gain financial freedom and start leading their way into their future through our LEAD Account.

Aware of their financial capabilities, the account is offered free of charge in addition to preferential interest rates.

Benefits cover a wide range of services such as:

- Free Prepaid PayPass Card with contactless features that can be tapped to pay with (ages below 18)

- Free Debit Card or Free Pre-paid PayPass Card (ages 18 and above)
- Free Prepaid Internet Card
- No transaction fees when withdrawing cash from Fransabank ATMs
- No transaction fees when making purchases at POS and no interest applied
- In addition to a 20% discount on the Beirut Circle Card - a privilege and lifestyle card offering special rates, discounts and promotions at prominent hospitality and entertainment places in Lebanon.

Fransabank, through its Education Saving & Insurance Plan "Fransajeunesse", has been also offering the chance for parents to secure their children's education with a savings plan that provides the best return on investment. Being able to save ahead of time and ensure the funds for their children's future college education, brings peace of mind to the parent customers especially with today's increasing tuition fees.

The success of the savings plan resides in its flexibility. Premium payments can start with as low as USD 25 per month with the possibility of increasing the payments at their convenience. At contract maturity, the children can choose to receive the amount saved as a lump sum amount or as an annual income.

Of course, parents are free to modify the contract duration, insured capital, schooling amounts and their yearly increase, beneficiary, as well as premium amount and frequency. They may make additional feedings and benefit from the return on savings.





## “UDesign” Competition

Expressing our commitment to the next generation, we have launched the “UDesign” competition, for the second year in a row, targeting this year, exclusively, Lebanese American University (LAU) students in Architecture, Interior Design, Graphic Design, and Fashion Design fields. This second edition aimed at providing LAU students with the opportunity to embody unique ideas, create and prototype product designs catering for Fransabank clientele as proposals for end of year corporate gifts.

Students were challenged to design a functional and small to medium sized product. They presented their concepts and products to a jury composed of well-known designers and entrepreneurs.

Three winner projects were selected out of the 11 exposed ones; whereby the total prize was USD 7,000. This initiative was part of Fransabank’s pledge to invest in promising talents among youth, encouraging their potentials and most importantly rewarding their creativity.

Awarding scholarships to high achievers at numerous Lebanese schools and universities, and providing financial aid to a number of philanthropic educational organizations that are primarily concerned with assisting low-income groups, is part of Fransabank involvement in the younger segment of the society. In 2016, the Bank supported different academic institutions in developing and creating benefits well beyond our own business potential. As such, we donated USD 10,000 to Walid Jumblatt Foundation for University Studies

- an educational organization that aims to assist students in their pursuit of higher education, and offered USD 30,000 worth of scholarships to the Beirut Baptist School, among others.

In addition, being proud of Lebanon’s Francophonie affiliation, Fransabank sponsored the Université Saint Joseph (USJ) event “Championat international de débat Francophone”; which consisted of an eloquence competition whereby debaters had to stand for their argumentative and oral skills, charismatic asset, and convincing aptitude. The debated topics were chosen accordingly to the latest real world events. The championship stressed on the importance of public speaking in today’s world where education alone is not enough if not coupled with other advantages.



### The stapler

Timeless with a futuristic design, made of steel, rubber and plexi achieving a kind of transparency and clarity they saw in the Bank. They used pins instead of staples to create something unique while being aware that the pins are more eco-friendly as it helps in reducing paper waste.



### The self-planter

Integrating nature to the office life, with an easiness in taking care of the plant. The material used included ceramic while the lids were made of leather and the tools made out of stainless steel.



### The steward

It has a grey painted solid wood on the inside with a rose gold metal sheet covering. The upper side can hold a pen; on the sides, business cards and USBs can be inserted. The lower slit is a charger stopper.





### Education for All – Private Public Partnership

At Fransabank, we believe that strengthening the public-private partnership will lead to higher social benefits.

In this context, Fransabank had been cooperating for six consecutive years (from 2010 to 2015) with L'École Nationale D'Administration (ENA), the French Embassy in Beirut, and Basil Fuleihan Institute of Finance for a joint education program under the theme "Rencontres des Cadres Dirigeants de la Fonction Publique Libanaise". The program was intended to support Lebanon's public sector key senior officials further develop key leadership and managerial skills. These efforts were targeted towards the reinforcement of

public institutions performance to activate the Lebanese Government's role.

In total, 116 Lebanese senior civil servants were trained over the six editions. These meetings and workshops sought to keep pace with general managers and senior staffs in the departments and public institutions, in order to exchange experiences and set the basics of corporate governance, and improve overall performance. Our cooperation with the Basil Fuleihan Institute of Finance tackled profound topics that served the monetary and administrative reforms which are essential to align and meet the public finance policies and objectives. In 2016, the program came to an end. Consequently, our contribution was extended for the publishing of "Trombinoscope" – a publication compiling a description of the

program, a who's who of the participants in the six editions as well as, testimonials from the French experts that were championing the trainings.

With similar initiatives, Fransabank sets sights on the importance of developing, enlightening, and revamping the public sector in particular; as it acts out as a mainstay for national advancement.

## A Culture on the Go

Fransabank has always been an art advocate trusting that everyone should have access to art and music. Through our partnerships with cultural institutions, we help bring together people from all walks of life. Our long-term cooperation with local art events, museums, festivals, and theaters aim to open doors and minds.



JABAL exhibitions aim at:

- Reflecting the diversity and vitality of emerging Lebanese contemporary art
- Promoting Lebanese young artists from different regions
- Creating a cultural exchange platform between art professionals, artists and visitors
- Boosting the country's artistic talents.

### JABAL 2016

Since 1998, Fransabank has embarked on a noble mission of patronage in favor of artistic creation. This involvement towards raising awareness among the public has resulted in the creation of JABAL - Jeunes Artistes des Beaux-Arts du Liban - the first-of-its kind art-advocacy initiative and exhibition dedicated for young artists of fine arts in Lebanon launched by a financial institution.

Following 12 years of success, JABAL has become part of Fransabank strategic cultural mission. The platform offers new horizons to emerging artists from all the Lebanese regions and pave their paths towards maximizing their potentials.

Fransabank continued on extending its support to talented young artists helping them exhibit their artworks and making

cultural experiences available to a wider audience. However, the 12<sup>th</sup> edition of JABAL made a turning point in 2016. For the first time, JABAL shed light on the so-called "Arts Ludiques" through the organization of an exhibition totally dedicated to this topic.

The "Arts Ludiques" represents a bridge between the public and contemporary art. This art, also called «9<sup>th</sup> Art», is already part of public institutions with exhibitions devoted thereto in the major museums around the world.

This new generation of artists, whose creations revolve around illustrated novels or intimate animation, talked to us about their experiences, memories, and their daily life in Lebanon. A multitude of techniques, going from digital to monotype drawing, from the classical work with ink

to the simple drawing on carbon paper or with lead pencil were used; a diversity which enriched these creations. The mixture of figurative and narrative movements let the viewers to discover the dazzling artistic dimension behind these works.

Jabal 2016 had also an international dimension, whereby we invited Mr. Serge Darpeix, the artistic and technical director of the Rencontres du 9<sup>e</sup> Art d'Aix-en-Provence – France, to Lebanon to initiate and put in place the participation of Lebanese artists in the next edition of the Festival in France, and better inform the public about the importance of the 9<sup>th</sup> Art which is still in the shadow here in Lebanon. In this context, Darpeix highlighted the richness of strip cartoons as an innovative means of expression which crosses all generations and has the ability to address all issues.





## And the most Beautiful Village in Lebanon for 2016 is... Akkar el-Atika - North of Lebanon

Fransabank, partnered with the Ministry of Tourism in Lebanon and L'Orient le Jour newspaper, to launch a CSR initiative aiming at highlighting the charming rural areas of Lebanon, and promote rural tourism. It focuses primarily on pushing tourists, expatriates and residents to go outside the city and discover the natural, cultural, religious, archaeological and gastronomic depth of Lebanon.

Ten villages were nominated and Lebanese were invited to vote for their favorite one accordingly. The contestant villages for the year 2016 were: Old Akkar, Dhoor Chweir, Duma, Jezzine, Ehden, Hammana, Rashayya el-Wadi, Kfrazebian, Sarafand and Yammooneh. People had to vote for their favorite Lebanese village which they think deserves the title of the most beautiful village. The project will be spread over three consecutive years with 10 different villages for each year.

The beauty criterion is highlighted for a bigger aim which is the creation of sustainable development for the communities through jobs creation for the inhabitants, the promotion of rural tourism, and the boosting of their steadfastness to their land. It also aims to preserve the heritage and sites that are sometimes violated in terms of disrespect to the environment and relevant laws. Such projects that map the country's different



regions can draw attention to traditional villages and the guesthouses they embrace. In fact, the rural tourism sector, which in the past represented 5% to 6% of the overall tourism industry, now occupies about 8.5% expected to reach 20% in five years. (*Al Diyar newspaper, July 12, 2016*)

The initiative succeeded in attracting the Lebanese expatriates' attention towards their home country. It proved once again the attachment of Lebanese living abroad to their country independently from the distance and alienation. With nearly 122,000 voters and a major contribution from expatriates, Old Akkar or Akkar el-Atika received the title of the most beautiful village with 46.7% of the votes.



### More about Akkar el-Atika

#### Surface:

40 km<sup>2</sup>, the village of Akkar el-Atika is one of the biggest in Lebanon.

#### Population:

a bit less than 20 000.

#### Number of hotels and restaurants:

small cafés on the main street, and two restaurants that serve Lebanese mezzé located at the top of the village. No hotels to date.

#### Altitude:

The village spreads across a mountainside: it starts about 600 meters to peak at over 1700 meters, near the source of Chouh (Cilicia fir).

#### Weather:

The climate is Mediterranean, cold in winter and pleasant in summer, with a high rate of snowfall and rainfall - despite a decline in recent years - which explains the multitude of sources in the locality.



## Music a Tool for Human Communication

Whether musicians, dancers, or singers setting the footpath for young Lebanese flairs to succeed is an essential tool in human communication and for a varied cultural experience. Fransabank extended its financial support to a Lebanese rising star, the singer Marc Hatem. After his participation in the reality television singing competition franchise The Voice France, Marc Hatem won the heart of the Lebanese public.

Fransabank has also a rich history of supporting different cultural events in Lebanon which confirms year after year the Bank's strong belief in the fundamental role cultural events play in the development of our society. Fransabank partnered with major festivals that took place all over Lebanon from Beiteddine, to Baalbeck, Ehden, Batroun, Tannourine, Maghdouche, Antoura and many more. Fransabank aims through its participation in these events to convey a universal message and faith in Lebanon's cultural role, an embodiment of ingenuity, a call for peace and a mirror of Lebanese prosperous heritage.



Baalbeck International Festival



Beiteddine Art Festival

## An Aspiring Society

At Fransabank, we are committed to building stronger and more inclusive communities. Through our investments, corporate volunteers and donations, we help people through difficulties see life from a different perspective. Our social capital provides assistance to organizations based on scalable and measurable impacts that cover all society's segments from children, youth, women, the elderly, the disabled, and families living in situations of poverty and social isolation.

### Roads for Life

For six years now, Fransabank has accompanied Roads for Life in its mission to save lives and alleviate route accidents' damages, further increasing awareness of the "Rescue Culture". In 2016, Fransabank passionately demonstrated its strong commitment towards the community

supporting the ATLS® program of Roads for Life to optimize the chances of survival for victims in the "Golden Hour of Trauma" or the first 60 minutes following an accident, as well as, participating in several of its fundraising activities:

- Engaged for another year in sponsoring all doctors, from private and public hospitals spread on all Lebanese territory who took the ATLS program (Advanced Trauma Life Support) - a concise training for ER doctors for the early care of trauma patients. In 2016, 90 Doctors were trained for ATLS® and 33 hospitals were covered. In total, and since 2011 till end of 2016, 420 doctors covering 90 hospitals, were trained and received certificates in collaboration with the American University of Beirut Medical Center (AUBMC).

- Supported Roads for Life in the Beirut International Marathon annual platform bringing participants to run for their cause and for the greater purpose of peace and love, which we are always keen to be part of.
- Supported the concert of Abeer Nehme which was a big fundraising success and where music was a universal language to send a road safety awareness message to the attendees and empowering young people to be safe on roads.

Fransabank believes that by contributing to such social responsibility initiatives, results can be achieved to reinforce every citizen's right to life.





### **Conflict Medicine in a Region of Turmoil**

Operating in a region that is continuously affected by instability and turmoil, the treatment of war victims from all sides has been of major importance. This long history, has incited Fransabank to contribute to forge partnerships between different stakeholders to provide solutions that would ameliorate the consequences of conflicts. Accordingly, we have extended our financial support to the Middle East Medical Assembly (MEMA) sponsoring their annual fundraising gala dinner which raised money for the payment of tuitions for needy student doctors. This interdisciplinary organization is dedicated to the study and treatment of the health consequences of conflict with a focus on the pathological, psychological and social manifestations of war wounds.

### **Wear it Pink**

With most breast cancer deaths occurring in low- and middle-income countries, most affected women are diagnosed in final stages due generally to lack of awareness and poor access to health services.

This year, Fransabank partnered with LBCI, a Lebanese TV station, to help increase awareness and premature detection of this disease. The game show hosted diagnosed women who shared their experience from detection to illness treatment in an amiable atmosphere. The winner received a cash prize to support her in the treatment.

### **Bringing Life, Health and Hope**

This was not all, as, throughout the year 2016, the Bank has supported several causes covering a wide scope of non-profit organizations which are relevant to the local communities' welfares. These include: Yaduna with the mission to improve women's cardiovascular health, Salim El Hoss Bioethics and Professionalism Program at the American University of Beirut (AUB) as an interdisciplinary resource for faculty, students, and healthcare providers who are involved in bioethics education, research, and consultation, OpenMind fund which was established to enable the AUB Medical Center's Special Kids Clinic (ASKC) conduct research, empower the

community through education and awareness, provide early detection, expert diagnosis, and coordinate total care for developmentally and neurologically impaired children, Skoun, the outpatient therapeutic facility in Lebanon that offers prevention and treatment to drug users, The Neonate Fund, lending a helping hand to needy families whose newborns are being cared for in the Neonatal Intensive Care Units (NICU), Al Younbouh, a rehabilitation center for mentally challenged young adults, Brave Heart aiding to cover the cost of surgeries and hospitalization for needy children suffering from heart complications, CHANCE helping Lebanese children with cancer or blood disorders receive the best chance for cure, Anta Akhi giving hope and joy of life to the handicap children and their families, and Jouzour Loubnan which cares for the environment, among others.

Fransabank's support to these NGOs is part of its social investment and effort to create community awareness, expand access to basic needs and rights, and empower people for a brighter future.

### Indeed Better Together

Indeed Better Together Association aims at serving underprivileged individuals and families in Tripoli and North Lebanon. The main objective of this association is to remap Tripoli socially and culturally by spreading joy and incarnating the conviviality between Lebanese citizens. Fransabank heartedly welcomed this initiative believing in the potential of the northern capital of Lebanon – Tripoli, its inhabitants’ right to steady development, the need for an economic revival and the advancement of peaceful cohabitation among its citizens.

### Fransabank Hosts Orphans on Special Occasions

For the year 2016, Fransabank, as customary, invited more than 270 orphans coming from the Social Welfare Institutes Orphanages to share the giving spirit of the holy month of Ramadan with Fransabank family members. The children were welcomed during three Iftars. The Iftars were hosted at the Bank’s Headquarters in Hamra

Street where stories were shared and bonds were made to draw smiles on the faces of these children. At the end of each Iftar, each child received a book as a gesture. This book entitled “عديّات” was bought by the Bank from Dar Onboz, one of JABAL 2016 participants.

Likewise, Fransabank in partnership with Beirut Celebrations and The Lebanese Food Bank organization launched the Christmas Holiday Food Drive. We received 200 children at the Bank coming from different regions in Lebanon, where they enjoyed eating, playing, enchanting, and laughing and spent together a joyful evening heading back home with sweets and gifts. For the second year, Fransabank teamed up with these two organizations to bring joy to those in need and share the Christmas spirit.



### ONE LEBANON for a Mini-Football Game

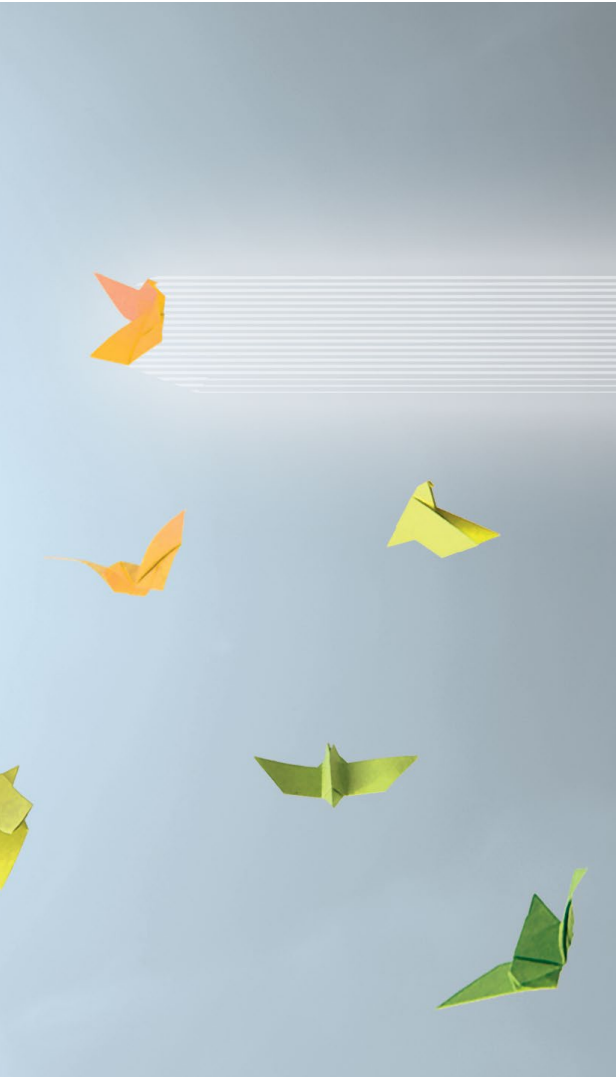
On the occasion of the UN International Day of Sport for Development & Peace, Fransabank partnered with ONE LEBANON for a friendly mini-football game with ambassadors, celebrities and diplomats, all united as a One Lebanon team.

In addition, Fransabank sustained its annual support to the Collège Notre Dame de Jamhour inter-scholar sports’ tournaments.



06.

S U P P L E M E N T A R Y  
**I N F O R M A T I O N**



# Select Awards

H.E. Mr. Adnan Kassar and Fransabank received select awards and recognitions.

## **Award from the former Executive Director of the UN Global Compact**

Mr. Kassar received an award from the former Executive Director of the UN Global Compact, Mr. Georg Kell for his role, as president of the International Chamber of Commerce, in the founding of the UN Global Compact with then Secretary General of the UN, Mr. Kofi Annan, in 2000 at the CSR Conference that was held in Beirut, Lebanon in March 2013.

## **United Nations Industrial Development Organization (UNIDO) Award**

Mr. Kassar was awarded by UNIDO Director General, Mr. Li Yong, for his role in empowering women and youth celebrating UNIDO's 50<sup>th</sup> anniversary in Vienna, Austria in November 2016.

## **Certificate of Appreciation**

Mr. Kassar received a certificate of appreciation for his distinguished contribution to the 2013 Beirut Conference entitled "Economy for Mankind", which gathered more than 500 Muslim and Christian business leaders that shared ideas for progress based on Corporate Social Responsibility and opened the way for new perspectives for global economic and social development respectful of human dignity.

## **Green Recognitions during the 7<sup>th</sup> Edition of the International Beirut Energy Forum 2016**

Mr. Kassar was named the Energy Ambassador of the Year 2016 as an acknowledgement to the efforts exerted by the Bank to finance energy projects and create general awareness in Lebanon.

Fransabank received the Energy Awareness Award – the category of Pioneers of Sustainability for the launch of its Eco-Business Loans.

## **MasterCard Champion Partner Bank Award**

Fransabank won MasterCard Champion Partner Bank Award in the first "MasterCard Forum for Innovation 2016" in Eastern Europe.

## **Oslo Business for Peace Honourees 2014**

Mr. Kassar has been named a Business for Peace Honourees by the Business for Peace Foundation's independent Award Committee consisting of Nobel Prize winners in Peace and Economics. He was selected amongst over 120 nominations from over 50 countries, as an Honouree for being, as described by Per L. Saxegaard, chairman, Business for Peace Foundation, a businessperson "who, through his own actions and commitments, promote socially responsible and ethical business practices in an outstanding way, and stand out as examples to the world".

## **ICC Merchant of Peace Award**

Mr. Kassar received the ICC Merchant of Peace Award from the former ICC Chairman Mr. Gerard Worms in Doha in April 2013, on the occasion of ICC's World Chambers Congress, for his devotion and calls for global peace through partnerships in business.

## **2015 Elite Quality Recognition for Outstanding Achievement of (Next Line) Best-in-Class MT103 STP at a rate of 99.67%**

Fransabank received JP Morgan Chase's "2015 Elite Quality Recognition Award for Outstanding Achievement of (Next Line) Best-in-Class MT103 STP" at a rate of 99.67%", which indicates the high quality of payment transactions processed by Fransabank. JP Morgan, singled out Fransabank for the exceptionally high quality of its payment transactions, attaining the highest percentage among banks.

## **Quality Recognition Award 2016**

Fransabank received the Commerzbank Straight through Processing (STP) Award, in recognition of its excellence in the delivery of commercial payments and financial institution transfers drawn on the Bank's EURO account with Commerzbank AG.



# Global Reporting Initiative (GRI) G4 Content Index

Standard Disclosure	Description	Cross-reference/Direct answer/Notes	Pages
G4-1	Chairmen statement	Message from the Chairmen	4-5
G4-2	Description of key impacts, risks, and opportunities	Message from the Chairmen Our Strategic Direction to Corporate Social Responsibility Our Materiality Assessment	4-5 8 12-13-14
G4-3	Name of the organization	About Fransabank	6-7
G4-4	Primary brands, products, and services	About Fransabank	6-7
G4-5	Location of organization's headquarters	Fransabank headquarters is located on Hamra Main Street, Beirut in Lebanon.	
G4-6	Countries where the organization operates	About Fransabank	6-7
G4-7	Nature of ownership and legal form	About Fransabank	6-7
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	About Fransabank	6-7
G4-9	Scale of the reporting organization (including total number of employees, total number of operations, net sales and net revenues, total capitalization broken down in terms of debt and equity, quantity of products and services provided)	Fransabank Annual Report 2016 <a href="https://goo.gl/nca1oc">https://goo.gl/nca1oc</a>	
G4-10	Total number of employees by employment contract and gender. Total number of permanent employees by employment type and gender, total workforce by employees, supervised workers and by gender, report total workforce by region and gender, report if substantial portion of work is by self-employees or contractors, report significant variations in employment numbers (seasonal variation)	Diversity and Inclusion	41-42
G4-11	Total employees covered by collective bargaining agreements	Diversity and Inclusion	41-42
G4-12	Describe the organization's supply chain	Supply Chain Management	37
G4-13	Significant changes during the reporting period regarding size, structure, or ownership	There are no significant changes during the reporting period.	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Managing Risk Investing Responsibly Environmental and Social Management System (ESMS)	20 50-51 51-52
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Fransabank is a signatory to the United Nations Global Compact (UNGC) and Business for Peace initiative.	
G4-16	Memberships in associations and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Has positions in governance bodies;</li> <li>• Participates in projects or committees;</li> <li>• Provides substantive funding beyond routine membership dues; or</li> <li>• Views membership as strategic</li> </ul>	Fransabank is active in many organizations and associations, particularly those that focus on our core business. Some of our significant and strategic memberships include the UNGC, the UNDP Lebanon Lobbying Group, as well as other strategic international alliances.	

Standard Disclosure	Description	Cross-reference/Direct answer/Notes	Pages
G4-17	List all entities included in the organization's consolidated financial statements	About the Report	15
	Specify entities that are not covered in the report	About the Report	15
G4-18	Process for defining report content and aspect boundaries and how the organization implemented the Reporting Principles for Defining Report Content	Our Materiality Assessment	12-13-14
G4-19	List of all the material aspects identified in the process for defining report content	Our Materiality Assessment	12-13-14
G4-20	For each material aspect report the boundary within the organization	Our Materiality Assessment	12-13-14
G4-21	For each material aspect report aspect boundary outside the organization	Our Materiality Assessment	12-13-14
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	No information has been restated from previous reports.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Fransabank is reporting for the first time its Scope and Aspect Boundaries.	
G4-24	Provide a list of stakeholder groups engaged by the organization	Our Stakeholders' Engagement and Communication	10-11
G4-25	Basis for identification and selection of stakeholders with whom to engage	Our Stakeholders' Engagement and Communication	10-11
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Our Stakeholders' Engagement and Communication	10-11
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Our Stakeholders' Engagement and Communication Our Materiality Assessment	10-11 12-13-14
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	About the Report	15
G4-29	Date of most recent previous report (if any)	Our last CSR report was for the fiscal year 2015, issued in July 2016.	
G4-30	Reporting cycle (such as annual, biennial)	We publish a comprehensive report on a yearly basis.	
G4-31	Contact point for questions regarding the report or its contents		88
G4-32	Report the 'in accordance' option chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured.	About the Report This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. Note: Fransabank did not seek external assurance for the report.	15
G4-33	Policy and current practice with regard to seeking external assurance for the report	About the Report Note: Fransabank did not seek external assurance for the report.	15
G4-34	Governance structure of the organization, including committees under the highest governance body	Corporate Governance Framework Fransabank Annual Report 2016 - <a href="https://goo.gl/nca1oc">https://goo.gl/nca1oc</a>	19-20
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	About Fransabank Business Ethics	6-7 20-21-22-23

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Generic DMA		Our Materiality Assessment	12-13-14
<b>Category: Economic</b>			
Aspect: Economic Performance			
G4-DMA			
G4-EC1	Direct economic value generated and distributed	Fransabank Annual Report 2016 - <a href="https://goo.gl/nca1oc">https://goo.gl/nca1oc</a> Learning and Development Creating Tomorrow's Leaders Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society	43-44 44 63-64-65-66-67 68-69-70-71 71-72-73
G4-EC2	Financial implications and other risks and opportunities for organization's activities due to climate change	Fransabank Annual Report 2016 - <a href="https://goo.gl/nca1oc">https://goo.gl/nca1oc</a> Managing Risk Environmental and Social Management System (ESMS)	20 51-52
Aspect: Indirect Economic Impacts			
G4-DMA			
G4-EC7	Development and impact of infrastructure investments and services supported	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Innovative Entrepreneurship Accessible Homeownership Creating Tomorrow's Leaders Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society	27-28-29 30 31-32 33 44 63-64-65-66-67 68-69-70-71 71-72-73
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Innovative Entrepreneurship Accessible Homeownership Creating Tomorrow's Leaders Youth Financial Education and Inclusion A Culture on the Go An Aspiring Society	27-28-29 30 31-32 33 44 63-64-65-66-67 68-69-70-71 71-72-73
<b>Category: Environmental</b>			
Aspect: Effluents and Waste			
G4-EN23	Waste by type and disposal method	Reducing our Ecological Footprint	56-57-58
Aspect: Products and Services			
G4-DMA			
G4-EN31	Total environmental protection expenditures and investments by type	Investing Responsibly	50-51
<b>Category: Social</b>			
Sub-Category: Labor Practices and Decent Work			
Aspect: Employment			
G4-DMA			
G4-LA1	Number and rate of new employee hires and turnover	Diversity and Inclusion	41-42
G4-LA2	Benefits provided to full-time employees	Learning and Development	43-44
G4-LA3	Return to work and retention rates after parental leave, by gender	Diversity and Inclusion	41-42

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<b>Aspect: Training and Education</b>			
G4-LA9	Average hours of training for employees	Learning and Development	43-44
G4-LA10	Programs for skills management and learning that support the continued employability of employees and assist them in managing career endings	Learning and Development	43-44
G4-LA11	Employees receiving performance and career development reviews	Learning and Development	43-44
<b>Aspect: Diversity and Equal Opportunity</b>			
<b>G4-DMA</b>			
G4-LA12	Composition of governance bodies and breakdown of employee category according to gender and age group	Diversity and Inclusion	41-42
<b>Sub-Category: Human Rights</b>			
<b>Aspect: Investment</b>			
G4-HR2	Employee training on Human Rights policies or procedures relevant to operations	Business Ethics	20-21-22-23
<b>Sub-Category: Society</b>			
<b>Aspect: Local Communities</b>			
<b>G4-DMA</b>			
G4-S01	Local community engagement, impact assessments, and development programs	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Our Stakeholders' Engagement and Communication Youth Financial Education and Inclusion An Aspiring Society	27-28-29 30 10-11 63-64-65-66-67 71-72-73
FS13	Access points in low-populated or economically disadvantaged areas by type	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Putting Clients First	27-28-29 30 34-35-36
FS14	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Putting Clients First	27-28-29 30 34-35-36
FS15	Policies for the fair design and sale of financial products and services	Business Ethics Putting Clients First	20-21-22-23 34-35-36
FS16	Initiatives to enhance financial literacy by type of beneficiary	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Innovative Entrepreneurship Youth Financial Education and Inclusion	27-28-29 30 31-32 63-64-65-66-67
<b>Aspect: Anti-corruption</b>			
<b>G4-DMA</b>			
G4-S04	Communication and training on anti-corruption policies and procedures	Business Ethics	20-21-22-23

			Pages
<b>Sub-Category: Product Responsibility</b>			
Aspect: Product and Service Labeling			
G4-DMA			
G4-PR3	Product and service information required labeling	Putting Clients First	34-35-36
G4-PR5	Results of surveys measuring customer satisfaction	Putting Clients First	34-35-36
Aspect: Customer Privacy			
G4-DMA			
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	Putting Clients First	34-35-36
<b>Financial Sector Supplement</b>			
Aspect: Product Portfolio			
G4-DMA			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Investing Responsibly	27-28-29 30 50-51
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Investing Responsibly Youth Financial Education and Inclusion	27-28-29 30 50-51 63-64-65-66-67
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Investing Responsibly	50-51
Aspect: Active Ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Financial Inclusion Investing Responsibly Environmental and Social Management System (ESMS) Youth Financial Education and Inclusion An Aspiring Society	27-28-29 50-51 51-52 63-64-65-66-67 71-72-73



# Our Implementation of the UN Global Compact 10 Principles



As our Communication on Progress (COP) for the United Nations Global Compact (UNGC), we reaffirm our commitment to abide by internationally recognized human rights, have socially acceptable working conditions, protect the environment, and combat corruption.

Fransabank joined the United Nations Global Compact (UNGC) in 2013. The table below describes our COP on the UNGC's 10 principles.

<p><b>HUMAN RIGHTS</b></p>	
<p><b>1.</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p>	<p>Fransabank relationship with its employees, partners, and customers are founded on the principles of human rights and international best practices.</p>
<p><b>2.</b> make sure that they are not complicit in human rights abuses</p>	<p>The Bank follows a well-defined code of conduct and a sound corporate governance framework based on four main points: transparency, integrity, fairness and accountability; while still implementing the sector's specific policies and guidelines.</p>
<p><b>LABOUR</b></p>	
<p><b>3.</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Employees are free to join the Bank's employees' union, or any association and collective bargaining.</p>
<p><b>4.</b> the elimination of all forms of forced and compulsory labour;</p>	<p>Fransabank is keen on providing competitive compensation and promotions based on an annual performance evaluation; ensuring, therefore, its employees' development and remuneration. As for new joiners, they are selected based on their skills and the Bank's needs. Regular feedbacks from all sides and levels of employees are always welcomed.</p>
<p><b>5.</b> the effective abolition of child labour; and</p>	<p>Fransabank refuses any form of child employment or forced labour.</p>
<p><b>6.</b> the elimination of discrimination in respect of employment and occupation</p>	<p>Fransabank values diversity and inclusion in the workplace recognizing the employees' contribution to the success of the Bank, and putting aside all forms of discrimination or criteria that are irrelevant to the Banks' workflow.</p>

## ENVIRONMENT



**7.**

Businesses should support a precautionary approach to environmental challenges;

Fransabank is the leader Bank in Lebanon to provide clean energy, and eco-friendly loans for businesses and individuals. Employees carry out in-depth scrutiny for the lending activities.

**8.**

undertake initiatives to promote greater environmental responsibility; and

Four Memorandums of Understanding were signed to support the shift towards green energy.

**9.**

encourage the development and diffusion of environmentally friendly technologies

The Bank encourages its employees to adopt environmental practices; trying to switch its corporate culture to a greener one promoting individual contribution to the protection of the environment through various initiatives such as recycling projects and the consumption reduction programs. In 2016, Fransabank helped saving 3,250 trees by recycling 135.47 tons of papers, and donated two wheelchairs by recycling 3.4 tons of plastics.

Fransabank is making progress on diminishing its energy consumption and switching to clean energy technologies in its operations, this includes greenhouse gas emissions, paper, water, and waste management.

## ANTI-CORRUPTION



**10.**

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




Fransabank fully abides by local and/or international requirements and regulations to guarantee a full compliance to anti-corruption laws, keeping up with new procedures concerning any new law.




Following a transparent governance, any new regulations or updated laws are systemically shared with the Bank's stakeholders, Board of Directors, shareholders, and top management through open handed reports. Employees are as well systematically informed and appropriately trained to ensure best practices.

The Bank is committed to the banking secrecy law and protects all digital information.

# Our Contribution to the Sustainable Developments Goals (SDGs)



SDGs objective	Our contribution	Cross-reference	Pages
 <p><b>Goal 4: Quality Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<ul style="list-style-type: none"> <li>• We promote youth financial education and inclusion through our participation in Global Money Week and through our internship programs and other educational initiatives.</li> <li>• We believe that education should be accessible to all through our educational loans.</li> <li>• We encourage advancement education program for our employees.</li> <li>• We run youth competitions to university students to foster innovation and creativity.</li> <li>• We support local educational institutions in collaboration with partner organizations.</li> <li>• We adopt voluntarism initiatives for promoting financial education among universities and schools.</li> </ul>	<p>Youth Financial Education and Inclusion</p> <p>Learning and Development</p>	<p>63-64-65-66-67</p> <p>43-44</p>
 <p><b>Goal 5: Gender Equality</b> Achieve gender equality and empower all women and girls.</p>	<ul style="list-style-type: none"> <li>• We foster diversity and inclusion within the Bank.</li> <li>• We support women empowerment through our microfinance program and SMEs loans.</li> <li>• We support women entrepreneurs through our participation in equity funds as per the Central Bank of Lebanon Circular 331.</li> </ul>	<p>Diversity and Inclusion</p> <p>Financial Inclusion</p> <p>Small and Medium Sized Enterprises (SMEs) Financing</p> <p>Innovative Entrepreneurship</p>	<p>41-42</p> <p>27-28-29</p> <p>30</p> <p>31-32</p>
 <p><b>Goal 8: Decent Work and Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<ul style="list-style-type: none"> <li>• We care for the economic development through our responsible lending activities.</li> <li>• We promote financial inclusion through our microcredit program and Small and Medium Sized financing loans.</li> <li>• We support young entrepreneurs through our role as a lender and financial intermediary.</li> <li>• We help large businesses grow through our financing products and services.</li> <li>• We are an integral part of the economy and society in our role as an employer, client and taxpayer.</li> <li>• We provide forward-thinking working environment.</li> <li>• We offer progressive working conditions for our employees.</li> </ul>	<p>Lending Responsibly</p> <p>Financial Inclusion</p> <p>Small and Medium Sized Enterprises (SMEs) Financing</p> <p>Innovative Entrepreneurship</p> <p>Diversity and Inclusion</p> <p>Learning and Development</p>	<p>27</p> <p>27-28-29</p> <p>30</p> <p>31-32</p> <p>41-42</p> <p>43-44</p>

SDGs objective	Our contribution	Cross-reference	Pages
 <p><b>Goal 9: Industry, Innovation and Infrastructure</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<ul style="list-style-type: none"> <li>• We finance renewable energy and energy efficient projects through our sustainable energy loan.</li> <li>• We help businesses flourish through our micro, small, medium, and large businesses financing products and services.</li> <li>• We invest in innovative start-ups in the Lebanese knowledge economy.</li> <li>• We assess the environmental and social management risks associated with our lending activities.</li> </ul>	<p>Investing Responsibly Financial Inclusion Small and Medium Sized Enterprises (SMEs) Financing Innovative Entrepreneurship Environmental and Social Management System (ESMS)</p>	<p>50-51 27-28-29 30 31-32 51-52</p>
 <p><b>Goal 11: Sustainable Cities and Communities</b> Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<ul style="list-style-type: none"> <li>• We invest in green projects.</li> <li>• We sign memorandums of understanding with different public and private sectors to promote sustainable energy collaborations.</li> <li>• We provide counselling, auditing, and assistance service for clients wishing to adopt green strategies.</li> <li>• We implement an Environmental and Social Management System (ESMS) in the Bank's credit processes.</li> </ul>	<p>Investing Responsibly Partnerships, MoUs, and Green Awards Environmental and Social Management System (ESMS)</p>	<p>50-51 52-53 51-52</p>
 <p><b>Goal 13: Climate Action</b> Take urgent action to combat climate change and its impacts.</p>	<ul style="list-style-type: none"> <li>• We offer sustainable energy finance loans for businesses and eco-friendly loans for individuals.</li> <li>• Chairman Mr. Adnan Kassar, was selected to represent SDG 13 - Climate Action by Businessworthy.org.</li> <li>• We were recognized as a replicable success story in our sustainable energy financing program that the IFC will recommend as best practice in the MENA Region.</li> <li>• We partner with international and local financial institutions for our sustainable energy finance initiative.</li> <li>• We signed four Memorandums of Understanding to promote greener and sustainable environment in Lebanon.</li> <li>• We share and exchange best practices in sustainable energy finance with international financial institutions.</li> <li>• We implement an Environmental and Social Management System (ESMS) in the Bank's credit processes.</li> <li>• We continuously provide advisory services for our customers and free energy audits.</li> <li>• We work on reducing our ecological footprint through several initiatives.</li> <li>• We conducted a green audit on our Headquarters and came up with applicable energy efficient solutions.</li> </ul>	<p>Investing Responsibly SEF and SDG 13 – Climate Action Partnerships, MoUs, and Green Awards Environmental and Social Management System (ESMS) Taking our Experience Overseas Reducing our Ecological Footprint</p>	<p>50-51 54 52-53 51-52 55 56-57-58</p>

# Code of Conduct and Professional Ethics

## Code of Conduct

### Employee Behavior

- General employee conduct
- Physical appearance and dress code
  - Dress code policy for women
  - Dress code policy for men
- Non-smoking policy
  - Non-smoking areas
  - Sign requirements
  - Implementation of the non-smoking law
- Working hours, attendance, and punctuality
- Gossips and rumors
- Bank property
- Social media and bank image
  - Personal social media
  - Business social media

### Reporting Illegal or Unethical Behavior

- Incident reporting
- Accounting complaints

## Professional Ethics

### Conflict of Interest

- Outside employment
- Improper personal benefits
- Service on boards and committees

### Customers Relations

- Clarity of information
- Confidential information and banking secrecy
- Quality of service
- Anti-Money Laundering (AML)
- Politics

### Accepting gifts, meals, and entertainment from customers, suppliers, and others doing business with Fransabank

-

### Fraudulent or Illegal Acts

-

### Theft

-

### Relations with other Banks

- Exchange of information
- Competition
- Announcements and advertisements



# Information Security

The Information Security Unit published the “End User Security Guide”, a set of security policies that addresses risks directly related to the users’ work environment. All employees should make sure to read and abide by its content. Below is a brief summary of that document.

## Email Usage

Email is a communication tool and is allowed for business purposes only. Everyone is held responsible for his/her email account.

## Clean Desk

Fransabank employees should protect paper documents, mass storage devices, and optical media by locking them away while leaving for prolonged period of time.

## Media Destruction

Proper media disposal is necessary to prevent unauthorized use after removal from service. Hard copy materials should be shredded on daily basis while electronic devices should be destructed as per Fransabank Electronic Media Destruction Procedure.

## Internet Usage

Fransabank restricts internet access usage for employees who need it in their daily operations. Non-work related websites are blocked by default.

## User Password Management Policy

User ID and password is granted to employees for accessing systems owned by Fransabank. It is expected to properly protect credentials and keep them away from unauthorized individuals. Complex passwords should be used and changed as per Bank policy.

## Computer Security

All computer devices should be properly protected by restricting access to it. Similar devices include sensitive information that must be restricted to authorized personnel only. Employees using Fransabank computers shall consider the sensitivity of the information and use them responsibly.

## Removable Media

Only Fransabank owned removable media devices are allowed for usage and that to prevent the transfer of any virus to Fransabank network.

## Software Installation

Software installation is the sole responsibility of the Information and Communication Technology Division.

## Laptop Acceptable Use

Portable devices should be properly protected while in use. Those devices should not be left unattended.

We welcome and value your feedback and suggestions, which help improve our reporting.

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