



CORPORATE SOCIAL RESPONSIBILITY

BUILDING A SUSTAINABLE TOMORROW

2018



FRANSABANK

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ABOUT THE REPORT

Our yearly Corporate Social Responsibility (CSR) report serves as an all-inclusive instrument to disclose a balanced overview of sustainability matters related to our business; describing our progress toward sustainability and corporate governance topics which are of increasing interest to our stakeholders.

Our reporting reflects the requirements set by the Global Reporting Initiative (GRI) and is prepared in accordance with the GRI Standards: Core Option. It constitutes Fransabank's Communication on Progress to the UN Global Compact (UNGC) reporting on the progress we have made in implementing the ten principles of the UNGC and disclosing facts and figures within our commitment and pledge to the six selected Sustainable Development Goals with their corresponding targets. Moreover, we have enriched our 2018 Report with additional key performance indicators; some of them spanning over a period of three years for an improved measurement of progress.

We aim to provide the most relevant sustainability information to all concerned parties, and are committed to continually improving our reporting and disclosure. All recording and performance data are restricted to information on Fransabank SAL – the parent company of Fransabank Group, unless stated otherwise. Likewise, all data included in this Report is for the 2018 calendar year unless otherwise specified.

The report adds up to Fransabank's yearly reports, along with Fransabank Annual Report 2018 which provides detailed information related to our financial results and risk management practices. In addition, we encourage stakeholders to visit our CSR microsite <http://csr.fransabank.com/> to keep up with our sustainability achievements.

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

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Message from the Chairmen

Given our Bank's solid performance and regulated framework, we, at Fransabank, consider ourselves responsible to reproduce our achievement and momentum across the Lebanese economy by means of what banks do best: lend and invest. It was in this context that our commitment to Corporate Social Responsibility grew and turned to be an explicit choice seeking to generate opportunities for all.

Our plans and approaches are the result of the continuous involvement with our various stakeholders, including customers, shareholders, regulators, non-profits as well as employees. In fact, many priorities are unanimously

shared, as stakeholders believe in our role in developing an impact based business with a focus on inclusion and sustainability.

As such, our microfinance and small and medium enterprises financing approach are set to drive inclusive growth and help people advance in their society. Our sustainable energy finance initiative limits the impacts on climate change by the investments we make and the credits we grant. Our support to youth financial education and inclusion helps empower the future generation to achieve their full potential, and reduce socioeconomic disparities. Moreover, our social commitments include

strategic partnerships, financial support, and contributions to cultural and social development. Furthermore, we strongly believe that our employees' engagement is vital for greater impact and first-class performance.

Believing in the unique opportunity to connect purposeful capital with impactful projects, we work on creating further value for our clients, society and ourselves. Therefore, we are keen to include sustainability as a value proposition in every relevant business line. In 2018, we renewed our commitment to spreading financial inclusion in Lebanon by signing two additional credit lines; the first one being an EBRD



Adnan Kassar | Chairman

Adel Kassar | Deputy Chairman

Trade Facilitation Programme worth USD 50 million to fund international and intra-regional trade in Lebanon, and a second USD 18 million credit line extended by PROPARCO to support companies in difficult economic context. On the environmental level, our Sustainable Energy Finance strategy was further developed by introducing, for the first time in the Levant region, Green Bonds exclusively dedicated to finance climate projects with positive environmental impact. The latter was assessed by Moody's and was given an "Excellent" rating.

Our commitment to a responsible business also includes endorsing strategic

international agreements. We continuously oversee our core activities to be aligned with the ten principles of the United Nations Global Compact and help advance the UN 17 Sustainable Development Goals. Yet, our focus goes further as we have chosen to capitalize on our know-how and contribute in specific to six SDGs targeting: SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, Industry, SDG 9 - Innovation and Infrastructure, SDG 11 - Sustainable Cities and Communities, and of course SDG 13 - Climate Action. Furthermore, in 2018, we have been selected as a national goal leader for SDG 13 by the Global Compact Network Lebanon (GCNL).

We, at Fransabank, have always been ready to contribute and offer our resources and expertise, believing that true progress can only be conceived through collaboration. We are profoundly grateful to the support of Fransabank family; it is thanks to their dedication, diligence and expertise that we are making a real difference for our societies.

In this report, we provide you with a comprehensive review of our CSR progress, its implication within and beyond our business, and how it is creating long-term values for our clients and society.

Sincerely,

Adel Kassar
Deputy Chairman

Adnan Kassar
Chairman

Fransabank at a Glance

A customer-focused banking model

At Fransabank Group, we have a broad understanding of our duties as a financial services provider, member of society and employer. We believe that our responsible approach to business and the dedication and expertise of our 3,381 employees are key factors in determining our long-term success.

We serve more than 422,588 customers, with a clear customer focused approach, accountability and community care. We work on building strong and durable partnerships with our clientele, business partners, as well as social associates. We contribute to society as a financial intermediary, taxpayer, and through our social initiatives, which makes us a responsible player in our communities.

Our essence

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, through innovative, cutting edge, and value added banking services and financial solutions. To achieve our mission, we are committed to:

- Consolidating and expanding our presence in selective regional and international markets
- Adopting and implementing the highest international banking and finance norms, standards, corporate governance, and diligent compliance practices
- Exceeding our customers' expectations, and fulfilling their needs and demands
- Striving for a distinguished quality service to our existing and potential customers
- Promoting within our Group, professional development, quality performance, decision-making and teamwork
- Generating increasing value for our shareholders in a dynamic manner and on solid sustainable grounds
- Aligning responsible business practices and social investments, in order to create long-term value and sustainability for our Group along with its respective communities.

Values

Integrity

Gaining the trust of our customers, colleagues and other stakeholders by embracing moral and ethical principles.

Loyalty

Showing devotion and faithfulness to our institution and our customers.

Credibility

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

Accountability

Taking responsibility for all our actions.

Transparency

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



Shareholders

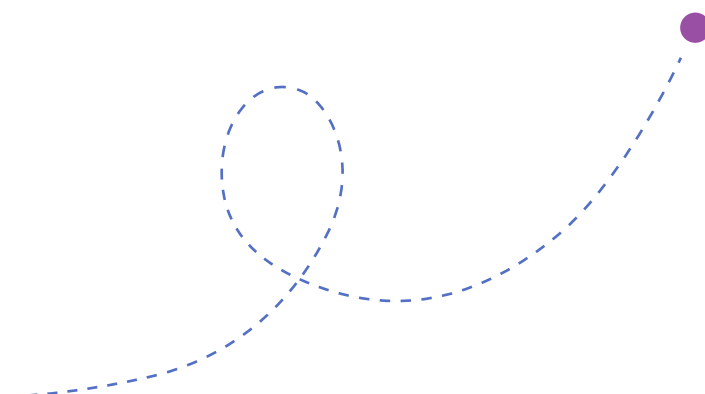
Main Holders of Common Shares as at March, 2019

	PERCENT ⁽¹⁾
Adnan Kassar	39.81
Adel Kassar	39.81
Deutsche Investitions - und Entwicklungsgesellschaft mbH (DEG) ⁽²⁾	5.00
Al-Fadl Holdings Limited	2.70
The Public Institution for Social Security – Kuwait	2.00
Others ⁽³⁾	10.68
TOTAL SHAREHOLDING	100

(1) Percent of total share capital consisting of 21,925,000 Common Shares as at 31.03.2019

(2) DEG is one of Germany's top development and investment banks. DEG is owned by Kreditanstalt für Wiederaufbau KfW, which, in turn, is owned by the German Government.

(3) Each with less than 2%



Our global presence

Founded in 1921, Fransabank Group has, today, the largest branch network in Lebanon, with 126 branches spread across the country; in addition to a total of 17 banking and non-banking subsidiaries and associates in the same market. With strong local roots, the Group's operations extend to reach seven foreign countries, namely France, Algeria, Belarus, Sudan, Iraq, the UAE, and the Ivory Coast. These bridges to the world exemplify our customer-focused banking model as we always try to reach our customers wherever established.

Our aspiration

Through a close cooperation between all our specialized core business lines, we reaffirmed our aspiration to helping customers achieve all their personal and business potentials – as stated in our brand signature "Tomorrow Starts Now". We do so by offering wide-ranging services involving day-to-day banking, loans, savings products, insurance, corporate and investment banking, private banking and asset management, leasing services, as well as correspondence banking. Moreover, we strongly believe in our employees' ability to drive customer loyalty and business growth by bringing in personalized customer experiences.

Our CSR commitment, which is based on five focus areas, is a key factor contributing to overall performance and innovation driver. We trust the necessity of a well-integrated CSR strategy to create shareholder value and build a stronger impact in our community.

Fransabank Group Financial Highlights at the end of December 31, 2018

Total Assets

**USD 23.61
billion**

Net Profit

**USD 174
million
in 2018**

Total Customers'
Deposits

**USD 17.02
billion**

Net Loans and Advances
to Customers

**USD 6.74
billion**

PRODUCTS & SERVICES

RETAIL BANKING

- SME Financing
- Payment Cards
- Accounts
- Loans
- Saving & Insurance
- 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

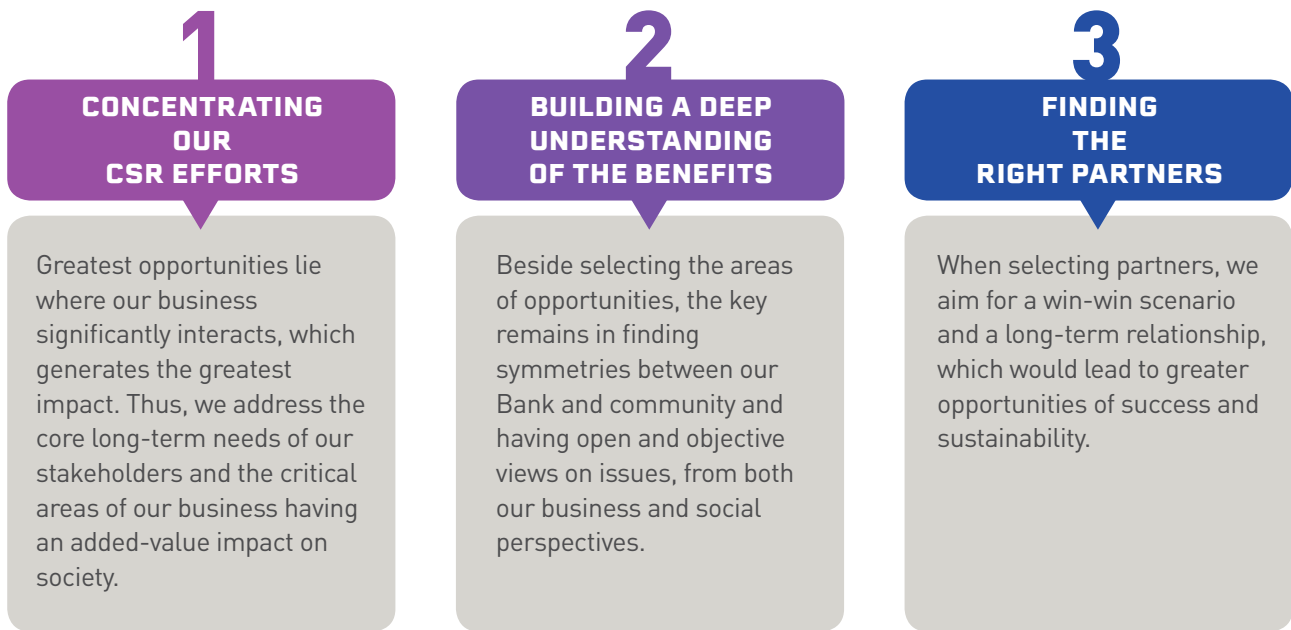
PRIVATE BANKING / ASSET MANAGEMENT

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

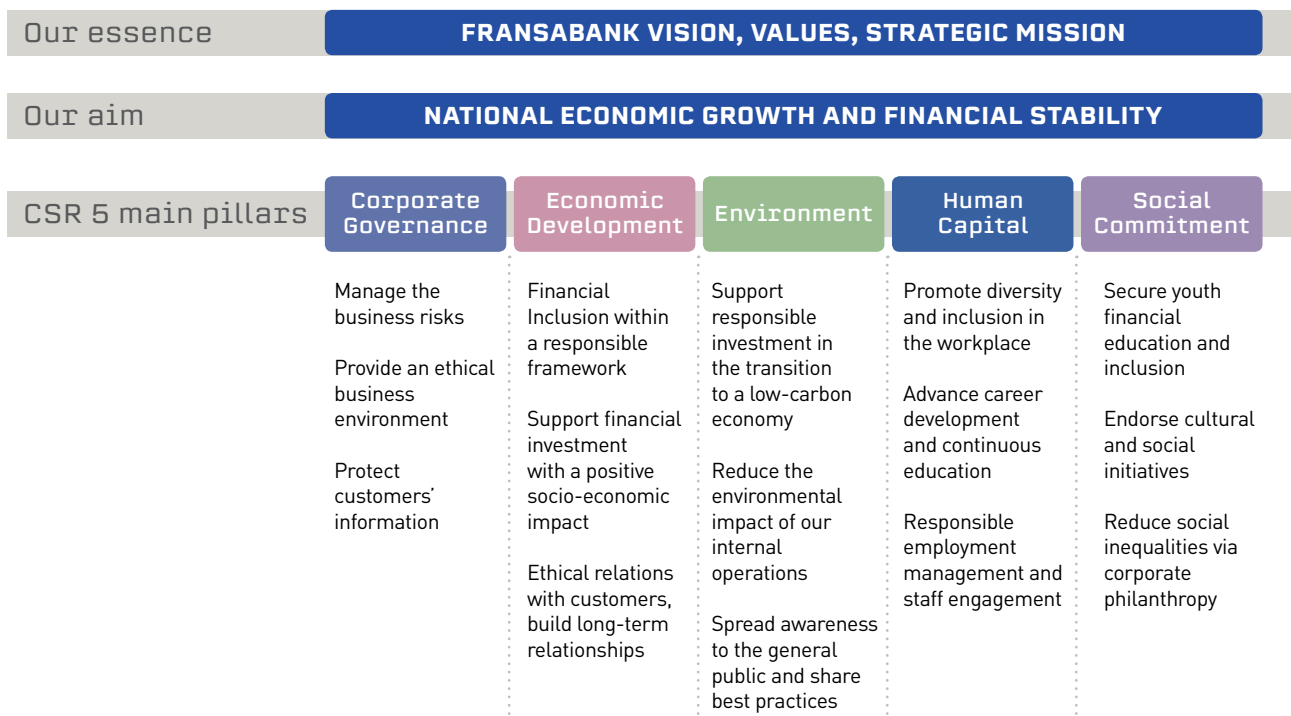
Our Corporate Social Responsibility Approach

A chosen commitment to our society

For Fransabank, Corporate Social Responsibility is about setting the directions for how to build greater financial confidence, improve access to financial services and integrate sustainability in our core business while creating sustainable values for all stakeholders. Consequently, our CSR strategy is being applied through a holistic approach by:



Our CSR strategy



The effective implementation of our five CSR pillars is, first, the concern of all our Bank's divisions, departments and branches as they are expected to engage, on common grounds, to achieve a higher level of accountability and engagement. Thenceforth, a systematic follow-up and monitoring process is necessary as we constantly report to our top management as well as to

implicated and interested stakeholders. It follows that, we depict our actions' effects and measure their impacts, whenever possible, strongly believing in our investments enduring socio-environmental and economic power.

Equally, the integration of these strategic pillars in our core business is key in ensuring that we manage our impact on

society and align our activities with international commitments. We recognize the importance of international allegiances that assist businesses in operating responsibly, thus we endorse: the United Nations Global Compact 10 principles and the UN 17 Sustainable Development Goals to challenge poverty, inequality, climate change and other societal issues that affect us and our planet.

Contributing to the SDGs

Being aware of the impact of our core activities as well as our role as a financial institution that connects businesses, civil society, capital markets, and authorities, we acknowledge our responsibility in advancing the UN 17 Sustainable Development Goals (SDGs).

Moreover, as much as we contribute to a variety of SDGs through our CSR approach, we have chosen to advance and focus on specific six SDGs, which we believe are directly related to our strategy: Goal 4 - Quality Education, Goal 5 - Gender Equality, Goal 8 - Decent Work and Economic Growth, Goal 9 - Industry, Innovation and Infrastructure,

and Infrastructure, Goal 11 - Sustainable Cities and Communities, and Goal 13 - Climate Action. A broader description of Fransabank's contribution to the six chosen SDGs is reflected on page 88; specifying each goal's targets we have been addressing through our policies and initiatives.



Involvement in Sustainable Initiatives



UN Global Compact (UNGC)

Fransabank became an active participant in the UN Global Compact in 2013, the first Bank in Lebanon to adhere to the UNGC, the world's largest corporate sustainability initiative. It supports companies do business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.



Business for Peace (B4P)

Fransabank became a signatory of the Business for Peace (a platform launched by the UN Global Compact), in 2014, believing in its aim to expand and deepen private sector action in support of peace - in the workplace, marketplace and local communities. B4P assists companies in implementing responsible business practices aligned with the Global Compact 10 principles in conflict-affected and high-risk areas and catalyze action to advance peace.



UN Global Compact (UNGC) Network Lebanon

Fransabank joined the Steering Committee of the Global Compact Network Lebanon (GCNL) in 2017, which is composed of leading organizations spanning various industries and sectors across Lebanon. Acting as the Lebanese national chapter of the UNGC, it encourages participants to mainstream the Global Compact's 10 principles in their daily activities and report on their implementation; while also mobilizing businesses, civil society organizations, and local authorities to work together towards the achievement of the SDGs and the UN 2030 Agenda.



Lebanon Climate Act (LCA)

Fransabank is a signatory to Lebanon Climate Act (LCA) initiative; attending their annual Business Knowledge Platform. In 2017, we received a token of appreciation for our active engagement in supporting Lebanon's overall reduction of carbon emissions and pollution.

LCA aims at generating economic growth by dealing with climate change challenges, and catalyzing the involvement of the private sector in the wider climate change community.

Engaging with Stakeholders

Generating long-term values for our shareholders, employees, customers, and the society at large, requires us, as a Bank, to continuously engage with stakeholders through focused dialogues; welcoming their diverse views. As such, we are keen on updating our talks on a yearly basis, directing them each and every time on different aspects and through different communication means. Our efforts are described in this report. Below, we provide a comprehensive listing of our stakeholders' main interests and engagement tools.



Main areas of interest

- Diversity & equal opportunity
- Training & development
- Employee engagement
- Reward expertise and commitment
- Employee well-being

Forms of communication

- One-to-one meeting
- Focus groups
- Regular communication campaigns via intranet, e-mails, e-newsletters
- Surveys
- Publications
- Trainings & workshops
- Performance reviews



Main areas of interest

- Customer satisfaction and service quality
- Customer value proposition/ long-term benefits of dealing with Fransabank
- Responsible marketing

Forms of communication

- Satisfaction surveys
- One-to-one meetings
- Workshops and conferences
- Financial consumer protection
- Delivery channels (branches, call center, e-banking, mobile banking, social media, email...)



Main areas of interest

- Corporate governance and risk management
- Financial performance
- Compliance
- Customer satisfaction
- Responsible marketing

Forms of communication

- General meetings
- Regulatory announcements
- Financial disclosures
- Presentation of the CSR achievements to the Board of Directors
- Annual & CSR Reports



Main areas of interest

- Governance and risk management
- Financial performance
- Compliance
- Consumer protection and responsible marketing
- Customer privacy/data security

Forms of communication

- Systematic reporting
- Meetings and conferences
- Lobbying activities
- Industry associations
- Periodic audits
- Economic bulletin & market index
- Annual & CSR Reports



SUSTAINABILITY INITIATIVES

Main areas of interest

- Community investment and impact on society
- Environmental/Social criteria included in lending activities
- Internal environmental impact management

Forms of communication

- Meetings
- Annual conferences
- Events
- Social media
- CSR reports



THE MEDIA, INTEREST GROUPS AND LOCAL COMMUNITIES

Main areas of interest

- Responsible marketing
- Community investment and impact on society
- Environmental/Social criteria included in lending activities

Forms of communication

- Strategic collaborations
- In-person meetings
- Financial support & collaboration
- Employee volunteering
- Social events & conferences
- Social media
- Publications, press releases, media monitoring



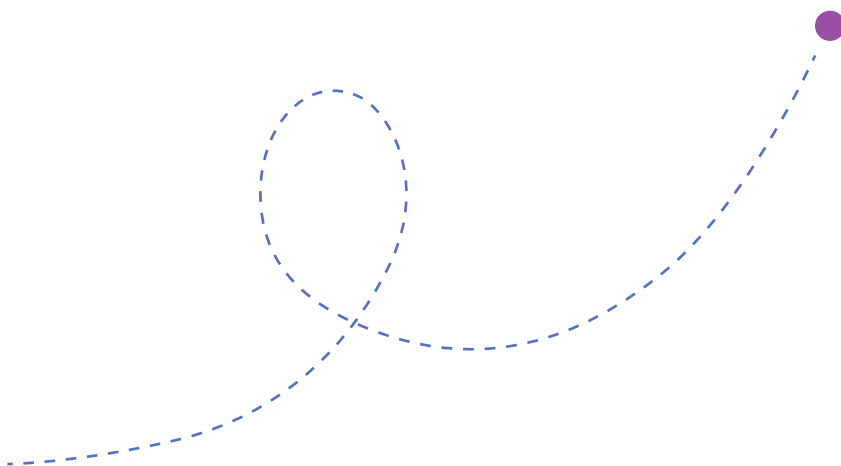
BUSINESS PARTNERS AND SUPPLIERS

Main areas of interest

- Environmental and social impact of partnerships
- Fair procurement practices
- Labour practices/rights
- Anti-competitive behavior

Forms of communication

- Meetings
- Business feedback
- Project meetings
- Quality controls of products and services
- E-mail communication



Assessing Materiality

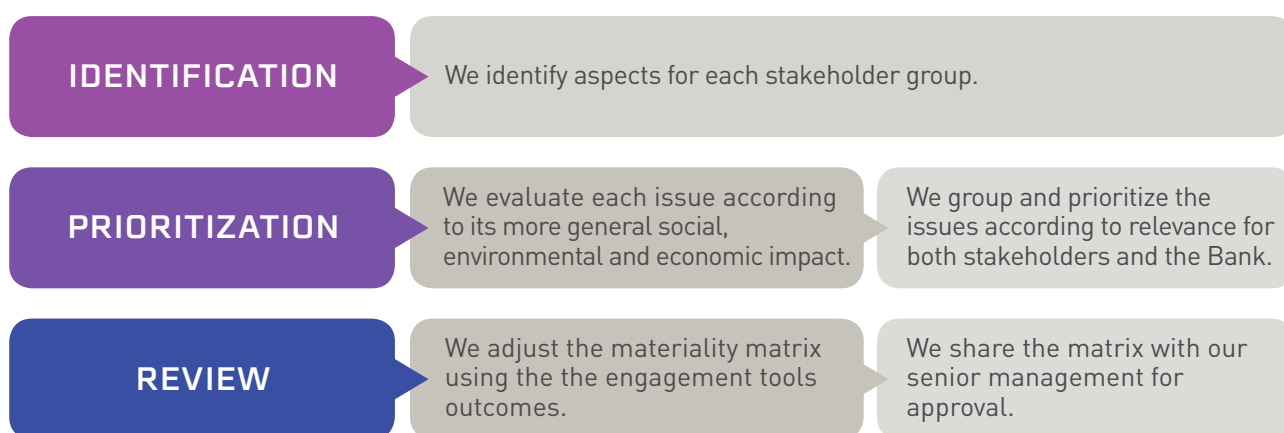
Following our stakeholder engagement approach, we come up with a materiality matrix offering a snapshot of the corporate responsibility issues that are considered to be of the highest importance and therefore are included in this year's report. These are issues that influence our stakeholders' opinions and decisions about Fransabank as well as issues that represent a significant business risk or opportunity for us. Beyond considering economic and social developments and impact, we regularly analyze stakeholders'

feedback and industry trends and reports, while also monitoring developments through stakeholders' surveys, dialogues and market researches. This helps us understand the issues that matter the most to our stakeholders and to our business.

In 2018, we assumed three different surveys and research targeting selected internal stakeholders (employees) and external stakeholders (clients and youth) to reevaluate the issues that are material to us.

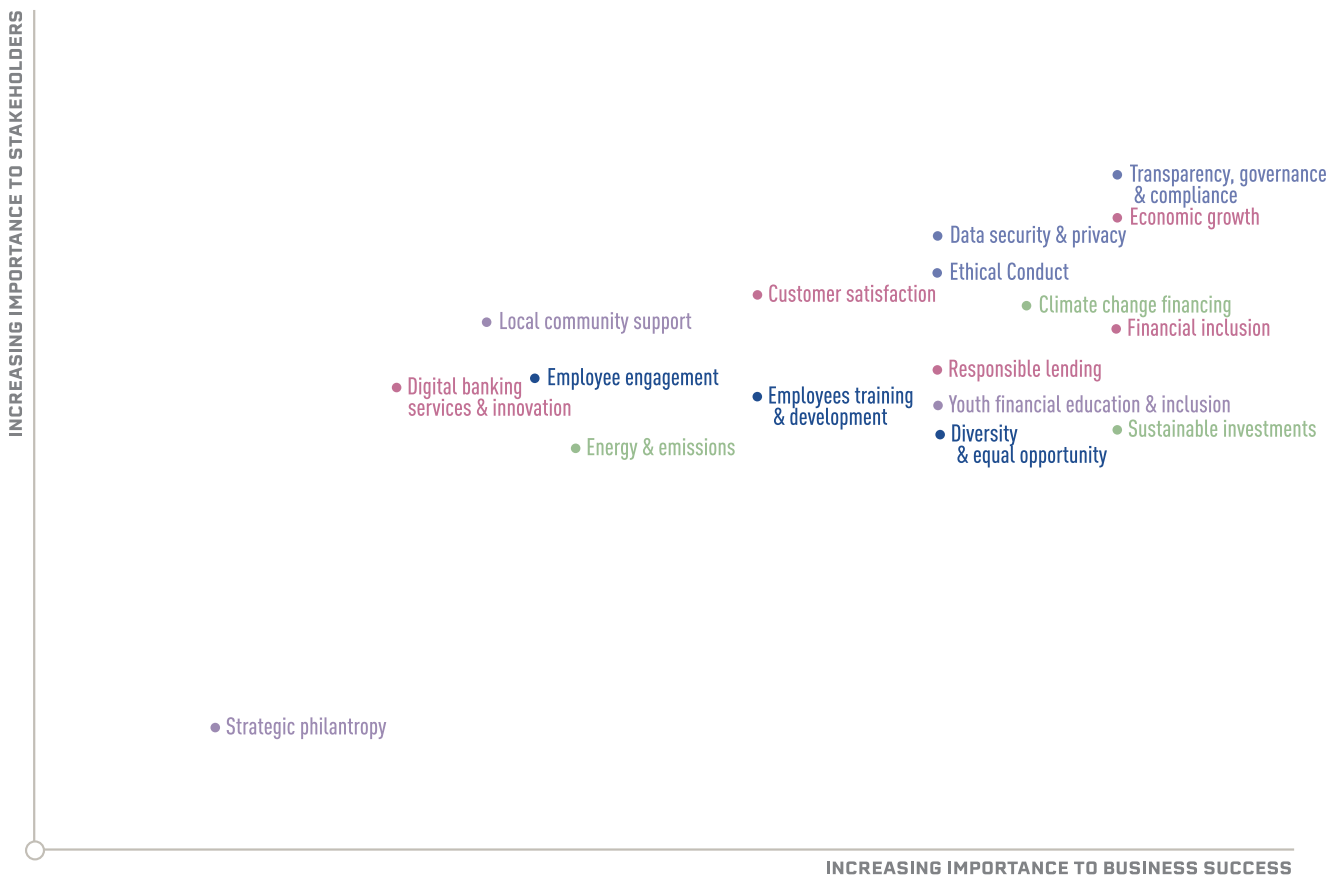
As part of this process, anonymous interviews were conducted with 161 corporate clients, a CSR survey engaged 133 Lebanese students and a Strengths, Weaknesses, Opportunities, and Threats (SWOT) study was considered with 162 staff feedback (all three projects are further discussed in the relevant chapters). One of the main objectives of these surveys was to depict the topics of highest importance and determine which previous material issues are still the most relevant to both external and internal stakeholders.

We followed our three-step process that involves the identification, prioritization and review of material topics to come up with the most relevant issues that should be further tackled in this report:



It is important to note that all issues on the matrix — regardless of where they fall — are significant to Fransabank. These issues were drawn from a broader set of potential areas, many of which were judged of lesser importance to be tackled in the short-term. We grouped topics into five aspects: Governance, Economy, Environment, Human Resources and Communities.

MATERIALITY MATRIX



- **Corporate Governance** Boundary: internal and external (clients, shareholders, employees, regulatory bodies, society)
- **Economy** Boundary: internal and external (employees, clients, society)
- **Environment** Boundary: internal and external (employees, clients, society)
- **Human Resources** Boundary: internal (employees)
- **Communities** Boundary: internal and external (employees, clients, society)

While our 2018 materiality assessment revealed relatively similar issues and priorities as in 2017 and 2016, the wording of some indicators has been edited following the outcome of the previously mentioned surveys. We believe the updated terminologies are clearer and more precise. Meanwhile, two aspects have been removed from the matrix, as per our stakeholders' feedback, which are the 'child labour' and 'regulations'. The 'child labour' was removed as it was deemed not applicable to the banking industry; 'regulations' was merged with the 'transparency, governance & compliance' issues. Thus, the most material issues are:

- Transparency, governance & compliance
- Data security & privacy
- Ethical conduct
- Financial inclusion
- Responsible lending
- Economic growth
- Customer satisfaction
- Climate change financing
- Sustainable investments
- Diversity & equal opportunity
- Employees training & development
- Youth financial education & inclusion

Knowing that each stakeholder is differently affected depending on the material issue, we had to draw boundaries for each issue. Boundaries helped identify the

issues that have impact inside 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.

Finally, our materiality assessment exercise is being updated and fine-tuned every year as we constantly engage with our stakeholders to come up with the solutions that best serve them while still benefiting the business.

2018... In a Nutshell

Corporate Governance

Sound corporate governance practices implemented for maintaining governance structures, policies and processes that best serve the changing needs of employees, clients and the community

Our **Integrity, Fairness, Transparency, and Accountability** contribute to solid long-term relationships with all stakeholders

Risk management framework seeks to ensure that there is an effective process in place to manage risks across the Bank and that emphasizes the importance of integrity, maintaining high quality staff and public accountability

Ethical Business

We operate in accordance with the highest ethical standards and in full compliance with all applicable anti-money laundering, financing of terrorism and corruption laws and regulations

In 2018,
1,006 employees completed
3,289 compliance training hours

Our workforce abide by a well-developed **Code of Business Conduct and Professional Ethics**

We are committed to **respect human rights** in line with the Universal Declaration of Human Rights, the Lebanese Labour Law, and the Collective Labour Agreement

Security standards and customers' information protection are a top priority

Spreading Financial Inclusion across Lebanon

Microfinance

Supporting microenterprises since 2007, we invested more than **USD 49.1 million** in **over 23,758 micro entrepreneurs** by end-2018

Women entrepreneurs constitute **41%** of our portfolio with an investment of **around USD 2.78 million** in 2018

Young entrepreneurs aged between 18 and 30 years old constitute **33%** of our portfolio with an investment of around **USD 2.31 million** in 2018

35.4% of micro finance are directed to the commerce sector
1,562 jobs were created in 2018
5,347 jobs were sustained at end 2018

Non-performing microcredits ratio in 2018 **PAR > 90 days 1.45%**

SMEs

Fransabank became the **first issuing bank in Lebanon under the EBRD's Trade Facilitation Programme (TFP)** with a **USD 50 million** trade finance line; supporting international and intra-regional trade in Lebanon
USD 18 million credit line was extended by PROPARCO with the purpose of backing companies that are operating in a difficult local economic context

The total outstanding amount of SME loans reached more than **USD 615.45 million** as end-2018

Equity Participation

Fransabank & Fransa Invest Bank are committed to **6 Venture Capital (VC)** funds

Accessible Homeownership

10,290 housing loans granted for a total value of **USD 850.23 million** as end-2018

Customer Service

We scored **8/10** on the corporate customer satisfaction survey; with a sector average satisfaction rate of 7.2

92% of corporate clients **did not face problems** when dealing with Fransabank

We are keen on supporting customers facing difficulties in loan payments by the use of continuous counseling and adapted options

Leading Bank in Sustainable Energy Finance (SEF)

Total SEF projects reached **USD 120 million** for a total of **175 projects** subdivided into:

- > **Energy efficiency projects,**
- > **Green building projects,**
- > **Renewable energy projects.**

We employ an **Environmental and Social Management System (ESMS)** in our lending process

We act as the **national Goal Leader of SDG 13 – Climate Action** in Lebanon in 2018

We adopted the **Lebanese Water Stewardship**, a USAID funded program, creating awareness on the importance of water management and treatment

Ongoing Partnerships



Minimizing Environmental Impact

25.67 tons annual reduction of **CO₂ emissions** at the Headquarters

Energy consumption was reduced **30% to 40%**

Water intake was reduced by **3 million Liters**

12% annual increase in e-banking users, reaching 64,301 users

76 tons of paper were recycled in 2018

1.4 tons of plastics were recycled in 2018

Certificate of Acknowledgement for our Headquarters greenhouse gas emissions reporting as well as our leadership in climate change awareness, granted by the Ministry of Environment

1st Bank to Introduce Green Bonds in Lebanon and the Levant Region

Green Bonds are instrumental in further developing climate financing. They are **exclusively allocated to projects with positive environmental impact**

Moody's assessed the operation and has given it an **"Excellent" rating** (the highest rating possible on this type of transaction)

The **IFC** and **EBRD** invested respectively

USD 45 million and

USD 15 million

in Fransabank Green Bonds – series 1, giving a vote of confidence to Green Finance at Fransabank and in Lebanon

43 projects for more than **USD 38.2 million** were financed via our Green Bonds

Energy saved reached **7,231,995 (kWhe/year)**

Greenhouse gas emissions reduction totaled **4,707.3 tons of CO₂**

Award

2019 Green Bond Pioneer Award from the Climate Bonds Initiative

Valuing the Human Capital

Gender Inclusion

47% of employees are women

45% of new recruits are women

55% of senior management position are women

53% of middle management position are women

Employees' Loyalty

2.23% Turnover rate

47.7% employees' seniority with over 10 years of service

100% return to work rate after parental leave

100% of senior managers are hired from the local community

Training & Development

1,113 employees received specialized trainings in 2018; being 64% of the workforce; an average of

58.5 hours/employee

Fransabank Lebanese financial regulation exam coverage ratio reached

62.5% at the end-2018

Strengths, Weaknesses, Opportunities, Threats Survey

320 employees, with 5 to 8 years of service at Fransabank, took part in the SWOT survey; with a 51% response rate

Respondent acknowledged Fransabank's sound reputation, legacy and wide-ranging presence, conservative approach to risk management, customer oriented approach, and CSR strategy; while, pointing out the need for less centralization of procedures and further tech-oriented products

Internship Program

202 students

were welcomed in the 2018 Internship Summer Program; benefiting from

240 hours of practical experience

Employees' Engagement

568

employees donated to the Children Cancer Center of Lebanon a total amount of

USD 399,609

at end-2018

40

employees from branches and departments were involved in a **bonding activity** (*enriching team-work spirit, drive responsibility and creative thinking*) in 2018

700

employees are enrolled in Fransabank Amicale Club at end-2018

205 mothers

of children aged up to 12 years old, benefited from a special working schedule

1,344 employees' children

benefited from the support of schooling fees reaching over

USD 2.9million

in 2018

Committed to Youth Financial Education

558 teens were financially informed, in 2018, via **Fransabank Big Bank Challenge game** – a financial literacy cards game targeting adolescences wishing to develop basic understanding of banking products and services

250 students from 6 Lebanese schools participated in **Global Money Week 2018** – an annual financial awareness movement built to educate the youth about money matters

We engaged with all participating students to come up with a **CSR survey**; focusing on what matters most to the Lebanese youth; **response rate reached 60%**

In collaboration with INJAZ, the **“I Camp Business Challenge”** was held helping attending USJ students gain insights into the complexities and rewards of entrepreneurship while being assisted by Fransabank corporate banking employees. The best team was granted a **job shadow day at Fransabank**

1st Lebanese Bank to introduce the **Practical Banking Course** as a one credit course at the Lebanese American University (LAU)

Educational loans total outstanding amount reached around the c/v of

USD 20.01 million as end-2018

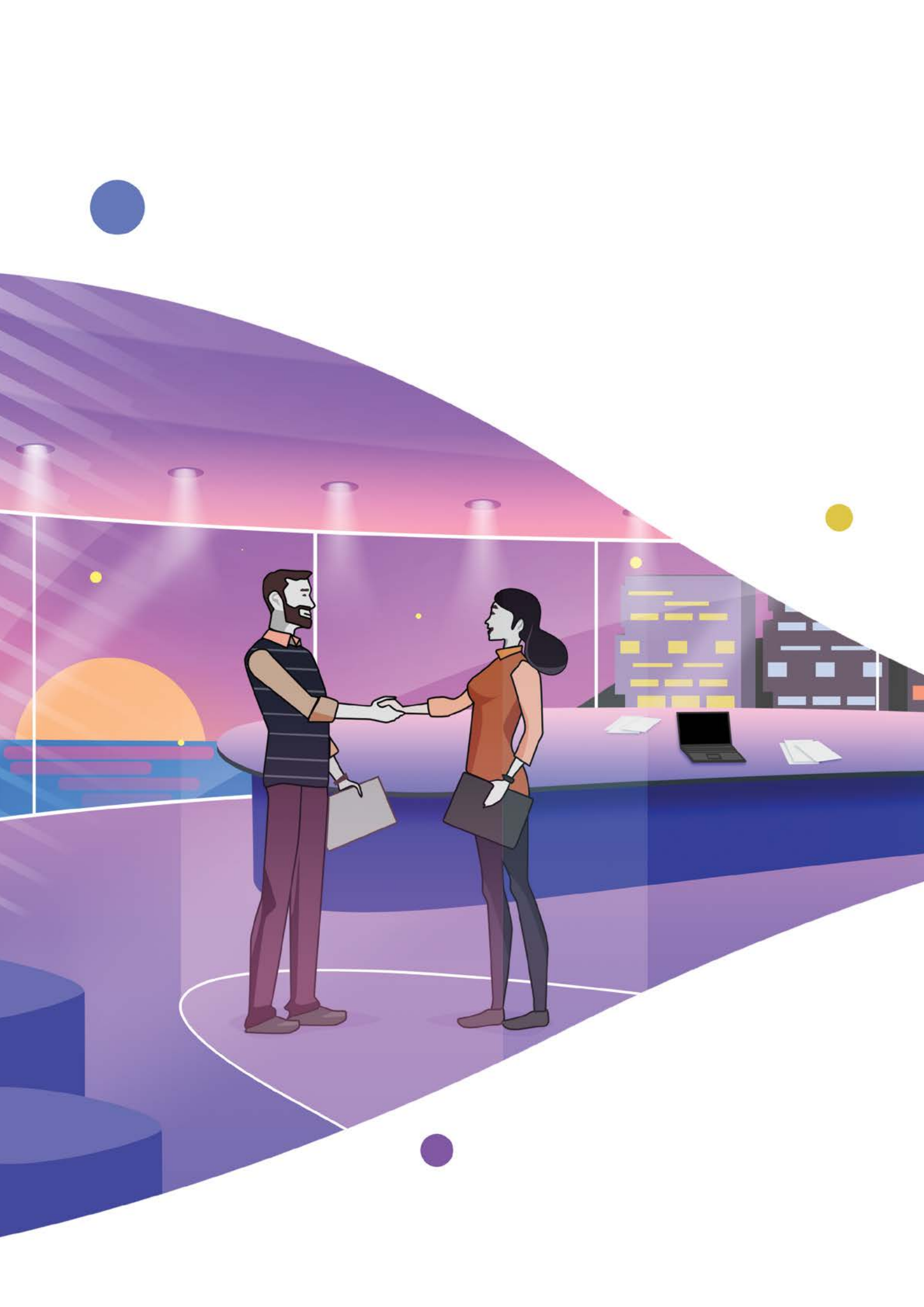
Community Investment

We invested more than

USD 855 thousands

to over **80** selected organizations covering education, art & culture, and social & health initiatives

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

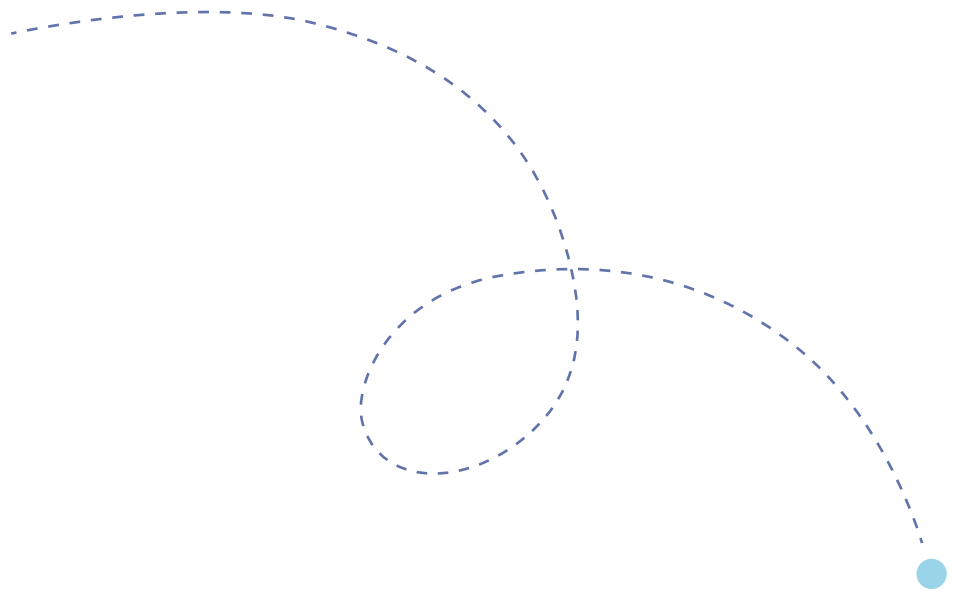


OUR RESPONSIBILITY IN
BANKING



OUR RESPONSIBILITY IN BANKING

Sound governance, comprehensive risk management and operational excellence are the fundamental seeds to corporate success and continuity. Acting as our starting points, these principals have turned Fransabank into a committed financial partner with best-in-class governance practices, transparent policies and regulations, as well as accountable mechanisms and standards; thus delivering self-assurance to all its stakeholders.



Commitment to Good Corporate Governance

Fransabank is committed to implement sound corporate governance practices by maintaining governance structures, policies and processes that best serve the changing needs of its employees, clients and the community, with the goals to deliver sustainable values to shareholders, enhance its relationship with stakeholders and increase public confidence.

Our aim is to standardize the governance practices across all entities and to strengthen governance and control culture to ensure that the implementation of good corporate governance is embedded at the Group level, thus promoting a culture of integrity, diversity and ethical conduct across the Bank.



Corporate Governance Framework

Our corporate governance framework is set out in the corporate governance code. The code delineates a corporate governance framework in line with the regulatory requirements and international best practices and sets the grounds for other governance policies and charters which are therefrom periodically updated to cope with the evolution of the regulatory framework and to best serve the changing needs of our stakeholders.

Fransabank's corporate governance framework promotes a commitment to the highest

level of transparency, integrity, fairness and accountability and helps in disseminating a strong governance culture within the Bank by setting the 'tone at the top'.

Governance Structure

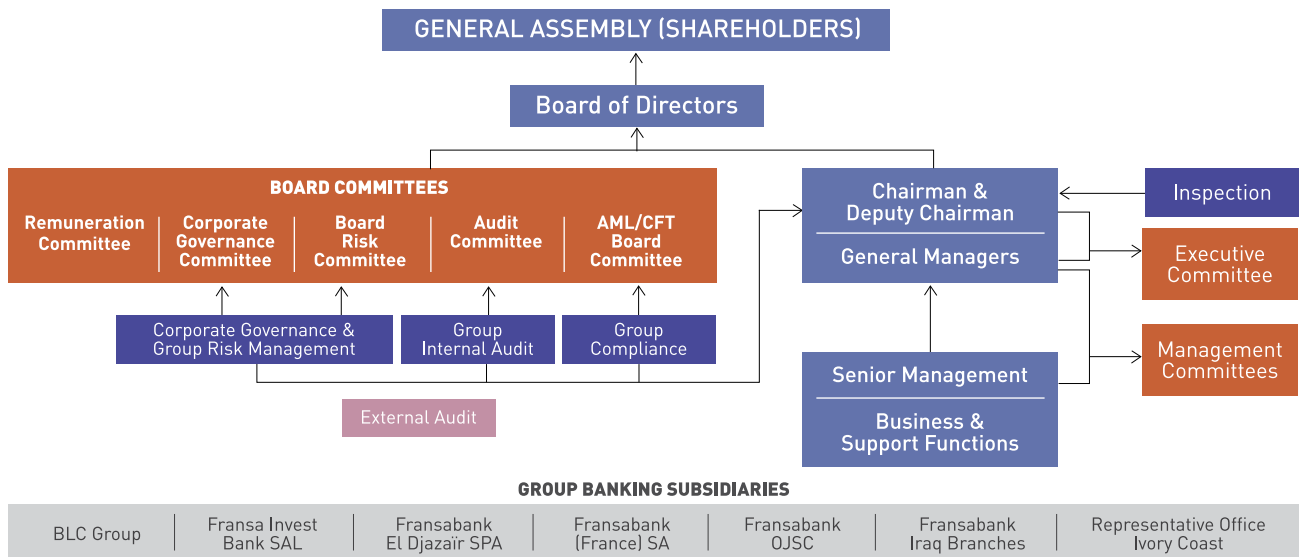
Our governance structure, aims to provide an efficient framework for the assignment of responsibility and accountability and is designed in a way that facilitates a clearly defined decision-making process. It includes the General Assembly of shareholders; the Board of Directors; the Chairman; the Deputy Chairman; the various committees, control functions; the external auditors; general and senior management and the business and support functions.

Board of Directors

Fransabank's Board of Directors comprises twelve members, elected by the Ordinary General Assembly in accordance with the stipulations of the Bank's by-laws and the Lebanese Code of Commerce. They are appointed for a period of 3 years and can be re-elected.

The nomination and selection process of Board members is governed by certain criteria and conditions, as stipulated in the 'Board Members Succession Plan'.

CORPORATE GOVERNANCE STRUCTURE



The Board consists in its majority of non-executive members and is supported, in carrying out its oversight duties, by Board committees that are chaired by independent members, 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. *Additional information related to Board members and Board committees are published on the Bank's website and in its Annual Report.*

The Board of Directors elects the Chairman from among its members. As per the Lebanese laws, the Chairman is also the General Manager, who provides leadership to the Board and is responsible for the Board's effective overall functioning.

Management

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 and ensuring a proper management of any potential conflict of interest, including transactions with related parties.

Managing Conflicts of Interest

Fransabank has a policy for managing conflicts of interest that sets the 'Tone at the Top' in terms of the principles to abide by to prevent and manage conflicts of interest.

A conflict of interest is a situation where different parties have interests that conflict with each

other. Such conflicts may arise between:

- (i) the interests of customers on the one hand and the interests of the Bank or its related parties or its employees on the other,
- (ii) the interests of a customer on the one hand and the interest of another customer on the other.

The Bank will always strive to have in place (i) preventive measures to avoid operations that would create material conflicts of interest as well as (ii) an effective organizational and administrative framework, covering all hierarchical levels, for dealing with conflicts of interest.

Managing Risk

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

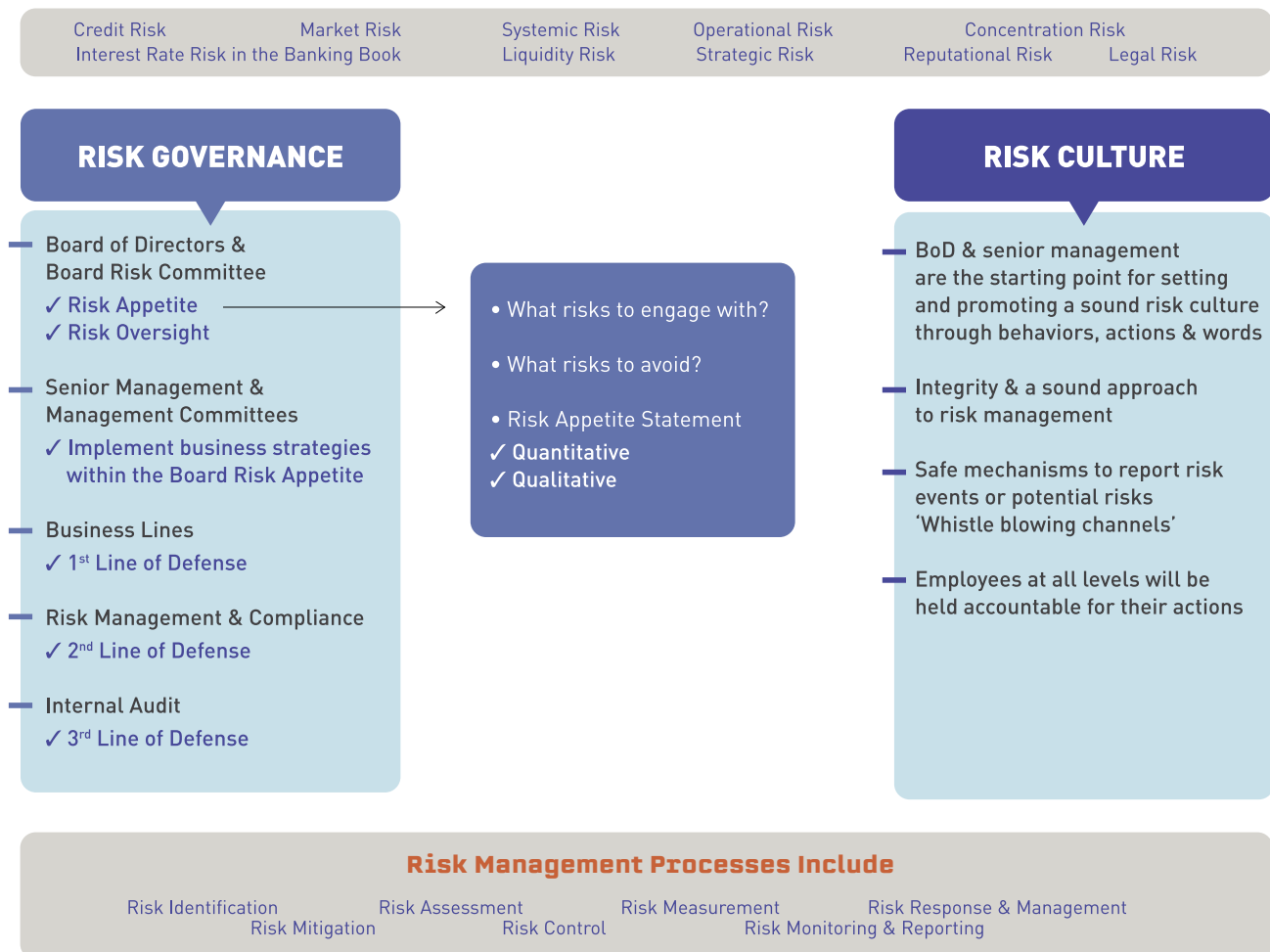
The Board of Directors acknowledges that one of its primary objectives is to explicitly enforce the collective oversight and risk governance responsibilities in line with the adopted risk management framework.

Key components of risk governance include risk culture and risk appetite. The risk management framework seeks to ensure that there is an effective process in place to manage risks across the Bank and that emphasizes the importance of integrity, maintaining high quality staff and public accountability.

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.

Fransabank operates in full compliance with all relevant local laws and regulations. We value highly our reputation as a responsible and ethical operator in the financial industry.

RISK MANAGEMENT FRAMEWORK



Business Ethics

Being an integrated element in our core values, compliance is a shared responsibility amongst all Fransabank employees. Our sound corporate governance structure was at the origin of building up an effective compliance culture; believing in its necessity to ensure a substantial customer experience.

Fransabank has a great responsibility and a substantial role to play in combating financial crime, thus the continued development of a strong compliance culture will remain a priority for us. Accordingly, we manage our business activities based on internationally recognized principles of corporate responsibility. As an accountable Bank, the way in which we conduct our business is as important as our financial performance. We go all-out to maintain a rigorous compliance, a culture of ethics and integrity, and secured information in order to inspire trust in our business.

Preventing Money Laundering, Financing of Terrorism, and Corruption

While, the financial sector fights financial crime in close dialogue with the relevant authorities, we, at Fransabank, collaborate with them on potential and actual money laundering cases as we are committed to conducting business in accordance with the highest ethical standards and in full compliance with all applicable anti-money laundering, financing of terrorism and corruption laws and regulations. To that effect, Fransabank has in place written policies, procedures and internal controls reasonably designed to comply with local and international rules and regulations.

Anti-Corruption, Anti-Money Laundering, Countering Financing of Terrorism, and Tax Information Exchange [FATCA and CRS]

Fransabank's Anti-Money Laundering and Counter-Financing of Terrorism Policy includes procedures for customer due diligence, reporting, record keeping, internal controls, risk management and communications that are intended to prevent illegal activities and crimes. Such illegal activities and crimes have been expanded by the Law No. 44 which was promulgated in November 2015, to cover crimes like human trafficking, tax evasion, extortion, bribes, and corruption. Over and above the duty of the AML/CFT Compliance Department to monitor and report these activities, it is the duty of every bank manager to take organizational measures to ensure the compliance requirement is respected within his area of responsibility. Adequate training and coaching is thus provided, to enhance the compliance culture across the Bank.

Furthermore, specific policies on dealing with corruption and bribery are applied, as well as a complete sanctions program aiming at being in full compliance with international standards and requirements. As such, all our employees are constantly called to strictly comply with Anti-Money Laundering (AML), Combatting Financing of Terrorism (CFT), Sanctions, Tax Information Exchange (FATCA & CRS) and General Data Protection Regulation (GDPR) procedures in force as for:

- Conducting a periodic review of the AML/CFT, sanctions, anti-bribery and corruption, FATCA, Common Reporting Standard, and the EU's GDPR policies and procedures to ensure compliance with the updated related requirements.

- Making sure that appropriate Know Your Customer (KYC) due diligence procedures are applied at the onset of the relationship with the customer and renewed at every material change in related data.
- Undertaking a close monitoring on accounts' movements and daily executed transactions to ensure their consistency with the customers' net-worth status and their economic activity reflected in the KYC form; and accordingly handling system-generated alerts showing any deviation between mentioned and actual account activity. In this context, Fransabank has acquired ORACLE's state-of-the-art software for Financial Crime Compliance Management to be at the forefront of compliance with local and International standards, rules and regulations, and be a market leader in managing and eradicating the risks of money laundering, financing of terrorism, fraud and corruption.
- Performing 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.
- Applying 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.
- Conducting an Enhanced Due Diligence (EDD) on high risk customers, such as:
 - Politically Exposed Persons (PEP)
 - Off-shore companies
 - Non-profits organizations
 - Precious stone dealers
 - Embassies
 - Casinos
 - High cash income professions.

Compliance Training

Common Reporting Standards (CRS), fraud prevention, anti-money laundering and terrorist financing, professional secrecy, conflicts of interest and ethics, anti-bribery and corruption, and sanctions requirements as well as customer protection and satisfaction are the topics tackled during our compliance training sessions.

To keep up with regular changes and help our employees stay informed about the latest regulations and international requirements, frequent trainings are to be completed by our workforce. In 2018, 1,006 employees (from Fransabank SAL, Fransa Invest Bank SAL – the investment arm of Fransabank and the Lebanese Leasing Company SAL – the leasing arm of Fransabank) completed 3,289 compliance training hours.



Compliance training sessions are mandatory to Fransabank branches' employees (customer service representatives, tellers, deputy branch managers and branch managers), as well as employees from selected departments / divisions as for the:

- Internal Audit Department
- Retail Banking Division
- Risk Management Division
- Loan Recovery Department
- Security and Business Continuity Department

- Corporate Banking Division
- Quality Service Unit
- International Banking Division
- Inspection Department
- Compliance Department

Keeping our employees well updated about changes in laws and regulations related to business is therefore crucial for an increase in transparency, uniformity and standardization across the Bank, whether in work methods or in the quality of the services offered.

Valuing our Bank's Corporate Code of Conduct & Professional Ethics

A corporate code of conduct is essential for any organization, not only because it provides a framework for what is expected from employees but because it also promotes ethics, honesty and professionalism within our Bank and among our employees.

In 2018, our Corporate Code of Conduct and Professional Ethics was coupled with the releasing of our new Human Rights Policy.

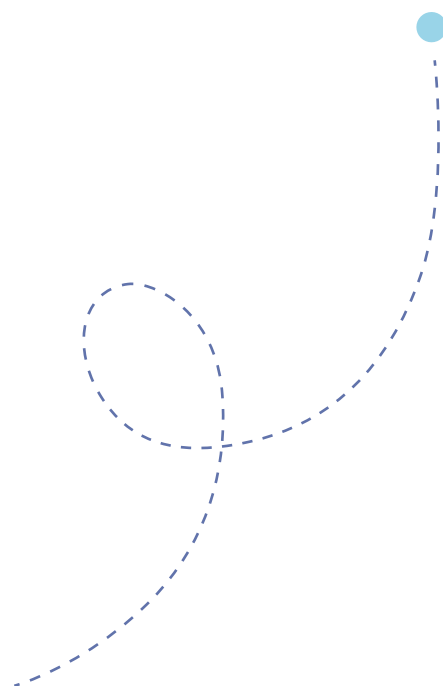
The main objectives of Fransabank Corporate Code of Conduct and Professional Ethics are:

- 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
- To remind employees of what is expected from them as for their appearance and work ethics.

Our Corporate Code of Conduct and Professional Ethics 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.

Certainly, we take a zero-tolerance approach to bribery and corruption; thus, protecting our reputation, and safeguarding shareholders' trust, reducing risks, and securing our assets.



Our Human Rights Policy

At Fransabank, we are committed to respect and promote human rights in accordance with the Universal Declaration of Human Rights, the Lebanese Labour Law, and the Collective Labour Agreement. This quadratic equation represents an integral part of our core values which are the main drivers behind our success, growth, expansion and family culture.

Our internal and fundamental guidelines, including the corporate Code of Conduct and Professional Ethics, policies and procedures as well as the employee handbook, reflect our strong conviction in advocating human rights and promoting it in our culture, corporate social responsibility and activities towards our employees, clients and suppliers.

Our accountability with our employees

We are committed to having a harassment and discrimination free work environment and to treating employees with respect and dignity, prohibiting child labour and any form of disrespectful attitude. This would also include equal employment opportunities as well as ensuring a career path with a growth potential.

Furthermore, we are responsible for providing a healthy environment free of harassment and intimidating acts with a freedom of opinion and expression keeping politics, religion or any sensitive topic outside the workplace; in addition to a safe environment by detecting

any risk of accidents and handling any on-the-job injury and health issues.

We have already set a policy guiding our employees on how to act in cases of natural disaster or any life-threatening situation. Parallel to this, employees are also provided with awareness sessions on safety measures and precautions.

Our employees have also the right to join any NGO or union of banks' employees without retribution from the management.

A grievance policy accessible to all our employees has been drafted; allowing them to raise any complaint/concern related to the work environment and guaranteeing that such grievances are handled fairly, impartially and confidentially.

Our accountability with our clients

We are governed by a set of internal policies along with laws and regulations that act as mandatory prerequisites when dealing with our clients. These laws and regulations mandate that the Bank be knowledgeable about clients businesses' activities to prevent money-laundering activities, which could lead to human rights violations.

We ensure that we remain transparent and fair with our clients. In line with our transparency policy, our clients can raise any complaint through our different channels such as

Fransabank's website, Fransabank online banking, complaints boxes placed at all branches and call center services available 24/7.

As for the community at large, we engaged in several initiatives with selected civic partners to ensure a more inclusive society, advancing financial education and inclusion, promoting art and culture, and endorsing social awareness programs ranging from health issues, to safety topics, and sports programs.

Our accountability with our suppliers

We carefully choose our suppliers, based on their compliance with local labour laws, respect for the environment, and concern towards providing a safe and healthy environment for their employees.

Fransabank is compliant with:

- The Lebanese Labour Law
- The Collective Labour Agreement
- The Universal Declaration of Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- The United Nations Global Compact (UNGC), principle on Human Rights
- The IFC Performance Standards II

DATA PROTECTION



Protecting our Bank's and Customers' Information

With the emerging and ever-evolving cyber-attacks and threats coupled with the quick development of banking services over electronic channels, we, at Fransabank, have made it a top priority and a strategic objective to elevate its cyber-security standards in order to better protect our customers' information confidentiality/privacy and boost the resilience of our technological platform.

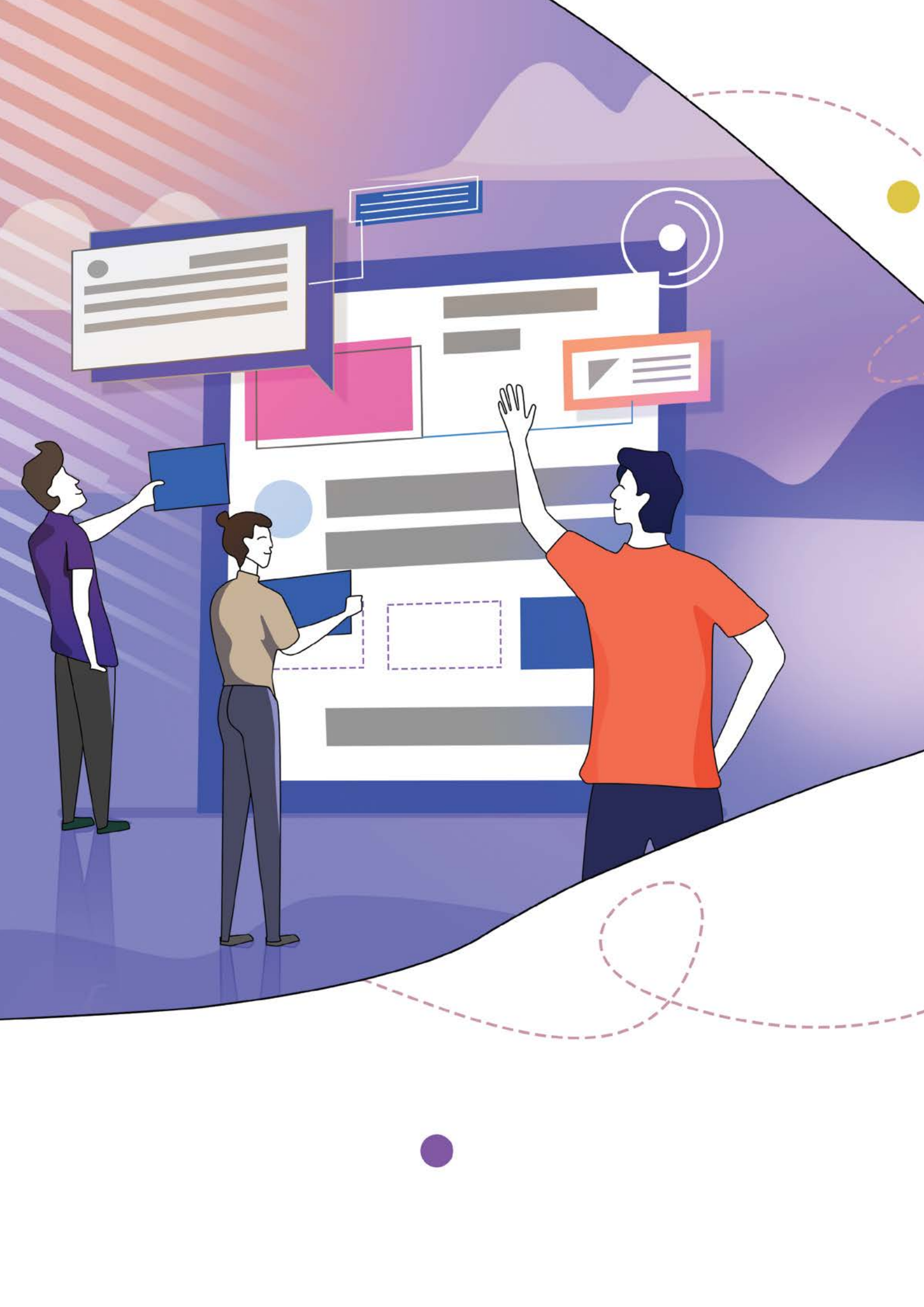
Concurrently, international regulations, namely General Data Protection Regulation (GDPR) and local laws are enforcing the protection of the privacy of personal information and imposing new security

measures in this respect. Abreast in this field, we started to implement new policies and measures in order to cope with the new challenges.

Thus, we are currently working on two main strategies; on one hand, to enhance internal controls/measures, and, on the other hand to understand more the external cybercrime actors and endeavors. Practically, many new security systems are in the pipeline for implementation, in order to complete the Security Operation Center (SOC), after the stabilization of the SIEM solution in place, in addition to a recent contract signed with an internationally renowned company intended for threat intelligence.

This will enable us to be proactive in combating cybercrime by promoting proper monitoring on our technological platforms, in order to react swiftly to any malicious activity and to adjust our security strategies according to coming threats.

As far as the current business continuity site is concerned, new processes were added to complete the set of services provided to our customer base. The objective is always to better serve our customers and to ensure seamless shifting of the services from our headquarters to the disaster recovery site.

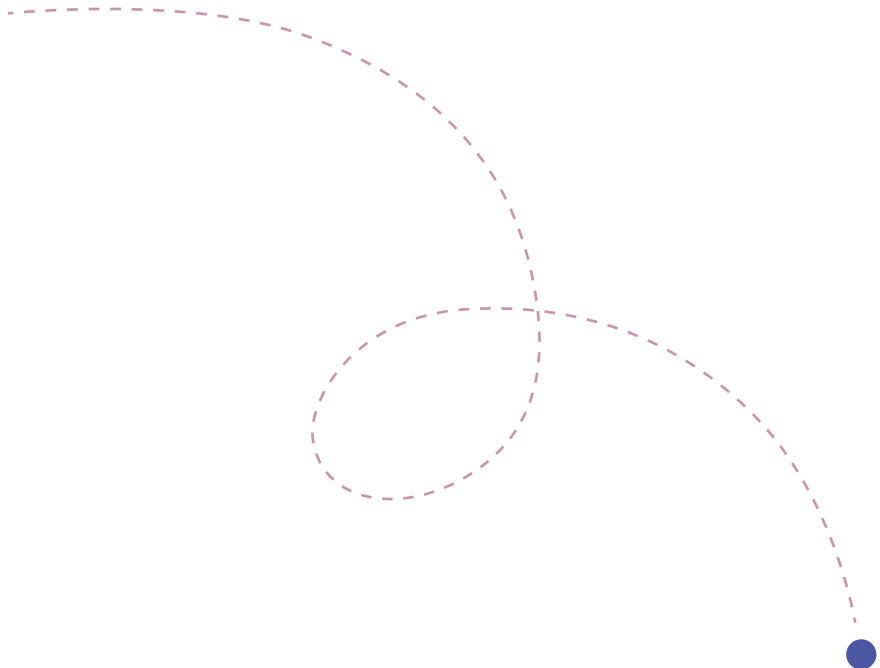


OUR RESPONSIBILITY FOR THE
ECONOMY



OUR RESPONSIBILITY FOR THE ECONOMY

Given our history and size, our ultimate objective is to contribute through our funding to a sustainable national economic growth. Thus, our role is to bring commercially viable and scalable tools, solutions, and products that can help us all work towards greater financial inclusion and development.



Responsible Lending

When we grant a loan to a customer, whether an individual or a company, we enter into a long-term commitment. Therefore, we carefully evaluate customers' financial situation to make sure that we offer loans that are suited to their needs and capacity. We also consider the purpose for which the funds will be used and check for possible Environmental, Social and Ethical (ESE) risks.

We do this to ensure that our customers' conduct is in accordance with our credit approach, sustainability vision and the international principles which we endorse. Advisory services round out our lending activity and form an integral part of our customer lending, inclusion and advisory approach. We make financial expertise available to our clients to develop and implement investment projects and programs.



Financial Inclusion

When discussing financial inclusion, we, at Fransabank, work to come up with solutions to satisfy diverse segments from micro businesses to Small and Medium Enterprises (SMEs) and start-ups, despite a difficult environment characterized by a slowing economy. Fully understanding the correlation between socioeconomic development and financial inclusion, in collaboration with various stakeholders, we try to bring more people into the financial stream raising their overall standard of living and well-being. By acting as a catalyst, we believe we can achieve higher economic growth especially in rural or remote areas. This has become a priority which is well aligned with our commitment and pledge to SDG 8 - Decent Work and Economic Growth.

Microfinance

One of the major challenges for responsibly-minded banks is providing reasonable and adequate advances for low-income clients. Microfinance has a significant role in bridging the gap between financial institutions and rural poor households. Yet, securing grants to unbanked people is not a cheap business. It requires specialized labour as well as a widespread physical network especially when dealing with remote areas based clients.

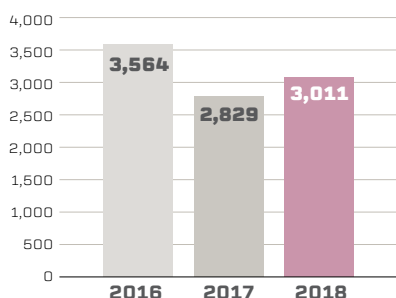
Since 2007, we have been partnering with Vitas – one of the largest microfinance institutions in Lebanon. This partnership has made it much easier for us to reach marginalized areas and minority owned businesses. With aligned visions, Vitas helped us connect with clients across Lebanon having the advantage of a gained trust among rural

customers through their microfinance work; while we offered the necessary financial resources, know-how and assistance.

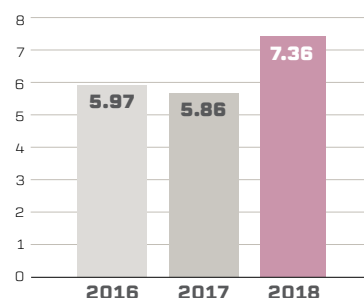
Our accomplishments in this field benefited over 23,758 micro entrepreneurs at the end of 2018, with more than USD 49.1 million assets used for the financing of microcredits. In 2018 alone, the total number of microcredit beneficiaries reached 3,011 clients. Similarly, the outstanding value of microcredits reached around USD 7.36 million in 2018, compared with around USD 5.86 million in 2017, a yearly increase of 25.6%.

● **MICROCREDITS HIGHPOINTS OVER THE PAST THREE YEARS**
[2016-2017-2018]

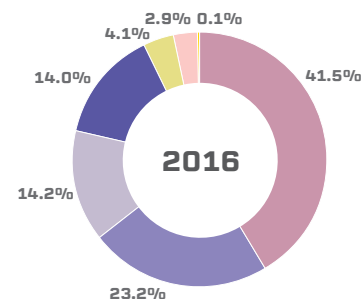
Total number of microcredit beneficiaries



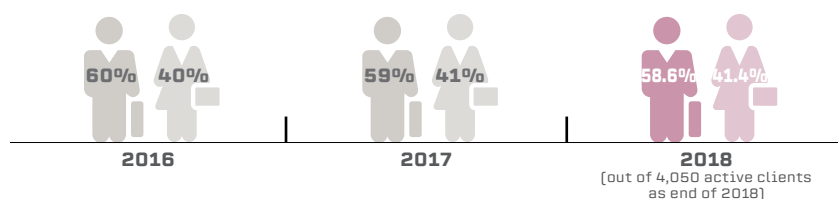
Total amount of microcredits (USD MILLION)



Microcredits beneficiaries' sectors distribution

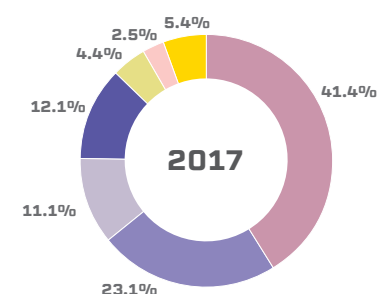


Gender distribution among active loans



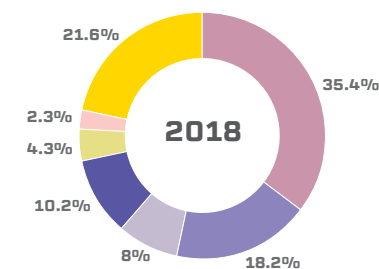
Amount disbursed per age brackets

AGE	2016	2017	2018
Between 18 to 35	USD 2,404,429	USD 2,526,299	USD 3,375,149
Between 36 to 50	USD 2,283,127	USD 2,125,683	USD 2,605,881
Above 50	USD 1,281,605	USD 1,206,313	USD 1,377,443



Percentage of beneficiaries per age brackets

AGE	2016	2017	2018
Between 18 to 35	42.5%	43.3%	46.5%
Between 36 to 50	37.5%	35.6%	33.7%
Above 50	20.0%	21.1%	19.8%



Number of jobs created

2016	2017	2018
460*	1,473**	1,562**

*The number of jobs was calculated based on data gathered from the clients.

**The number of jobs was calculated based on the difference in the number of employees between the old loan and the new loan for retained clients and fresh employments for new clients.

COMMERCE SERVICES PRODUCTION
CONTRACTING & BUILDINGS AGRICULTURE
TRANSPORTATION HOME IMPROVEMENT

Number of jobs sustained

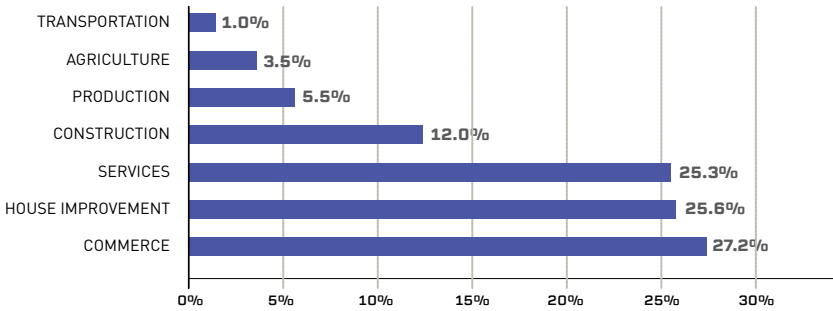
2016	2017	2018
5,096	5,258	5,347

Non-performing loan ratio

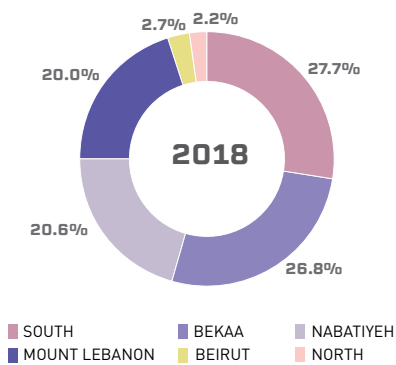
	2016	2017	2018
PAR > 90 days	2.62%	1.95%	1.45%
PAR > 180 days	1.35%	0.31%	0.23%

● YOUTH & WOMEN MICROCREDIT BENEFICIARIES
 [YOUTH BENEFICIARIES AGES: FROM 18 TO 30 YEARS]

YOUTH BENEFICIARIES BY SECTOR | 2018



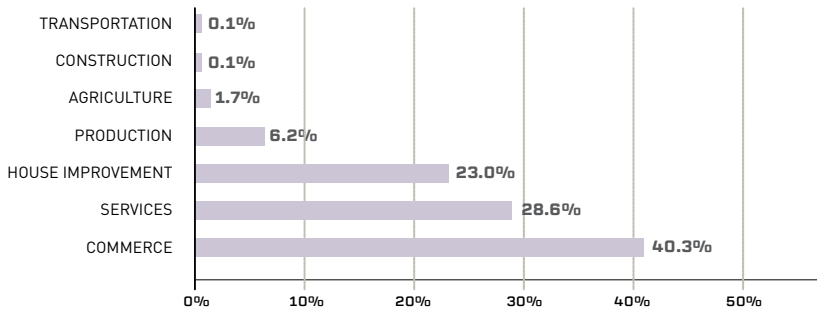
YOUTH BENEFICIARIES DISTRIBUTION BY REGION



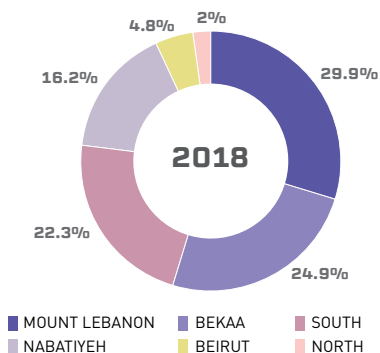
Annual growth rate
 Youth clients' portfolio grew by **19%**
 Total loans value increased by **33.5%**

1,322
 youth clients
 benefited from the microcredits program for a total value of
USD 2.31 million in 2018

WOMEN BENEFICIARIES BY SECTOR | 2018



WOMEN BENEFICIARIES DISTRIBUTION BY REGION



Annual growth rate
 Women clients' portfolio grew by **10.3%**
 Total loans value increased by **25%**

1,676
 women entrepreneurs
 benefited from the microcredits program for a total value of
USD 2.78 million in 2018

Rewarding microcredit clients

In 2018, and as customary, specific key performance indicators, such as revenues and profits, growth and sustainability, loan payments regularity, as well as age and gender, were assessed across our active clients portfolio to evaluate their performances and businesses development.

Thus, we came up with a top ten clients' list whom performances were deemed worthy of a financial reward that would indeed encourage them to invest more in their business. Accordingly, a donation ceremony was held at our Headquarters in the presence of the selected winners and representatives from Vitas,

during which a total of USD 10,000 were distributed. Besides, a short film was played during the event and on our social media channels, including testimonials from the winners. It revealed how microcredits helped them improve their lives, not only on the financial level, but on the social side too; in addition to creating a small sustainable business that could benefit their children in the future.



Established in 1999, Vitas is a pioneering microcredit institution in Lebanon with regional and international outreach. It focuses on women, youth, and rural-based businesses. The majority of Vitas clients are located in rural areas. It is the first microfinance institution to receive a license from the Central Bank of Lebanon. Vitas became part of the Vitas Group in 2011, a global network of microfinance institutions operating in Lebanon, Jordan, and Romania, among others.

Financing Small and Medium-Sized Enterprises (SMEs)

Small and Medium-sized Enterprises (SMEs) are a vital element of the Lebanese economy, contributing to more than half of the population's employment and representing almost 97% of the total formal enterprises. In view of that, we lend and provide investments for clients of all sizes to support sustainable national growth and jobs creation.

At end of 2018, our total financial support for SMEs and Mid-caps reached USD 615.45 million for 9,232 SME loans; noting that Lebanon is witnessing a precarious economic situation.

Seeing this positive impact on our society, access to funding for SMEs and Mid-caps is a priority for us. However, In order to create a healthy SME lending business, it needs years of experience, good market knowledge, and very



careful execution. Therefore, we are keen on developing pioneering products, services, and partnerships for businesses at all stages of their expansion.

Signing the first EBRD trade finance line in Lebanon

In this context, we received a financial support from the European Bank for Reconstruction

and Development (EBRD) to help expand international trade in Lebanon. With a USD 50 million trade finance line, we became the first issuing bank in Lebanon under the EBRD's Trade Facilitation Programme (TFP). The later aims to promote foreign trade to, from and within the economies where we invest, including Lebanon. Through the trade



“We greatly value our partnership with Fransabank, a market leader in trade finance in Lebanon. This trade line will further foster trade integration in the region and will contribute to the resilience of the Lebanese financial system, thus promoting the country’s overall economic growth.”

Suma Chakrabarti, EBRD President



facility, the EBRD will support our international and intra-regional trade in Lebanon by providing guarantees and cash advances for the import, export, and local distribution of imported goods.

Consolidating relations in favor of the Lebanese private sector

With the difficult general economic condition in Lebanon, we thought about alleviating the situation’s impact on existing Lebanese private companies facing complications in meeting their financial commitments. Therefore, a USD 18 million credit line was extended by PROPARCO to our Group, with the main purpose of backing these companies that are currently operating their business and

activities in a difficult local economic context, and to which we are committed to provide the necessary support so they can overcome more confidently their crucial challenges. PROPARCO thus would be fulfilling its role as a development bank by supporting the Lebanese economy while concentrating on key sectors of development such as infrastructure with a focus on renewable energies, agro-industry, financial institutions, health, education... Its interventions would inevitably strengthen the contribution of private actors to the achievement of the SDGs by sustaining and creating jobs, securing decent incomes for households, and encouraging actions against climate change.

“Fransabank is a historical client of PROPARCO since 15 years. We are proud to accompany, for the third time, Fransabank, following two facilities extended in 2004 and 2010.”

Gregory Clemente,
CEO of PROPARCO

Lebanon Start-Ups

Entrepreneurs and innovative businesses are vital to a healthy productive economic environment. In view of that, we, at Fransabank, have faith in our Lebanese young entrepreneurs' capabilities, and so try to make it easier for them to grow their start-ups and accelerate their expansion. In parallel, the Central Bank of Lebanon has been supporting Lebanese start-ups in their journey to success and calling banks to allocate 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.

Our motivation is to help new born Lebanese companies nurture while, of course, understanding their needs, evaluating their potential, and serving them.

To support innovative entrepreneurship in fulfilling their potential, our team know-how is made available through guidance, access to funds, and entrepreneurship-focused training. While setting a proper corporate governance framework is believed to be a major challenge, we also try to help entrepreneurs expand to regional and international markets. Our efforts are aligned with our strategic focus on SDG 8 for decent work and economic growth.

Our commitments to the sector through Venture Capital (VC) funds:

LEBANON SEED FUND SAL HOLDING	BROADGATE Y VENTURES PARTNERS	CEDAR MUNDI FUND	IMPACT FUND	LEAP VENTURES	BERYTECH FUND II
OBJECTIVE					
Targets seed and early stage investments in Lebanon, providing basically a Launchpad to help develop viable companies in a short period of time through seed funding, strategic mentorship, and business training.	Targets the current gap in the Lebanese eco-system by aiming at seed and early stages startups in Lebanon and abroad.	Targets the different stages of the ecosystem and providing access to a club of renowned professionals in the industries invested in.	Focuses on consumer technology products and services, consumer retail products and services and enterprise software.	Invests in growth stage, well established companies that are ready to scale, inter alia, in the field of renewable energies, fintech, online retail, education, and cyber security.	Capitalizes in early and formative stage start-ups with proven innovation levels and technology disruptions covering the Information and Communication Technologies (ICT) sector as well as other knowledge based and creative industries (such as energy, creative and fashion design).
2018 INVESTMENTS					
USD 5 million were invested in 18 companies mainly in fintech, Digital media, ICT and electronics, and heathtec	USD 24.8 million were invested in 37 companies mainly in logistics, cybersecurity, healthcare image recognition, artificial intelligence, music and fintech.	USD 21 million were invested in ecommerce consumer products, telecommunications, augmented reality, healthcare and education.	Circa USD 49 million were invested in companies, mainly in the sectors of online payments, travel software, gaming, mobile and web infrastructure. Data management	USD 42 million were invested in companies, mainly in the field of energy management, mobile vas, fintech, cyber security and artificial intelligence.	Circa USD 35 million were invested in digital media, industrial design, fashion, banking solutions and ICT.
OUR COMMITMENT					
Fransabank SAL: USD 750,000 Fransa Invest Bank SAL: USD 250,000	Fransabank SAL: USD 2,000,000 Fransa Invest Bank SAL: USD 300,000	Fransabank SAL: USD 3,500,000 Fransa Invest Bank SAL: USD 500,000	Fransabank SAL: USD 5,000,000 Fransa Invest Bank SAL: USD 500,000	Fransabank SAL: USD 6,000,000 Fransa Invest Bank SAL: USD 1,000,000	Fransabank SAL: USD 3,000,000
TOTAL FUND SIZE					
USD 13.5 million	USD 46 million	USD 40 million	USD 70 million	USD 79.1 million	USD 51.5 million

Accessible Homeownership

Access to proper housing has long been viewed as a basic human right and is believed to be an important factor in the enjoyment of other economic, social and cultural rights. Homeownership bestows people with a sense of security and safety, while also increasing engagement in community life, as they develop a financial incentive to improve their local area especially that they are more likely to stay in the same community for a relatively long period of time.

Therefore, we work on updating our housing loan products on a yearly basis offering applicants a number of incentives and benefits. In 2018, despite the sector's high competitiveness and the relatively stagnant real estate sector, we took the initiative of launching a housing loan spring campaign whereby approved applicants benefited from up to 100% pay back for the registration fees. As a result, Fransabank total housing loans portfolio counted in 10,290 loans granted for an aggregate value of USD 850.23 million as end of 2018.



Supporting Sino-Lebanese Bilateral Relations

Building on our historic and strong relations dating back to the early 1950s and led by our Chairmen, Fransabank Group is managing a dedicated China Desk; which offers a platform to promote and facilitate exchanges between Lebanese and Chinese businesses and entities while aiming to assist Chinese companies in their activities where our Group is present.

We are actively using our international and strong relations with key investment institutions and countries, to promote Lebanon and improve its macroeconomic performance. In fact, our China Desk plays an integral role in finding viable inbound projects

for Chinese firms, and identifying mainland partners for its local clientele.

In 2018, Chairman Adnan Kassar, was chosen as one of just five founding members of the China-Arab Countries Interbank Association, a multilateral group created by China Development Bank, which aims to channel up to USD 3 billion into development deals. We were also the first Lebanese lender to join the Asian Financial Cooperation Association, a China-led non-profit organization that encourages cooperation and communication between financial institutions from 30 countries.

We trust our expansion strategy towards East Asia, China in particular, and are confident in its constructive power on our local economy. Therefore, we will continue on elaborating further projects and closer networking between Lebanese and Chinese companies that have the size and interest to trade or partner in beneficial business opportunities.

Customer Experience

Treating all our customers properly and fairly while delivering responsible advisory services are requirements and standards that are embedded in our policies and practices. Our employees must act in the best interest of the client and propose the products and assistance deemed suitable for his/her request. Communication, irrespective of the channel and the customer, should be open, straight and explicit. In view of that, we make sure to fully abide by "The Principles of Banking and Financial Operations with Customers" as regulated by the Central Bank of Lebanon Circular No 134.

Making sure our customers are aware of their rights and duties, they should be able to:

- a) have full information concerning the provided product or service,
- b) request all necessary explanations to be able to stand by our requirements,
- c) obtain a clear and complete explanation about the risks of any financial product,
- d) are acquainted with the direct and indirect fees of the product or service,
- e) receive a periodic detailed statement of account for each product,
- f) refuse to sign a blank or incomplete form and make sure all required fields and figures to be signed are correct.

In this respect, 360 branch employees (21% of the workforce), from all regions, benefited from a specialized training aimed at increasing and refreshing their knowledge regarding the Bank's core values and ethical principles in banking practices mainly sales. Hence, ethical values in sales practices focused upon transparency and disclosure, suitability, awareness and education, confidentiality, complaints' handling, and financial inclusion.

As part of our accountability towards our clients, we also rely on our complaints mechanism to enable customers raise their concerns; which in turn helps us handle and resolve complaints via a dedicated financial consumer protection department.

Several means are put at our customers' disposal. Whether through our email that is displayed on all our customer facing channels, call center agents, or complaint boxes placed in all our branches, whereby we have conferred to customers the opportunity to raise their concerns and inquire about any necessary clarification. Accordingly, we were able to assess and address 100% of acknowledged complaints received during the year 2018. We believe that well-tackled concerns are opportunities for Fransabank to re-evaluate and provide greater customer service.

Corporate Customers Satisfaction Survey

230 corporate clients were targeted through a one-to-one in depth customer satisfaction survey. Our objective is to receive our customers' feedback on our products and services and measure their level of satisfaction. The survey was conducted by a specialized research firm, keeping all answers anonymous.

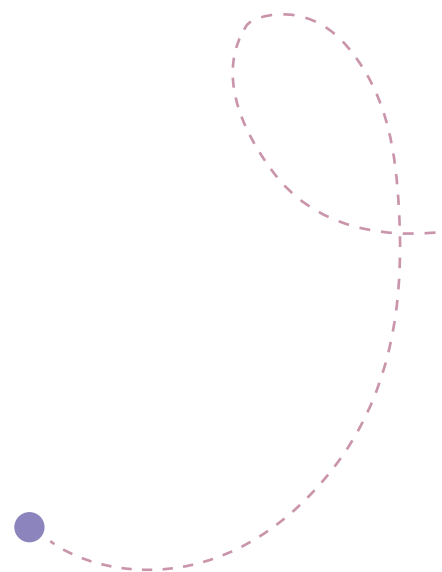
With a 70% response rate, Fransabank scored eight over ten on the overall satisfaction; while the sector's average satisfaction rate is 7.2.

In terms of perceptions, Fransabank was seen as both credible and highly reputable. Almost half of the clients expressed a delight service, as it was widely agreed

that our corporate team puts high efforts when dealing with their clients' files which is greatly appreciated; in parallel, the clients believed that a low effort is needed from their side when dealing with our Bank which makes the relationship smooth and comfortable.

However, undeniably some complaints were communicated such as the branches limited entitlements and the high fees & charges. Clients have also advised to work harder on innovation in terms of products and services, and improve paper work processes to decrease the time taken to approve the facilities. For issue solving, 92% of our corporate clients reported facing no problems with our Bank during the past year; while 8% faced problems and were efficiently solved.

We acknowledge the importance of improving our problem solving skills and capabilities when it comes to our branches as it is an essential touchpoint. Therefore, we will continue our efforts on constantly improving customers' experience as well as self-assessing our performance.



Accessibility



Digitalization is transforming the financial infrastructure, therefore, our focus is to manage this transition responsibly; making sure our services and products are safe and easy to use as well as manageable by all customers.

With more people indicating a preference for using biometric information to further security measures, the roll out of an innovative biometric payment card was thought; reflecting our commitment to fulfilling customers' needs, and underlining our leading role in driving change throughout the payments system. Accordingly, we partnered with Mastercard to launch the first biometric card in the Levant region; supplying our customers new cards with an embedded fingerprint sensor. This move is set to bring increased security and convenience while providing the same functionality as a traditional chip card, minus the need to rely on a pin code or signature to complete a payment.

Our accessibility efforts also focus on an easy access to products and services around the clock, whether by contacting us by phone via our 24/7 operational call center, online using our e-banking, mobile banking, and mobile payment solution, or in person through Fransabank Group's local branch network which consists of 126 branches spread from Rahbé in the North of Lebanon to Naqoura in the South or our 116 ATMs placed at strategic premises and off-premises locations. We have also placed at all our branches smart ATMs providing the cash and deposit service. Thus, our customers can manage their banking transactions at their convenience regardless of time and place, in a practical and secure way.

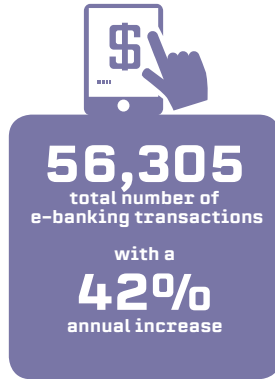
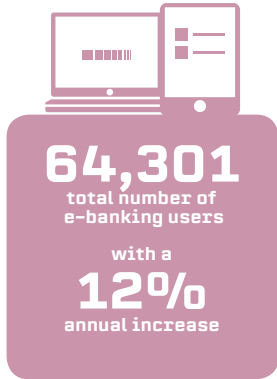
Furthermore, accessibility solutions were customized for seniors and customers with special needs readjusting at selected branches the ATMs levels with a lower chassis, providing, thus, more user-friendly machines.

In parallel, our online platforms have been very active tools to keep in touch with our clientele; especially the younger segment. Sharing financial highlights, achievements, initiatives and products and services promotions on our social media reached:

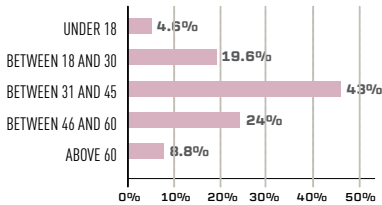
- 7,290 followers on LinkedIn account, an increase of 57% from 2017,
- 2,908 followers on Instagram page, an increase of 43% from 2017,
- 858 followers on Twitter account, an increase of 17% from 2017, and
- 133,884 fans on Facebook page, almost unchanged from 2017.

We see in the new emerging technologies and consumer habits shifts, first-hand opportunities that push us to challenge ourselves while safeguarding the interest of our customers.

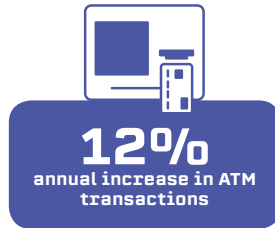
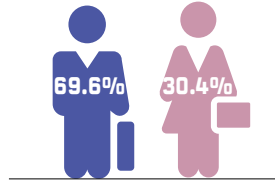
FACTS AND FIGURES | 2018



USERS OF E-BANKING BY AGE



USERS OF E-BANKING BY GENDER



Rewarding our Customers

Our loyalty program and reward campaigns have been essential in improving our brand perception, increasing growth and strengthening the relation between our Bank and our customers. Accordingly, in 2018 Fransabank directed several promotions covering the widest possible array of customers. The offers covered credit and debits cards and involved spending campaigns combined with cash rewards, free wellness experiences, travel packages, multiplied cashback, valuable draws, and special discounts at local and international outlets resorts...

Furthermore, Fransabank 2018 end of year gifts for its clients included, among other corporate presents, a blend of the Lebanese Northern Zejd extra virgin olive oil bottled in a traditional sarafand blown glass from South of Lebanon; all enclosed in an artisanal box, thus bringing to our clients' a fusion of local flavor, beauty and taste. This symbolic gift brought together a wide array of traditional craftsmanship in a strategic approach to empower Lebanese entrepreneurs' brands and products.

Responsible Marketing

As we cling to our customers' satisfaction, they expect honesty and accountability in return when it comes to our communications. So, we believe that a clear focus on integrity and responsibility in our communications and marketing tools is a must in maintaining and protecting our reputation. We strive to market our products and services in a transparent, consistent and responsible manner to maintain

trust. Fransabank marketing materials are periodically reviewed to ensure that products are clear, fair and comply with applicable laws as per the Central Bank of Lebanon Circular 134 regulations and Fransabank's policies.

Researches, Studies, and Publications

Our periodic researches tackled, in 2018, four emerging topics that were relentlessly brought to light by Lebanese concerned parties. Accordingly, we shared with our stakeholders, on a quarterly basis, the following studies:

- "Invest In Lebanon: The PPP Guide for Private Companies", a guide for companies to better understand how a company can propose, bid for, and undertake to design, build, operate, manage or invest in a Public Private Partnership (PPP) project in Lebanon. It was prepared by Fransabank, Fransa Invest Bank, and the High Council for Privatization and PPP (HCP). This publication resulted from the advisory note issued in 2017 following the parliamentary approval of the Lebanon PPP Law.
- "Lebanon: CEDRE Reforms vs. Economic Imbalances", a study that sheds light on the results of CEDRE Conference, specifying its requirements, analyzing the existing economic imbalances, and presenting some policy recommendations.
- "The Policies and Actions Needed to Face the Growing Water Security Challenges in Lebanon", another study prepared by our Center for Economic Studies pointing out the major problems facing Lebanon's water sector, and potential development projects for the supply and demand for water.

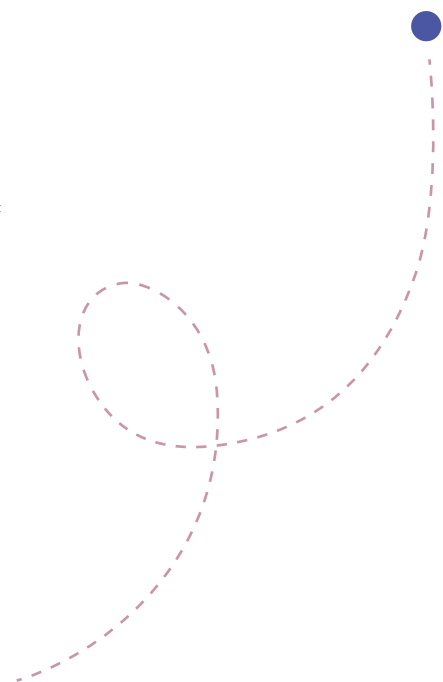
In parallel, the publication of our Economic Bulletin, four times per year, was sustained; reporting on Lebanon's macro economy performance, monetary news update, and including our "Beirut Traders Association (BTA) – Fransabank Retail Index". The latter points toward the retail trade sector performance in Lebanon; while providing valuable input to the traders' decision-making, especially in the course of tough economic circumstances and a highly competitive market.

Suppliers' Management

Fransabank procurement is managed in a way to ensure optimal sourcing processes, while selecting responsible suppliers. We base our selection on a competitive model, through tendering and negotiation plans. Yet, when we opt for a specific supplier, he/she follows an overall assessment of price versus quality and its capacity to meet our responsibility standards. Consequently, suppliers' requirements are defined in the suppliers' course of action guidelines to which specific environmental demands and labour rights points were complemented. Nevertheless, our continuous efforts to select the most responsible suppliers face several challenges especially when dealing with a broad range of sectors and number of suppliers. Trying our best, we rely on awareness as a tool to help consolidate the process for screening and on promoting ethical and environmental standards.

To note that, the large majority of our spending is done through

local suppliers. For instance, on the hardware side ATMs, computers, servers, security equipment purchase and installation are all done through local suppliers that are authorized resellers of the international vendors, on the software side, as well, all the contracts are signed with local partners. Only very minor cases representing <1% of our budget are signed directly with international vendors such as the tool for managing the Bank's authorized signatures, and some security certificates and basic solutions purchased directly on-line. The same principle applies to other purchases achieved by our Bank.



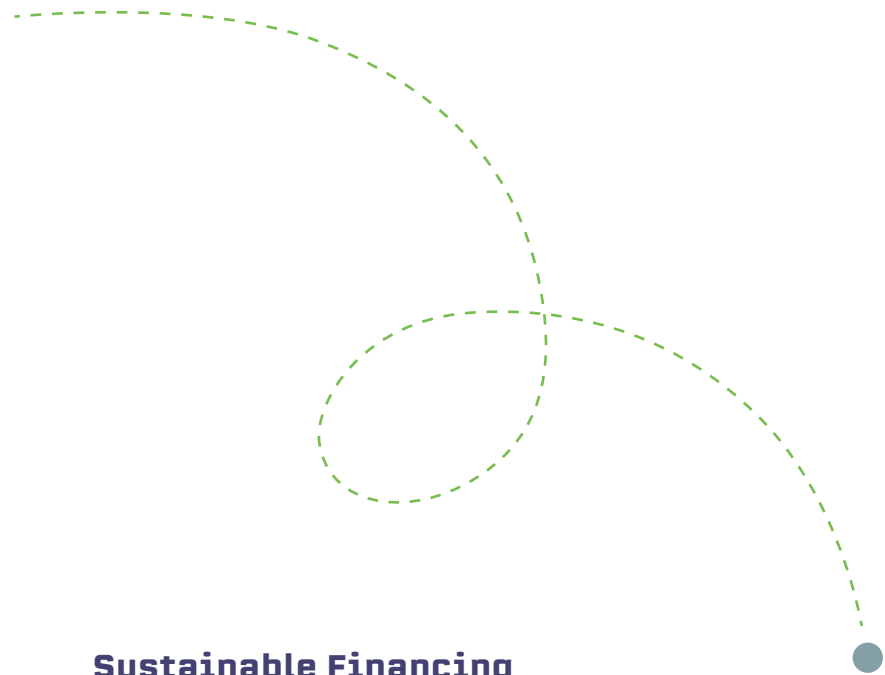


OUR RESPONSIBILITY FOR THE
ENVIRONMENT



OUR RESPONSIBILITY FOR THE ENVIRONMENT

Fransabank has been working to counteract climate change repercussions; believing that, over time, the negative effects on our ecosystem can be slowed and potentially reversed. Thus, being equally a responsibility and an opportunity, we have been stressing on the importance of long-term finance to deal with climate change while, in parallel, adopting sustainable practices within our business.



Sustainable Financing

Sustainable finance is a cornerstone in our vision. We believe that the integration of environmental perspectives in our lending decisions is key to creating long-term value for businesses, investors and societies. Therefore, we focus on four essentials:

1- **A “Go Green” strategy**, with an all-inclusive Sustainable Energy Finance program and a growing eco-products portfolio,

2- **A well-developed Environmental and Social Management System** emphasizing on assessing and mitigating environmental and social risks in corporate lending,

3- **Resource conservation and management**, by further integrating internal green habits and processes, and

4- **Comprehensive awareness and support campaigns** targeting all stakeholders.



Sustainable Energy Finance (SEF)

The Paris Agreement resulting from the 21st Conference of Parties (COP) was historic in its achievement. It marked the beginning of a new era with the focus on “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” (Article 2-c of the Paris Agreement). This requires a significant increase in funding – with new instruments and approaches needed to mobilize a broad range of investors to achieve scalability in financing climate action. Yet, financing the global energy transition is one key building block because of demographic change, increasing natural resource demands, urbanization and the growing significance of environmental aspects that are creating a growing need for investments in all types of infrastructure. In view of that, Lebanon, by signing

the Paris Agreement in 2016 has committed to reduce its greenhouse gas emissions. The 2020 objective is to have 12% of electricity produced from renewable energy sources, thus reducing significantly the greenhouse gas emissions.

Consequently, throughout the past years, Fransabank has been the leading commercial bank in Lebanon in financing energy efficiency and renewable energy projects through its Sustainable Energy Finance (SEF) initiative with more than 175 projects financed amounting to USD 120 million; giving rise to a separate core business line within the Bank.

SEF covers projects which use efficiently limited resources, or projects generating clean or renewable energy, including hydropower, wind, solar, photovoltaic, biomass, and geothermal.



Fransabank was recognized in Lebanon and internationally as a leader in Green Business, not only in terms of green loans in its portfolio but also for the strong diversification in sectors (industry, restaurants, hospitals, universities and schools...) and of project types (renewable, energy efficiency, water projects, environmental, solid waste...).

Either the eligible projects represent future green projects to be financed or green projects already financed but need refinancing, and can fall into several categories among which:

- Renewable energy projects including but not limited to solar photovoltaic, wind farms,

hydropower, biomass/biogas, geothermal

- Projects with high energy efficiency levels with demonstrated energy savings equal or superior than 20%
- Green buildings if certified by international assessors and abiding by international

standards (LEED, BREAM, HQE, Edge...)

- Waste water treatment
- Waste to energy/biomass/biogas
- Other projects that prove a significant environmental impact: climate change projects, pollution abatement projects...

Shifting to a more sustainable business while convincing clients to become responsible in turn, requires a high level of commitment from our management, a change in organization to rely on transversal activities as well as innovative approaches. Therefore, a comprehensive strategic plan has been developed defining Fransabank's strategic orientations and setting very ambitious targets towards promoting SEF: be the first bank in Lebanon in terms of green portfolio by 2020. Our strategic plan includes the following key steps:

Changing the culture

To transform the traditional way of doing business, SEF initiative has successfully imbedded a new culture within the Bank. Our employees' knowledge in sustainable energy fields was developed through extensive training sessions, sharing and exchanging best practices with international development banks thus positioning Fransabank as a pioneer in addressing this segment.

Sound ecosystem

In order to provide customers with the most complete and global offer, we had to close the loop for this market and apprehend the different players and their roles and responsibilities. In the past couple of years, we developed a sound ecosystem and created partnerships with all players in the sustainable energy field, whether in Lebanon or the region, including: equipment suppliers, energy and environment consultants, main official actors of this market such as the Ministry of Energy and Water as well as Environment, the Central Bank of Lebanon and the Lebanese Center for Energy Conservation (LCEC), non-governmental organizations, development banks, and specialized funds.

Convincing the customers

Our business teams were able to demonstrate to customers the importance of energy efficiency measures and renewable energy projects in terms of increasing production or capacity and reducing energy costs. Additionally, we offer some customers energy assessments to help them identify areas of concern and analyze the best ways to improve the productivity and efficiency of their business.

Series of MoUs

Several Memorandums of Understanding were signed with various parties for extensive cooperation to fight climate change, create general awareness and finance energy projects; these include:

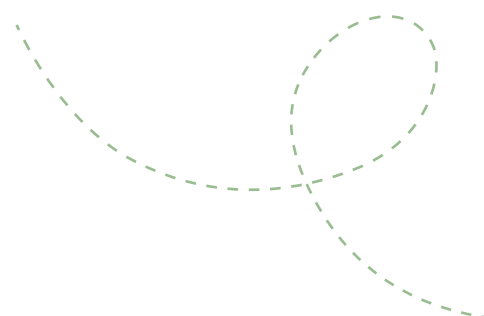
- A group of petrol stations (2015)
- A prominent university (2016)
- A Chamber of Commerce, Industry and Agriculture (2016)
- Green School Certification Program (2016)
- The Association of Lebanese Industrialists (2017)
- Lebanon Water Project funded by the USAID (2018)
- The Ministry of Industry (2018)

Business objectives

Targeting various economic sectors (factories, restaurants, petrol stations, green buildings, agriculture, and construction...) as well as universities and schools, many success stories have been achieved. The Bank has already financed a significant number of energy projects for individuals, corporates and SMEs. As for retail business, it cooperated with municipalities to create awareness and provide eco-friendly personal loans.

Environment

An Environmental and Social Management System (ESMS) has been implemented within the Bank and its credit approval process that resulted in the incorporation of an Environmental and Social impact assessment for each project to be financed. Today, we are implementing the ESMS on the whole Bank's credit portfolio supporting our customers in their journey to responsibility and sustainability.



In order to attain our objective and centralize actions transversally, a team was created comprising a Green Manager, a SEF officer and an Environmental and Social Management System (ESMS) officer. The team's objective is to consolidate the information, coordinate between departments and partners, create synergies in sectors, identify potential projects, define eligibility criteria, perform a close follow-up on each action, and create an adequate reporting as well as a network of suppliers, consultants, and auditors.

Green Bonds Pioneer

In April 2018, a distinguished achievement was realized by being the first bank in Lebanon and the Levant region to launch Green Bonds, which are exclusively allocated to projects with positive environmental impact. International finance institutions such as the IFC and EBRD invested respectively USD 45 million and USD 15 million in Fransabank Green Bonds – series 1. As a front-runner act being, Moody's assessed the operation and has given it an

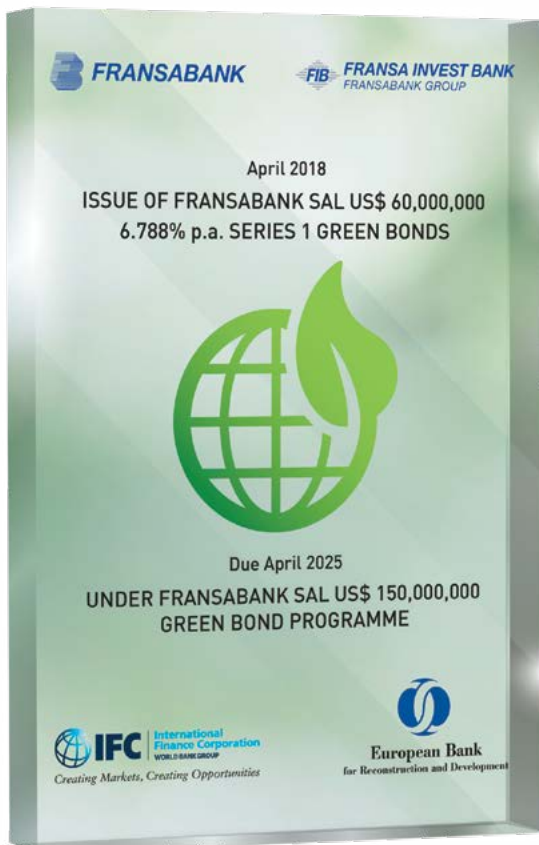
“Excellent” rating (the highest rating possible on this type of transaction). This operation is part of a larger three years USD 150 million green bonds program. This investment from prime international financial institution is a vote of confidence for Lebanon and Fransabank in particular. It sends a strong signal with regards the development of the green market in Lebanon and specifically our role in maturing this field. Lebanon's greenhouse gas emissions have increased by 28% since 1994. The Green

Bonds program will help reduce these emissions by at least 6,000 tons per year by 2022. The green bonds issuance builds on IFC's multi-year sustainable energy finance advisory work with Fransabank and is part of our “Go Green” strategy that falls within our commitment to the United Nations Sustainable Development Goal (SDG 13) on Climate Action.

Green Bonds Challenges

We had to overcome three main obstacles for this agreement to stand out:

- The legal framework for Green Bonds did not exist in Lebanon; so, we had to build expertise together with the Central Bank of Lebanon and the Capital Markets Authority in order to finalize all required documentation. While it was time consuming, through our dedication, we successfully reached our objective being the first to introduce such bonds to the market.
- The Green Bonds Principles revolve around best practices; therefore, we had to modify some of Fransabank's procedures and business orientations in order to take the sustainability path.



1
1st Bank
in Lebanon
and the
Levant region
 to issue Green Bonds

Fransabank Green Bonds issuance was given an
“Excellent”
rating
 by Moody's

“Fransabank is an ideal partner for us as it has already demonstrated its clear commitment to the environment through its strong green lending program”.

Janet Heckman,
 EBRD's Managing Director for the Southern and Eastern Mediterranean region

“We expect this project to be instrumental in further developing climate financing, not only in Lebanon but also in the broader region; encouraging more private sector investments.”

Mouayed Makhlof,
 IFC Director for the Middle East and North Africa

- Then of course, changing the culture within the Bank and gaining the full support and commitment of the upper management took a while as we were also working on spreading the culture and raising awareness among our clients, pushing them to become citizens that are more responsible in order to create a snowball effect in the society. Despite the fact that all businesses agree on the importance of climate change, however none is spontaneously willing to go a step further and admittedly change its business model. We had to explain to our clients the rationale as well as the financial and environmental benefits of going green stressing on the double saving that it would induce in both energy bills and environmental bills (CO₂ emissions).

Green Bonds issuance will help us support the transformation to a greener Lebanese economy in several sectors, including industry, manufacturing, universities and schools, among others; providing financing to a spectrum of eco-friendly projects in commercial energy efficiency, renewable energy and green buildings. Knowing that demand for green bonds will be limited



and challenging at first, we are confident that the idea of a green fixed-income product will gain further traction as environmental issues are increasingly becoming crucial.

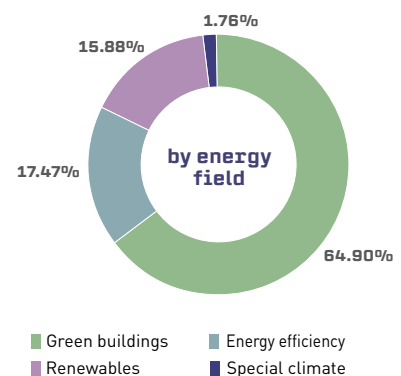
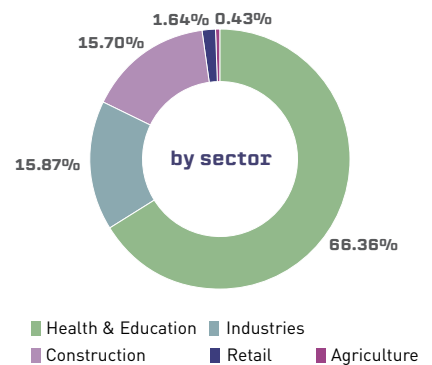
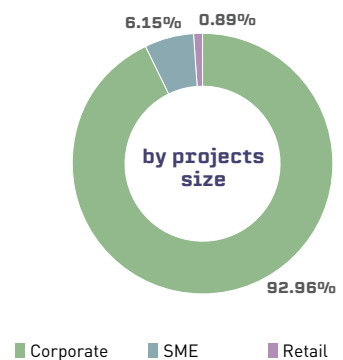
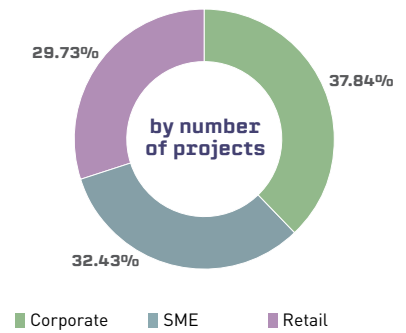
In fact, as a pioneer in introducing Green Bonds in the region, we were proud to receive the 2019 Green Bond Pioneer Award from the Climate Bonds Initiative, in partnership with the London Stock Exchange Group. Once again, we were acknowledged for our ongoing commitment to sustainable finance and awareness making to environmental challenges, thus helping the transition to a low-carbon and climate resilient economy. In less than a year, we have financed 43 projects for more than USD 38.2 million (out of the USD 60 million) with a pipeline of projects exceeding USD 35 million (project being assessed or waiting for clients' disbursement).



Energy saved reached **7,231,995** [kWh/year]

Greenhouse gas emissions reduction totaled **4,707.3** [Tons CO₂]

GREEN BONDS HIGHLIGHTS



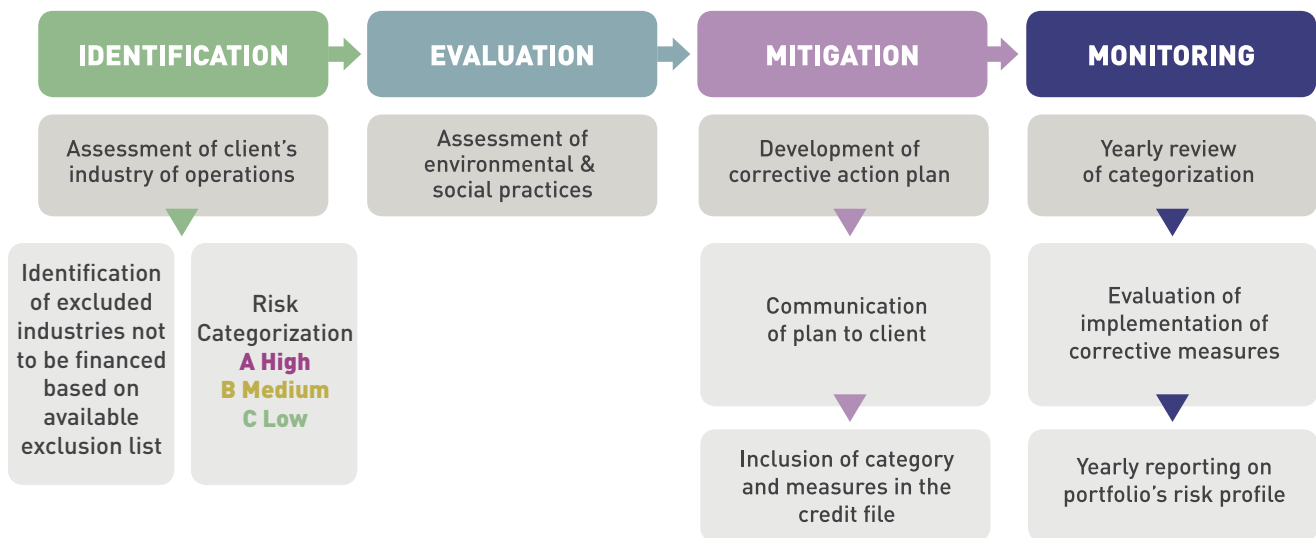
We expect that this project will be instrumental in further developing climate financing, not only in Lebanon but also in the broader region, encouraging more private sector investments in long-term energy efficiency and renewable energy projects, and paving the way for more sustainable economic development and growth. For this first issuance of Green Bonds, we have targeted institutional subscription (international finance institutions) in order to help us build expertise, benefit from lessons learned, be best in class and use international standards. The next step would be to issue an additional green bonds series and to have, among others, local corporates as subscribers.

Environmental & Social Management System (ESMS)

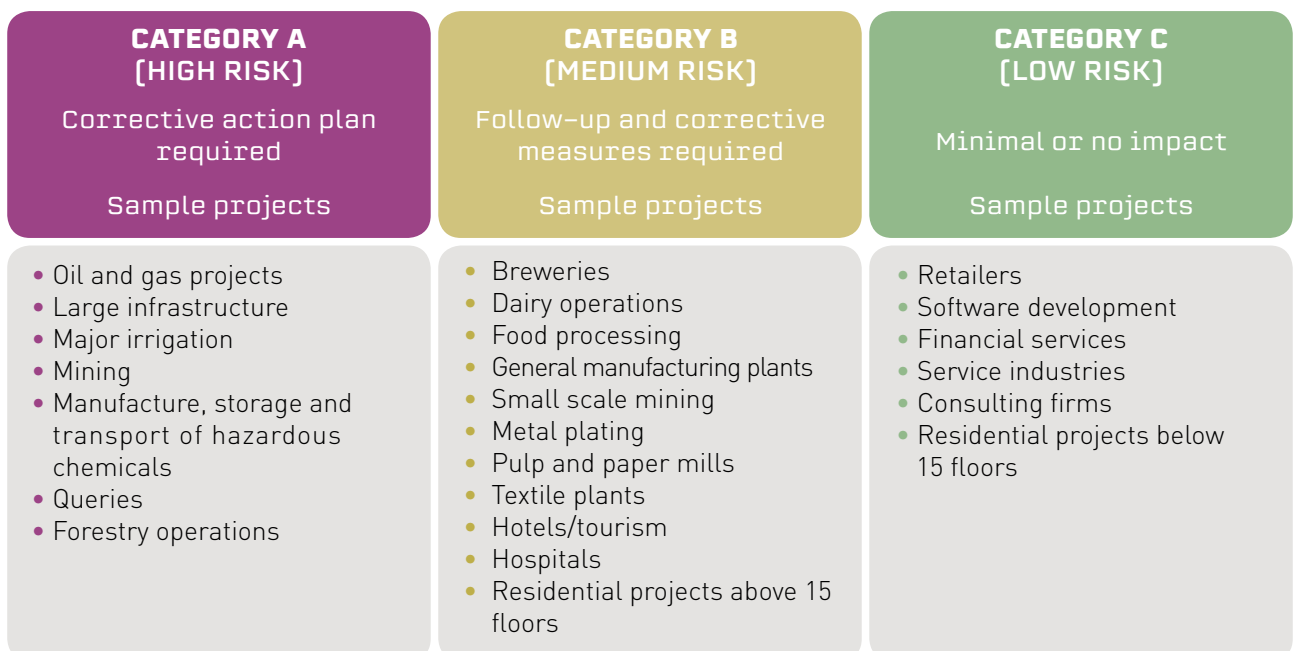
Fransabank was among the first banks in Lebanon to adopt sustainability as a core value in its development strategy, integrating for this purpose an Environmental and Social management System (ESMS) into its lending process.

The implementation of an ESMS involves building a framework that allows us to make sure that access to financial resources is paralleled with environmental stewardship and social justice in Lebanon, by integrating the assessment of the

Environmental and Social (E&S) risks of financed projects into the decision-making process, at all stages of the credit cycle:



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





The objective of an ESMS is to support us in:

1. Assessing and evaluating the environmental and social risks in our portfolio
2. Mitigating and monitoring these risks on a structural basis
3. Helping clients comply with national and applicable international standards
4. Maintaining a good reputation among clients, investors and other stakeholders.

An Environmental & Social Due Diligence (ESDD) is conducted to evaluate the compliance of clients' operations with international environmental best practices and applicable local laws. Based on the assessment of E&S practices in place (waste management, labor-working conditions, pollution prevention, community health safety, conservation of biodiversity...) we establish a corrective action plan for clients when needed. This would urge clients to identify practices hindering environmental and social sustainability, and take actions towards reforming these practices, embracing clean production and sound environmental management, for overall improvement of environmental stewardship across the country.

Additionally, we abide by the IFC and EBRD exclusion lists whereby Fransabank commits

to substantially reduce or stop the exposure to excluded sectors and activities.

We firmly believe that an ESMS will positively influence businesses in all economic sectors, inciting them to adopt sound environmental and social practices leading eventually to minimize their environmental impact and abide by international standards.

The ESMS procedure was developed, approved by senior management and adopted at the beginning of 2016. Its implementation was segregated into phases, whereby our green portfolio has been categorized into projects at 63% medium risk and 37% low risk.

Our ESMS officer reports regularly to the senior management on sustainability, and is fully dedicated to the implementation

of ESMS to the whole Bank's credit portfolio to make sure all our clients are environmentally and socially compliant.

Lebanese Water Stewardship

In 2018, we adopted the Lebanese Water Stewardship, in coordination with Lebanon Water Project, a USAID funded program. It aims to create awareness on the importance of water, water savings, development of water treatment projects, etc. Accordingly, we work on integrating water management criteria in our credit assessments, thus creating awareness among our corporate and SME clients. Meanwhile, our Center for Economic Studies conducted a study on the water sector in Lebanon entitled "The Policies and Actions Needed to Face the

Growing Water Security Challenges in Lebanon". It shed light on Lebanon's water wealth, the major problems facing the sector, and future projects developments for the supply and demand for water. It also suggested policies and actions needed to ensure a sound and effective management of the water resources and their development in order to ensure a proper water security in Lebanon. The study was shared on our corporate website and published in our quarterly economic bulletin.

Signature of a Global MoU with the Ministry of Industry

We have signed a MoU with the Lebanese Ministry of Industry with one of the main objectives being to promote the recourse to sustainable energy and environmental projects for all industrials in Lebanon, thus supporting the shift to cleaner and more efficient productions.

Taking our Experience Overseas

This year as well, Fransabank was invited by the IFC to participate as speaker in their panel at the Innovate 4 Climate conference in Frankfurt. The session entitled "National Climate Pledges: A Trillion-Dollar Business Opportunity for Financial Institutions in Emerging Economies", aimed at inspiring greater ambition to the financial sector to help address the climate challenge, and discussing conditions to create opportunities for climate related investments to grow and showcase IFC partners' leadership actions in enabling and financing climate business.

Thus, we presented Fransabank's SEF initiative stressing on our exhaustive methodology chosen

to tackle this field: partnerships with international finance institutions, memorandums of understanding with various sectors of the economy, cooperation with municipalities, creation of an ecosystem, with suppliers, consultants and energy auditors, among others. Subsequently, we were requested for a live interview on IFC Facebook account to discuss our role in climate finance and our latest issuance of green bonds and its best green bond assessment rating from Moody's, which according to IFC "represents a tremendous testimony to Fransabank's leadership in green finance".

Spreading our Experience Locally

Furthermore, and as customary during previous years, we conducted in 2018 periodic workshops and seminars in various Lebanese regions such as in Saida, south Lebanon and Tripoli, north Lebanon. Attendees from the Association of Lebanese Industrialists in Saida and the Order of Physicians in Tripoli were introduced to sustainable energy investments to help them reduce their businesses' expenses and to understand the challenges and opportunities

resulting from adopting green financing. In total, around 220 individuals including 110 industrialists, 50 consultants and suppliers in the green market as well as speakers from our team, the Ministry of Industry, Chambers of Commerce and the Association of Lebanese Industrialists, attended the workshops. Best practices and case studies were shared providing a better understating of the progressive impact of opting for efficient and clean energy systems.

On a national level, with the national energy plan, the PPP law (ratified in September 2017) and the CEDRE Conference for the modernization of Lebanon's infrastructure, we entered a new phase that will hopefully lead to several developments in the Lebanese infrastructure and more specifically in the electricity and water sectors. In the Capital Investment Program, projects are expected for USD 4 billion in electricity, USD 2 billion in water treatment and USD 1.4 billion in waste treatment – this represents around one third of the program (USD 22 billion). For that reason, it is very important that we use liquidity to finance green projects, accompany and support developmental agendas.





In addition, and as part of our strategy to support investments in the fields of sustainable energy, Fransabank sponsored the 9th edition of the International Beirut Energy Forum; being the largest forum in Lebanon to attract key energy people from Lebanon, the Arab world, and the international community. It discussed imminent topics related to renewable energy, energy efficiency, and green buildings and many more.

with e-EcoSolutions, the Ministry of Education and Higher Education in Lebanon, we organized a conference entitled "Solutions to Reduce your Costs" gathering over 200 attendees including around 100 school directors and representatives from all over Lebanon. The conference intended to show, through actual case studies, testimonials, and success stories how implementing

green measures can actually help schools reduce yearly costs while serving the planet. Different energy, environmental or water projects that can be developed at schools were detailed as well, highlighting the benefits, costs and return on investments. It featured technical and practical sessions led by key experts in the field, and came along the green networking platform.

Targeting the Future Generation

Having green schools in Lebanon is no longer a luxury, but an essential need to help Lebanon reduce its environmental impacts while nurturing a new generation of sustainable investing leaders.

Hence, during the World Environment Week 2018, along



Championing SDG 13 – Climate Action



Would it be surprising to see a bank leading on a national level the SDG 13 – Climate Action and heading a focus group on climate change? Actually, we strongly believe in the key role financial institutions play in advancing this goal's targets, and this of course, in collaboration with the public and private sectors.

Through our well-recognized Sustainable Energy Finance strategy, our Chairman Mr. Adnan Kassar, was selected to represent SDG 13 - Climate Action by Businessworthy.org. In line with this international acknowledgment, Fransabank pledges to further incorporate concerns for climate and environmental changes in its products, services and procedures, creating awareness and actions among its employees, clients (existing and potential) and so bringing into line its vision with the SDG 13 targets as the Goal Leader of SDG 13 – Climate Action in Lebanon, represented by Mr. Nadim Kassar - Fransabank General Manager.

“Within the priorities for Lebanon defined in the Capital Investment Program and the CEDRE conference, the power and energy sector represent around 1/3 of the total program. We are and remain the ambassador of sustainability and climate finance and with the support of the government, we wish to materialize our efforts by supporting the upcoming wind and solar farms developments and many other projects.”

Nadim Kassar, Fransabank's General Manager

In view of that, we gradually work on mainstreaming the SDG 13 in the private sector in Lebanon, focusing on raising awareness about climate change and transforming it into national policies while strengthening the ability of the country to deal with the results of climate change through mitigation and adaptation measures. The job is achieved through periodic meetings that would:

- provide strategic direction in relation to making progress towards the goal attainment, capitalizing on private sector leadership, engagement and involvement, and
- help mobilize resources and forge the necessary national and international partnerships and stewardship to keep all progress and activities on track in relation to SDG 13.

A National CEOs Roundtable on Sustainability

Thirteen national CEOs from the private sector were gathered by the Global Compact Network Lebanon* (GCNL) to discuss the adaption of innovative and practical business practices needed to build a sustainable Lebanon. Mr. Nadim Kassar, Fransabank General Manager, was representing the Bank at the roundtable. In their discussion, CEOs, from top

businesses and organizations, went on and highlighted the latest developments and practices of sustainability, emphasizing on the important role the private sector plays in inspiring innovation and leadership, especially among young entrepreneurs, and bringing the country closer of the UN 2030 agenda. Mr. Kassar reiterated Fransabank's accomplishments with respect to climate change focusing on SEF as a separate credit line, the Bank's latest cooperation agreements, and the urgent need for the private sector to work closely with the public sector in order to advance Lebanon's international commitments to fight global warming.

Joining Forces to Advance SDG 13

Fransabank co-organized, with the GCNL, the SDG 13 focus group inviting institutions from various sectors (financial, educational, industries, ministries, engineers...) involved in environmental projects. The meeting had a rich content with vivid discussions about former, ongoing and potential projects aiming to protect our ecosystem and help reach the targets of the 2030 agenda.

The discussion included an introduction on Fransabank Sustainable Energy Finance (SEF) initiative, which was supported by best practices and live testimonies from attending partners. We then also shared the process of incorporation of environmental criteria in our products, services, procedures, and of course staff trainings; thus creating awareness among concerned parties.

*The Global Compact Network Lebanon is a multi-stakeholder initiative that promotes the UN Global Compact 10 principles and the 17 SDGs, provides signatories with a forum to solve issues of mutual interest, and supports participants to report on their progress in sustainability and social responsibility. It is composed of leading organizations spanning various industries and sectors across Lebanon.

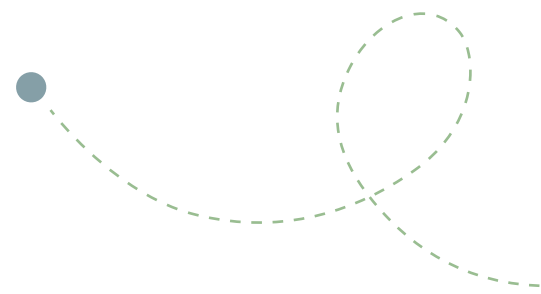
Unanimously agreeing on one of the most important aspects of SDG 13, attendees confirmed the importance of creating awareness at all levels including households, schools, hospitals, industries, companies, and the public sector at large. Definitely, awareness is crucial and should be coupled with solid partnerships between the public and the private sectors in order to have the most extensive impact.

The SDG 13 focus group recommendations included:

- Raising awareness regarding environmental practices.
- Sealing partnerships between the public and the private sectors to implement strategies on a national level.

- Combating climate change in Lebanon requires stronger political leadership and technical capacities.
- Further coordination among the line ministries with respect to the integration of climate change action into national development planning.
- The delay in the Paris Agreement ratification entails the adjournment of the needed legal decrees to operationalize the Nationally Determined Contribution (NDC) implementation, the transparency provisions and the long-term low emission development strategy.
- Various approaches can be assessed to target and reduce these potential costs imposed on the Lebanese economy and society. These approaches include:

- Strengthening human capital through improved education and awareness
- Conserving natural capital and resources
- Reducing vulnerability of physical capital by withdrawing development from high-risk areas and building resilience into industries' assets and supply chains
- Improving access to information, finance and technology/technical know-how for implementing energy efficiency/renewable energy/resource efficiency projects
- Improving understanding of climate risk to culturally important resources and activities.



Our Approach to Minimizing Our Impact

As a financial services provider, our carbon emissions are low compared to other industries. However, we constantly strive to improve our environmental management setup in order to reduce our environmental footprint in general by opting for

green technologies and mostly reinforcing a responsible culture among our staff.

Internal Green Audit

Following to the comprehensive green audit conducted by the

International Finance Corporation (IFC) on our Headquarters, it was concluded that a series green refurbishments should be executed. Energy efficiency solutions were studied resulting in appropriate solutions.

As a result, our internal engineering team has achieved the following:



Replaced all conventional lighting, with LED lighting in all Fransabank local network of 75 branches.

Replacing progressively conventional lighting with LED lighting in parallel with renovations at the Headquarters. The project was completed for parking and floors common areas.

All decorative lightning were removed from the management offices.



Old air conditioning chiller system was replaced by the VRV air conditioning system at the Headquarters thus:

- Reducing energy consumption by 30% to 40%.
- Reducing water intake by 3,054 m³ or 3 million Liters.



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. Floors night control is being done by our night guards.

Escalators speed reduction is hard to implement on old escalators. Until a replacement project is implemented, we have installed motion sensors that turned off the escalators when not in use.



Implementing a full energy management program with clear targets.

The monitoring and targeting program for energy management has been completed for the VRV system.



Solar radiant heat barriers for windows were replaced by mirror reflective films decreasing our energy consumption.

As for our Headquarters' carbon footprint, emissions' evaluation for the year 2017 was in accordance with the CO₂ calculator received from the Lebanese Ministry of Environment* of 0.65 KgCO₂/KWh. Consequently, our yearly average of CO₂ emissions, after the implementation of the infrastructure projects, reached 2,870 tons of CO₂ per year, while the total annual CO₂ yearly reduction averaged 684 tons of CO₂.

Furthermore, we updated our CO₂ emissions for the year 2016 and 2017 by measuring the diesel oil consumption. As a result, CO₂ emissions based on 2016 Diesel oil consumption were 242.83 tons of CO₂ with a total CO₂ emissions for the year 2016 of 3,112.39 tons.

In 2017, CO₂ emissions based on diesel oil consumption totaled 652.48 tons of CO₂ whereas the total CO₂ emissions registered

3,086.72 tons. Thus, the yearly reduction, from 2016 to 2017, recorded 25.67 tons of CO₂. Accordingly, we can deduct from the above numbers that the current Headquarters footprint per employee (including all IT services: servers, systems...) is around 4.4 tons of CO₂ emission.

Of course, further energy efficiency upgrade projects are still under study.

*in our CSR Report 2017, we had done a first study based on the Electricité du Liban (EDL) grid emission assumptions of 0.833KgCO₂/KWh (as per LCEC and World Bank reports in 2009); in 2018, a different measurement grid was adopted. This explains the variance in the reporting results.

● FRANSABANK'S REPORT TO THE MINISTRY OF ENVIRONMENT | 2017

Indirect emissions from purchased electricity

CO ₂ Emissions			CO ₂ Emissions					
Consumption [KWh]	Emission factor [t CO ₂ /MWh]	CO ₂ emissions [t CO ₂]	Current [A]	Working hours [hours]	Voltage [V]	Carbon emission factor [t CO ₂ /MWh]	CO ₂ emissions [t CO ₂]	
EDL bill	3,744,989	0.65	2,434.24	Shared generator - Single phase				0.00
				Shared generator - Triple phase				0.00

Direct emissions from stationary fuel combustion

	CO ₂ Emissions					CH ₄ Emissions			N ₂ O Emissions		
	Consumption [l]	Consumption [t]	Conversion factor [TJ/1000t]	Carbon emission factor [t C/TJ]	CO ₂ emissions [t CO ₂]	CH ₄ emission factor [t/TJ]	CH ₄ emissions [t CH ₄]	CO ₂ equivalent [t CO ₂]	CH ₄ emission factor [t/TJ]	CH ₄ emissions [t CH ₄]	CO ₂ equivalent [t CO ₂]
Gas/Diesel oil for electricity	247,423	205.36109	43.33	20.2	652.48	0.002	0.02	0.37	0.0006	0.01	1.66
Gas/Diesel oil for space heating	0	0	43.33	20.2	0.00	0.002	0.00	0.00	0.0006	0.00	0.00
Gas/Diesel oil for water heating	0	0	43.33	20.2	0.00	0.002	0.00	0.00	0.0006	0.00	0.00
Heavy fuel oil for boilers	0	0	40.19	21.1	0.00	0.002	0.00	0.00	0.0006	0.00	0.00
Gas for cooking	7,506	4.05324	47.31	17.2	11.97	0.005	0.00	0.02	0.0001	0.00	0.01
Lubricants	1000	0.88	40.19	20	1.28	0.002	0.00	0.00	0.0006	0.00	0.01
TOTAL					665.73		0.02	0.40		0.01	1.67

Business related transport

	CO ₂ Emissions					CH ₄ Emissions			N ₂ O Emissions		
	Consumption [l]	Consumption [t]	Conversion factor [TJ/1000t]	Carbon emission factor [t C/TJ]	CO ₂ emissions [t CO ₂]	CH ₄ emission factor [t/TJ]	CH ₄ emissions [t CH ₄]	CO ₂ equivalent [t CO ₂]	CH ₄ emission factor [t/TJ]	CH ₄ emissions [t CH ₄]	CO ₂ equivalent [t CO ₂]
Gasoline	6,273.1	4.642094	44.8	18.9	14.27	0.02	0.00	0.09	0.0006	0.00	0.04
Gas/Diesel oil	5,385.91	4.4703053	43.33	20.2	14.20	0.005	0.00	0.02	0.0006	0.00	0.04
TOTAL					28.47		0.01	0.11		0.00	0.07

In effect, following our reporting on the Headquarters greenhouse gas emissions for the year 2017 to the Ministry of Environment, we received a certificate of acknowledgement for our reporting as well as our leadership in climate change awareness.



Waste Management

We follow a waste management approach to minimize our gas emissions and manage our environmental impact as effectively as possible. Thus, we assess the environmental risks of our business activities and monitor our paper, plastic, energy, tech equipment consumption and use.

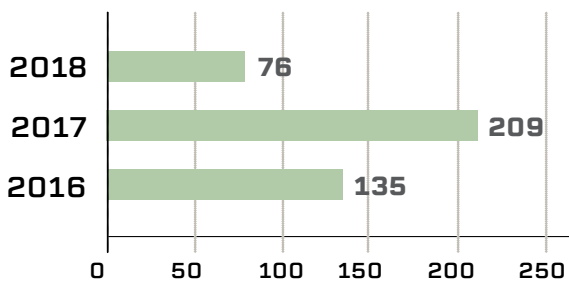
The reduction in paper consumption across our Bank continued its downward pace, as quantities recycled decreased by 64% in 2018. This decline was the result of our ongoing digitalization of

documents and our constant focus on minimizing paper consumption in our offices, as such:

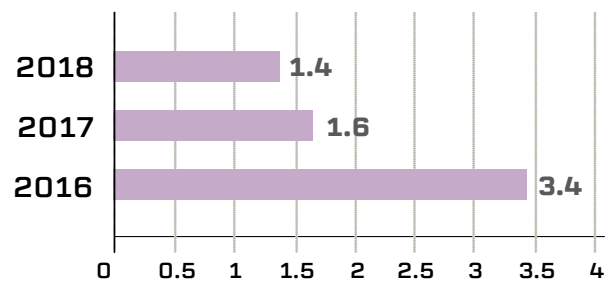
- Fransabank e-banking services recorded 64,301 users at the end of 2018, compared to 57,455 at the end of 2017.
- The replacement of individual printers by shared printers across the Bank was finalized, pushing employees to rethink their printing habits and facilitating the shift to a double-sided printing practice, with a more widespread use of certified FSC paper for our publications.

- Paper consumption shrunk as well, with only 76 tons of papers recycled in 2018, this reflects our growing paperless environment.
- Plastic waste decreased too since the use of plastic water bottles was progressively replaced by water dispensers, refill bottles, and cartoon cups. This change in habit result from a wider national awareness regarding plastic waste consumption. Accordingly, 1.4 tons of recyclable plastics were sent for recycling in 2018; a decrease of 12% as compared to 2017.

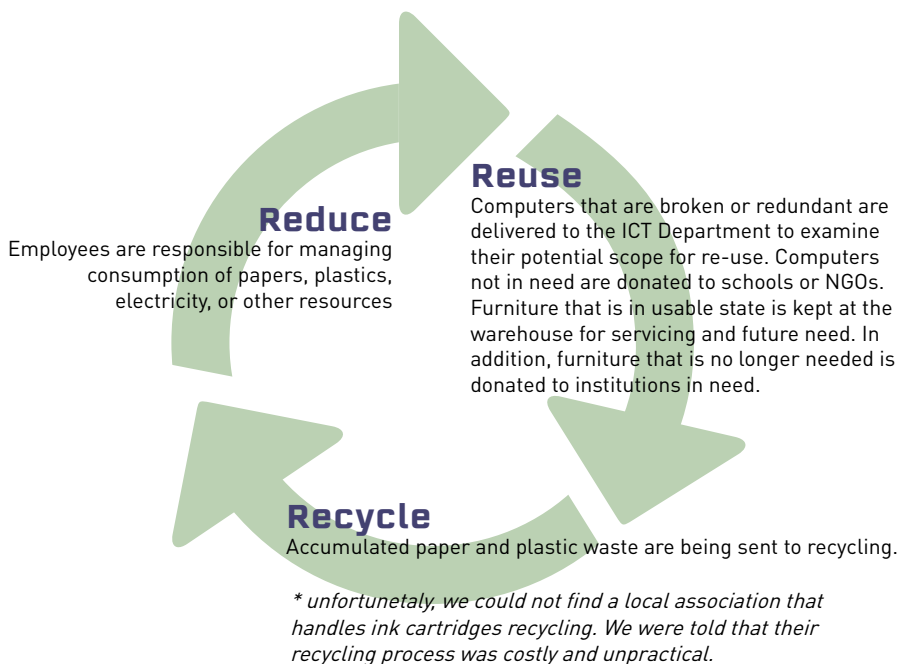
RECYCLED PAPERS (IN TONS)



RECYCLED PLASTICS (IN TONS)



We are keen on reducing, re-using, and recycling waste where and when possible.



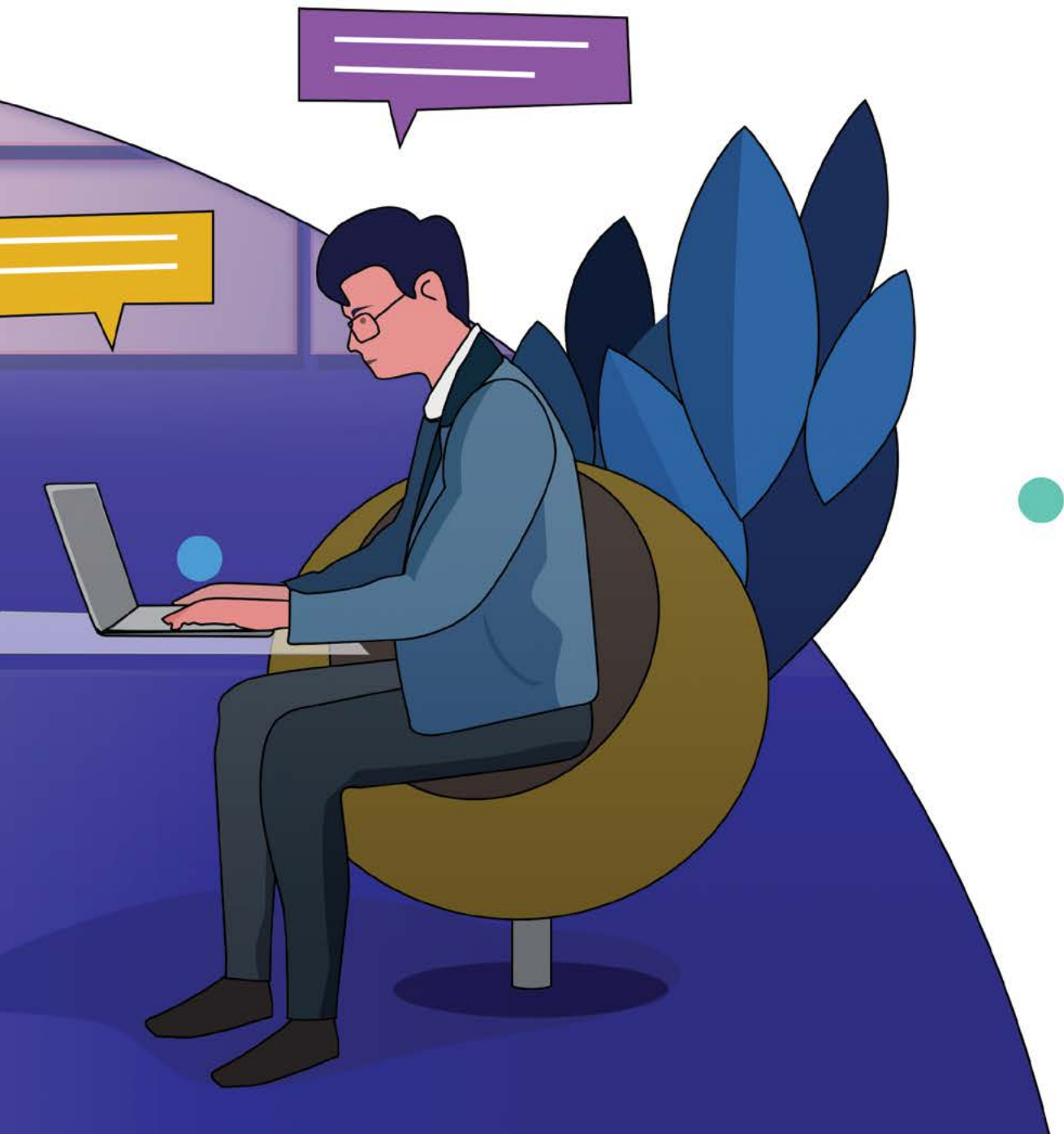
Meanwhile, we also care for the debris left during branch openings and/or renewal, premises construction/rehabilitation sites; so, the excavated waste is sent to disposal areas as designated by the municipality.

Energy Efficiency Awareness on Social Media

An energy efficiency and ecological habits awareness campaign was introduced in 2018 via our social media platforms. Topics covered responsible habits and steps that can be easily applied in our daily life, such as tips on how to minimize energy consumption while being cost efficient, waste reduction and management, as well as mindful consumption. These straightforward small videos aimed at sensitizing the community on the importance of small gesture changes in our daily routine and their greater impact on the future of our planet.



OUR RESPONSIBILITY AS AN
EMPLOYER



OUR RESPONSIBILITY AS AN EMPLOYER

As much as our employees' efficiency and capacities define our pace and progress, we also aspire to be the preferred workplace for dedicated persons and act on delivering an impactful working experience. Thus, we, at Fransabank, accept as true our responsibility for finding such talented individuals, placing them in the right positions, while also securing a righteous work environment.



Equal Employment Opportunities

Acting on the principle of making the best use out of our human capital, we take care of observing equal employment opportunity in our recruitment, career development (or promotion), and compensation policies and practices. It is strictly prohibited

to knowingly and willingly discriminate on the basis of anything other than skills, knowledge and abilities in the workplace. For our management, "Equal Opportunity Employment" is a way of life and an integral part of our corporate practice and culture.



Diversity & Inclusion

We take a broad perspective on cultivating a workforce with diverse talents and new perceptions, believing in the power of a varied and outstanding employee base in shaping and strengthening our Bank's performance and adding value for customers.

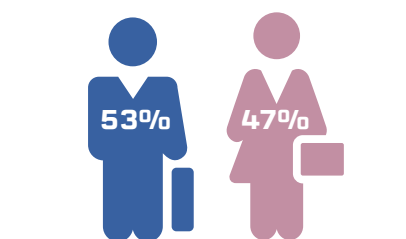
We consider gender, age, ways of thinking, seniority as important as education and experience. However, we have chosen to focus initially on gender balance, in line with our commitment to SDG 5 - Gender Equality, since we see in it a stepping stone needed to unlock other facets of diversity. Consequently, out of a total population of 1,752

employees (Fransabank SAL) in 2018, women represented 47% of our total population; which was coupled with an almost equal share in our new recruits being 45% female.

Yet, our true aim is the inclusion of women in the decision making, by considering their shrewdness and gratifying their competences. For instance, to underline gender equality, we focus on keeping up a fair distribution of women, particularly, in higher managerial positions. Accordingly, women represent 55% of our senior managers (namely head of division/department, regional manager/deputy/area, branch

manager, & deputy branch manager), and occupy 53% of our middle management positions (being operational/commercial controller, deputy head of department/head & deputy head of section/unit).

Workforce diversity by gender | 2018



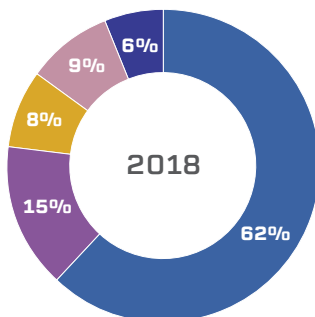
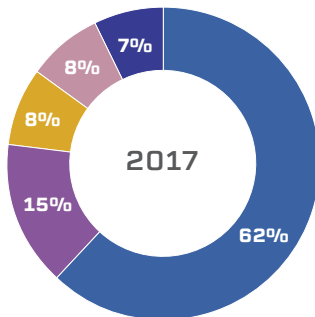
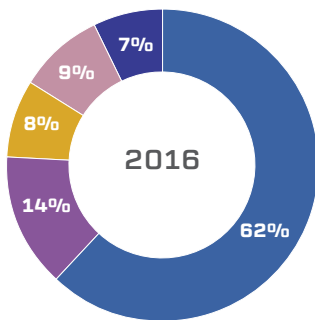
Female employees

2016	2017	2018	
8%	8%	8%	Board of Directors female proportion
40%	45%	55%	Proportion of women in senior positions 53% are between 30 and 50 years old* 47% are above 50 years old*
44%	37%	53%	Proportion of women in middle management positions 4.4% are below 30 years* 68% are between 30 and 50 years old* 27.6% are above 50 years old*

*for the year 2018

Hence, what we target is an inclusive work environment that brings up enriching team dynamics, diverse backgrounds, develops complementary competencies and unlocks individual motivation to constructively stimulate decision-making, business outcomes and managerial diversity.

Workforce diversity by region



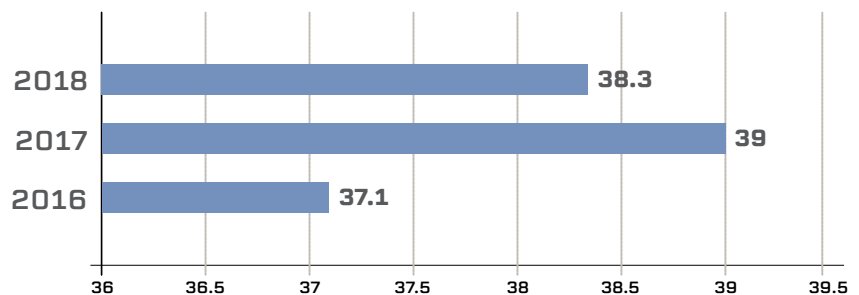
■ Beirut (including employees @ Headquarters)
■ Mount Lebanon ■ North ■ South ■ Bekaa

The regional workforce diversity is proportional to our branch network distribution across Lebanon.

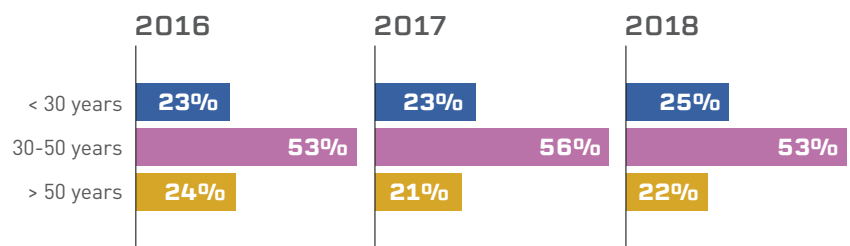
Another major aspect of diversity and inclusion is our workforce age distribution. As we aim to target all society's age groups, we need to attune our Bank to their lifestyle and needs by, first of all, securing a customer approach they would relate to. As such, our young employees have an added-value when it comes to dealing with millennial clients as they would be more familiar with their needs and expectations.

Certainly, new comers are integrated in a smooth manner as we connect them to the tools needed to succeed and cultivate a productive employers-employees relationship. Similarly, older customers attach more importance to their long-term relationship with our loyal employees. Thus, the Bank's workforce average age is 38.3 years, younger by 1.8% from the 2017 workforce's average age.

Workforce average age

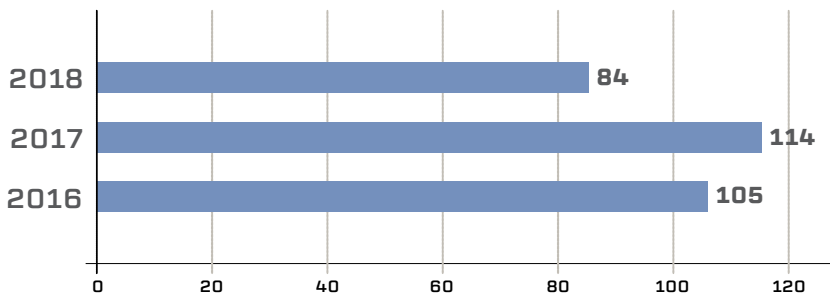


Workforce diversity by age

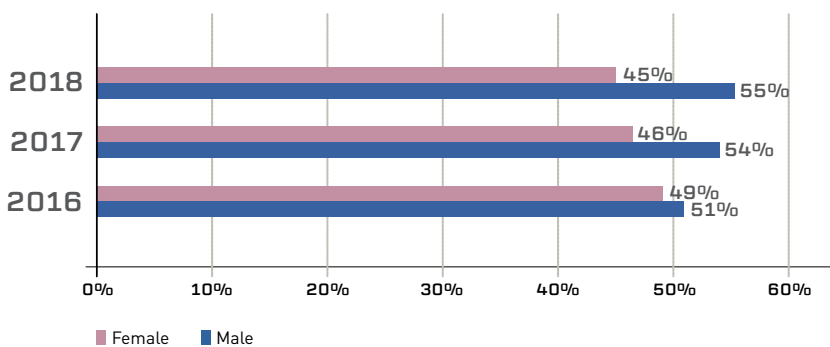


New recruits facts & figures

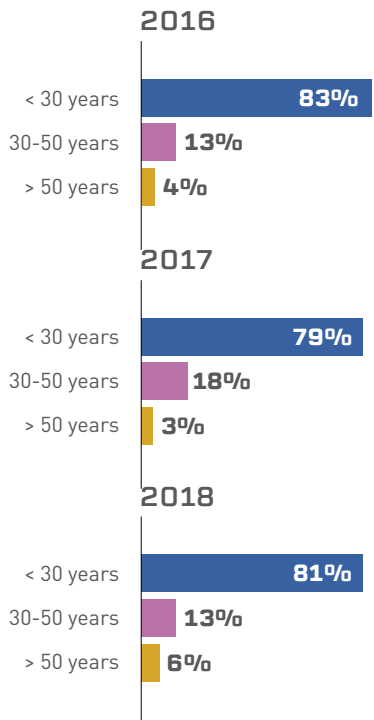
Number of new recruits



New recruits by gender



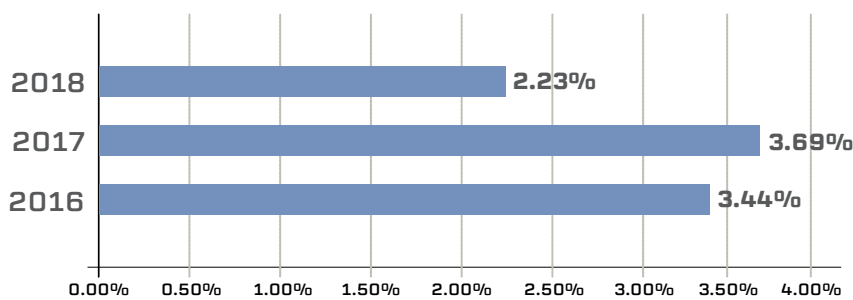
New recruits by age



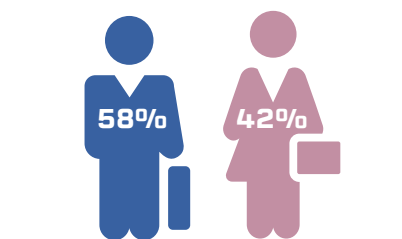
Turnover facts & figures

In view of that, we are pleased with the 2.23% turnover rate disclosed in 2018; pointing out employees' loyalty and devotion to the Bank, balanced by our ability to retain talents. In fact, it is the lowest for the past five years, and is a very satisfactory rate as compared to the overall local sector.

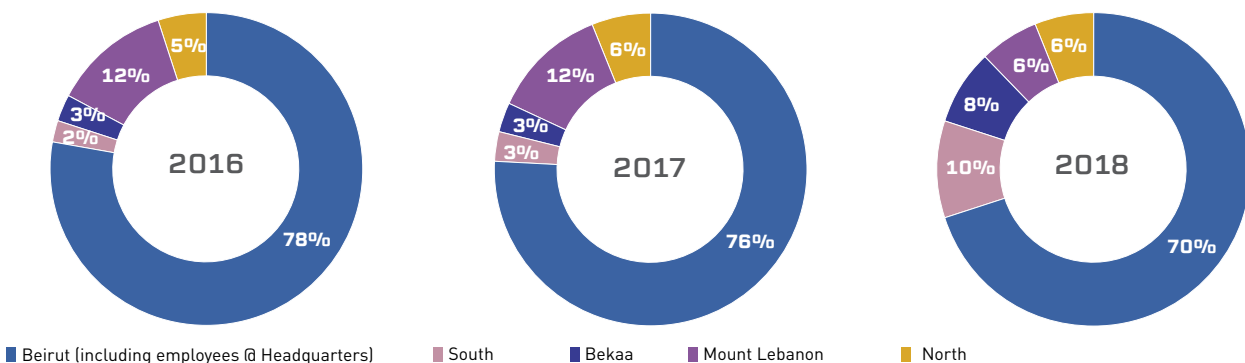
Turnover rate evolution



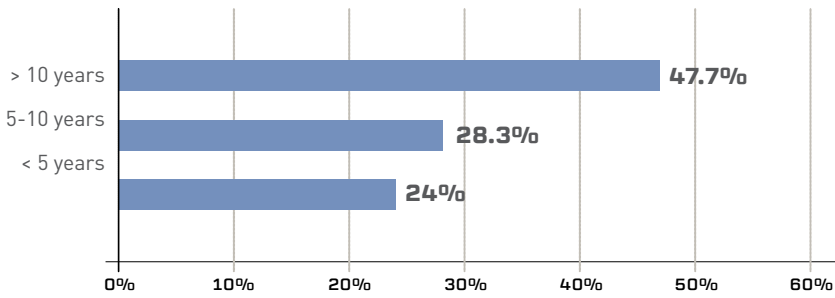
Employees' turnover by gender | 2018



Employees' turnover by region



Employees' seniority | 2018



100%
of our senior managers are hired from the local community

1.48
ratio of standard entry level wage

Our employees work contracts are defined by regulatory requirements and ruled by the Collective Labour Agreement. Freedom of association is granted to all of them, as we ensure continuous compliance with policies, regulations and universal commitments.

Fransabank employees' distribution by contract type

Full-Time rate

2016	2017	2018	
53%	54%	53%	Full-time male employees
47%	46%	47%	Full-time female employees

Contractual rate

2016	2017	2018	
80%	85%	69%	Contractual male employees
20%	15%	31%	Contractual female employees

Collective agreement rate

97%	of Fransabank employees (including full-time and contractual employees) are part of the collective agreement
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Learning & Development

To achieve further diversity, we invest in our employees' existing and acquired talents. Thus, we encourage them to stay well-informed in their areas of expertise and to complement their skills by ensuring professional development opportunities through trainings, internal mobility and merit-based career growth.

Fransabank's Orientation Program is divided into two categories:

- **The Training Program:** Induction Program and On-The-Job Training
- **The Development Program:** Potentials Development, Talents Management and Polyvalence Enhancement.

The Training Program

1. Induction Program
All new recruits, whether confirmed or on probation, follow an Induction Program. It is intended to smoothly integrate new hires through a corporate culture-briefing package and efficiently introduce them to their assigned tasks and responsibilities.

2. On-The-Job Training (OTJ)

The OTJ program allows our employees to acquire new abilities that can be divided into two main skill sets: general skills transferable from one job to another and specific skills that are unique to a particular function.

The Development Program

Our in-house Development Program includes talent, potentials, and polyvalence programs; each one dealing with specific proficiencies.

1. Potentials Development

This program selects competent employees with a proven record, and prepares them to hold higher positions in the short and medium terms through competencies enhancement and multitasking skills development.

2. Talents Management

This program selects mainly new recruits or recently hired high profile employees, and put them through a Fast Track Program to determine whether they can undergo vertical or horizontal development, or both.

3. Polyvalence Enhancement

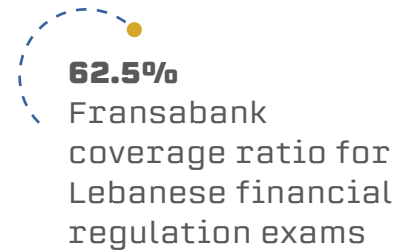
This program is based on the idea that an employee can assume multiple functions within the branch/department to which he/she is assigned. This on-the-job training eventually facilitates employee promotions to entry-level management positions.

Leadership style and techniques, people connection and communication, setting S.M.A.R.T. goals as well as prioritizing, planning, and managing life and not time, effective delegation and leadership impact were among the topics tackled during our 2018 Leadership Development workshop. 76 employees benefited

from this training gaining all the tools and expert knowledge to lead and influence their teams effectively. Attendees included regional and area managers, branch and deputy branch managers coming from all regions: 32% from Beirut, 25% from Mount Lebanon, 16% from North Lebanon, 14% from the South of Lebanon, and 7% from the Bekaa region; while the remaining 6% were part of Fransabank support team and potentials.

In 2018, the training seminars totaled 102,623 hours of training, an average of 58.5 hours per staff compared to 39.1 hours of training per staff in 2017. Training programs were split into 13,415 hours of external training (13%) and 14,334 hours of internal seminars (14%) and 74,874 hours of orientation programs (73%).

Furthermore, 98 employees successfully passed the Lebanese Financial Regulations exam in 2018. Thus, a total of 534 Fransabank employees from the overall Bank's population have been certified as per the Central Bank of Lebanon Circular No. 103 requisite.



Certainly, we do encourage determined employees to achieve higher educational degrees to pursue their quest; and in view of that, our educational loan is available for all employees looking to grow their potentials and is offered with exclusive conditions. Eligible employees are granted financial facilities equivalent to 40 salaries, reimbursed over 10 years, and exempted from any interest.



On another note, we have changed the caterer for our seminars, training sessions, and internal events; collaborating now with local organizations such as St. Vincent DePaul Association or Tickles supporting their mission to serve disadvantaged people. Their focus is to secure jobs for talented cooks, while offering quality food and increasing local productivity. In fact, the shift was highly supported and quality of food provided was praised by the attendees.

Performance Assessment and Remunerations

Our performance, remuneration and promotion methods are all intended to boost and strengthen Fransabank's shared culture and values. When evaluating employees at year-end, we request a comprehensive feedback from managers covering each person's global performance. Equally, we acknowledge the importance of valuing and rewarding our staff for their accomplishments in order to preserve their motivation and interest, which inevitably affect our customer satisfaction. In fact, our Performance Appraisal Review (PAR) system facilitates the evaluation process while also helping identify employees' potentials or opportunities. 1,964 employees have been evaluated through the PAR system in 2018. This annual evaluation allows us to determine and directly link merit and bonus to both individual and team productivity.



Investing In the New Generation

Aligned with our human resources strategy, and in order to cultivate diversity in the new generation, we make sure our presence at major universities' job fairs is carried annually. Through our presence, we try to communicate with young people to better inform them on the market needed skills and qualifications so they would adjust their career towards greater job opportunities. In 2018, we joined the American University of Beirut (AUB), Lebanese American University (LAU), Université Saint-Joseph (USJ), Ecole Supérieure des Affaires (ESA), and Antonine University, in their respective job fairs.

We strongly believe that one of the best methods to train today's undergraduates for success is through internships that deliver hands-on learning experiences and insights into the work environment. Thus, 202 appealing students from various Lebanese universities had the opportunity to complete our 240 hours Summer Internship Program individually designed as per their courses requisites. Accordingly, at the end of the summer program, candidates were short-listed to go through the hiring process once they graduate. The decision was based on those who outshined in performance as well as in behavior and showed eagerness to learn and assist. Consequently, five candidates were selected and hired in 2018.

Enriching our Employees' Loyalty

Compensation plans are aligned with our commitment to human rights and employees' value. Besides, their merit-based salaries, Fransabank employees are endowed with fair compensation, benefits and working conditions synchronized with their professional goals and work-life balance, and is in accordance with all collective labor agreement allowances.

Employees' Health and Safety

We work to ensure a workplace that is healthy and safe, both physically and mentally. Health and safety measures have been at the top of our priorities. Thus, internal policies and improvement measures are ongoing to safeguard our employment conditions and meet the required standards.

For instance, we offer comprehensive health benefits to assist our employees and their families. In 2018, we partnered with a health and family-care carrier to facilitate employees and their dependent relatives' access to the best-possible care providing further coverage.

On the other hand, in case of any natural or human catastrophe related to fire, flooding and/ or tsunami, earthquakes, civil unrest, war and terrorism, employees were handed a detailed procedure on emergency evacuation informing them on how to react in such situations.

Employees' Engagement

Strengths, Weaknesses, Opportunities, and Threats (SWOT) Survey

We believe that a strong business management starts from the inside and is to be shared amongst the Bank's total resources by harmonizing visions and speaking one common business language. Thus, in 2018, we invited employees to share feedback through an anonymous SWOT survey covering questions related to Fransabank's Strengths, Weaknesses, Opportunities, and Threats.

What makes such a study particularly influential, is that it

Parental Leave

We take specific working preferences, lifestyles and life stages into account, providing flexible working conditions to our employees. Thus, in 2018, 88 employees were entitled to a parental leave with 60% being women and a 100% return to work rate for both fathers and mothers. Similarly, 205 mothers of children aged up to 12 years old, benefited from a particular working schedule that help them accomplish their professional and personal responsibilities.

Support to Employees' Children

Our support also extends to our employees' children, whereby, in 2018, USD 2.9 million were consecrated to their schooling fees, with 1,344 children receiving a contribution to their tuition fees. An agreement was also reached between the Lebanese American University (LAU) and Fransabank to provide our employees coveting to enroll their children or dependents at LAU with a fixed discount of 35% of the tuition fees.

FULL-TIME EMPLOYEES' BENEFITS

- ✓ Medical coverage
- ✓ Paid annual leaves
- ✓ Transportation allowance
- ✓ Food allowance
- ✓ Preferential loans
- ✓ Cost of living adjustment
- ✓ Dental care loan at zero interest
- ✓ Wedding gift
- ✓ delivery gift
- ✓ Special discount for tuition fees at LAU
- ✓ Retirement plan
- ✓ College tuition fees for employees' children
- ✓ Family allowance
- ✓ Among others...



helps identify and understand real strengths and weaknesses, uncover opportunities that are well-placed to exploit, as well as manage and eliminate threats from the perspective of our internal stakeholders.

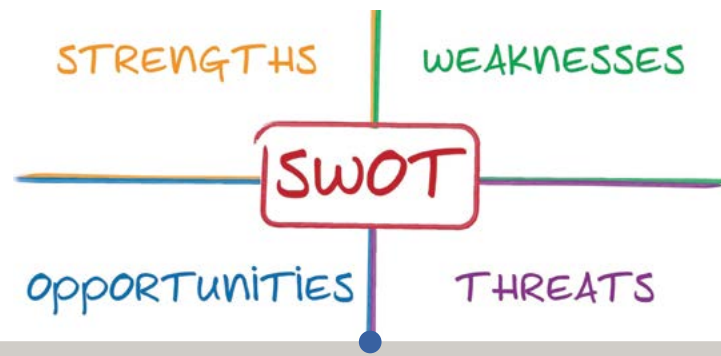
320 employees from departments and branches with different job titles and with five to eight years of service were targeted in our study sample. We chose this segment in particular, as we believe that this selected years of experience reflects a deeper sense of belonging than new comers but they can still see things from a more critical perspective than the deep-rooted employees.

55% of our sample aged in their thirties, and were subdivided equally between men and women. The sample covered all of our national regional network with 54% of participants working at the Headquarters and 46% at local branches. Thus, response rate was 51%.

The majority of respondents acknowledged Fransabank's sound reputation, legacy and wide-ranging presence. Our conservative approach to risk management was also depicted as a strong point, aligned with a customer oriented approach which translates into a loyal clientele base. The Bank's CSR

strategy through its strong commitment to sustainable energy finance and youth financial education were also marked as strength points.

As for the main areas which would require further improvement, the centralization of procedures was a controversy as well as the need to introduce further tech-oriented products, develop a stronger loyalty program, and mostly arrange more advanced trainings intended for employees' career development. Of course, the highly competitive market is the main threat for any financial group; which justifies our high concern with customer satisfaction. Lastly, they acknowledged the real opportunities of digitalization and green finance.



- Sound reputation
- Strong corporate governance
- Conservative risk management approach
- Customer loyalty
- Large branch network
- Quality of service and customer satisfaction
- Workforce training and development
- Employees engagement in the community
- Employees satisfaction
- Reduction of environmental impact
- Youth financial products
- Centralization of procedures
- More tech-oriented products
- Stronger loyalty program
- Highly competitive market
- Grab opportunities for digitalization

320 employees were included in the SWOT survey
 Targeting employees with **5 to 8 years of service** at Fransabank
 Male and female were **equally represented**
51% was the response rate

Employees' Social Involvement

It has become increasingly important for us, to develop our staff's sense of purpose which goes beyond just doing the job, earning money and growing the business. That's why, we decided to improve our employees' engagement by time contribution, donations and pro bono activities to society through different initiatives and services. As such, 2018 resulted with the following deeds:

- A volunteerism day was organized in support of the children of AFEL*, on May 1st, which matched with the international Labour Day. 14 volunteers helped run the day in a fun and interactive spirit considering themselves blessed to have taken part in such a positive day. At the same time, the 39 children at AFEL lived an experience of joy in a very entertaining environment, ranging from recreational activities, to sharing lunch, singing, and dancing, to gifts distribution.



***About AFEL (Association Du Foyer De l'Enfant Libanais):**

Founded in 1976, AFEL is a non-political and non-confessional organization recognized by the Lebanese State by virtue of the 1977 Decree No. 97 AD, and declared of public utility as of 1987. AFEL has since taken under its wing more than 5,000 children, enhancing the daily lives of countless people and giving entire generations the means to become autonomous and responsible adults through a unique holistic approach which incorporates the family in the child's rehabilitation process.



- Our staff has been contributing, on a voluntary basis, to the treatment of children fighting 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. In 2018, 31 new adherents, helped raise USD 48,830; resulting in the collection of USD 399,609 from 568 Fransabank’s employees since 2005 till end of 2018 to the benefit of the CCCL.
- Likewise, 17 employees chose to extend their financial support to Epsilon, a medico-social association assisting patients with epilepsy in paying their bills and medications, especially children, while also shedding light on this chronic disorder and causes. Thus, our employees’ contribution resulted in a total of USD 2,898 in 2018.

Fransabank acknowledges staff’s private commitments and responsibilities towards their families, friends, community and professional development activities. We, encourage employees’ involvement in activities as long as such activities are not in conflict with their work related duties. Staff members may not engage in activities that interfere with fully performing their position duties and responsibilities at the Bank and are expected to avoid situations in which their judgment in making decisions or taking actions on behalf of the Bank may be adversely affected by personal consideration or situations where their performance or loyalty may be compromised. This requirement is intended to help ensure that we receive from our staff the amount and quality of effort, judgment and loyalty that are necessary for us to achieve our objectives in ways that are consistent with our standard of excellence.

Bonding Activity

We also aim to reduce work related stress by encouraging open dialogue between employees and managers and strengthen employee-employee relations. As such, our bonding activities were sustained in 2018, by engaging 40 employees from various branches and

departments. Employees connected through team activities and inspirational workshops reveal a stronger fellowship among the staff, while pushing their creativity and well-being.

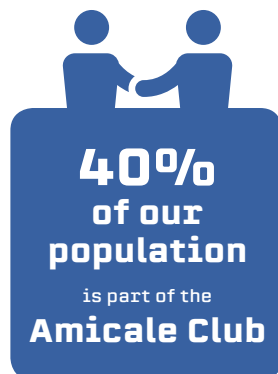
After-work socializing activities among colleagues have been increasing as well. Nowadays, employees would enjoy a drink



or coffee to de-stress after a long day at work. But, for others, it could also mean a friendly sports game or a full-day outing. Fransabank's subsidized social club, the "Amicale Club", is a way of bringing employees together for a better engagement and teamwork spirit. Amicale members totaled 700 members at the end of 2018, representing almost 40% of our Bank's population. Tickets to concerts, theater, dinners, social activities and invitations for cultural and sports events sponsored by the Bank, are offered to employees, while we also subsidize activities such as night outs and full day outings on weekends, in addition to special deals from sports centers, shops, and diet centers, among others.

Fransabank also supports sports activities among its employees and competitive banks. For the third year in a row, Fransabank Blue Knights Basketball team won the "BDL Banks Basketball League". Fransabank Team was also rewarded with the Best Coach Award, Best Defender Award, and the Most Valuable Player (MVP) Award. In addition, our team won the finals of the Syndicate of Employees of Banks in Lebanon (SEBL) Banks Basketball League 2018 and the Super Cup 2018; while it made it to the semi-final of the Dubai Banks Basketball tournament 2018.

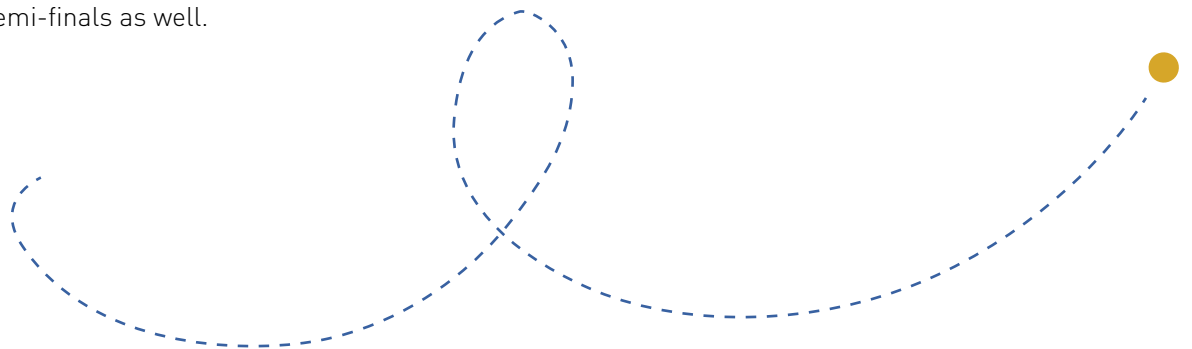
Similarly, Fransabank Mini Football Team achieved the first place in the Ban-Co League, which involved competing





companies from different sectors. As a result, they were invited to compete with regional banks and companies as part of the Ban-Co Dubai League. Fransabank Team made it to the semi-finals and was also rewarded with the Best Team Spirit and Best Team Manager Award. As for the BDL Mini Football League 2018, our team reached the semi-finals as well.

Our teams have the full support of the Bank's top management as we strongly believe that sports activities positively affect co-workers relationship, giving them lessons on teamwork, how to overcome differences for better productivity, and to collaborate effectively by trusting one another.





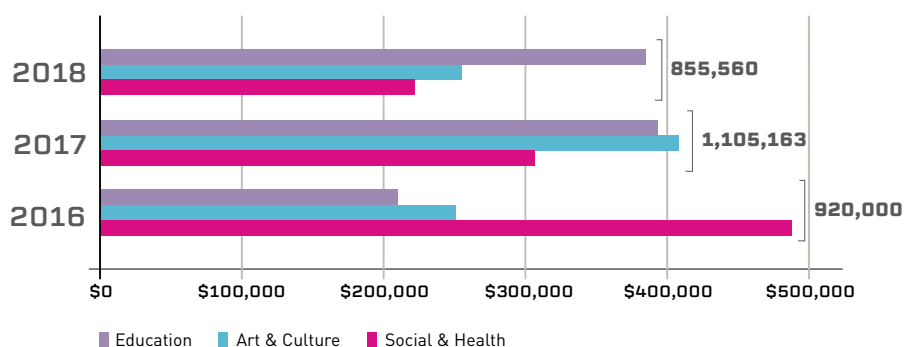


OUR RESPONSIBILITY TOWARDS THE
COMMUNITIES

OUR RESPONSIBILITY TOWARDS THE COMMUNITIES

A key part of Fransabank's strategy is to provide seed money to support community groups and projects in their capacity building and help them reach the resources that facilitate social development and welfare. In 2018, Fransabank has invested more than USD 855,000 in around 80 organizations strategically selected through measurable outcomes; thus, improving their financial well-being, whether through partnerships, sponsorships, or donations.

Total investments in the community



Over the years, our investment in educational initiatives has increased reflecting our strategic pledge to advance SDG 4 – Quality Education; which has taken over part of our art and culture financial support.

The investment put into financial education and inclusion reached 45% out of the total community support in 2018, compared to 35% in 2017, and 23% in 2016. This notable increase of share also includes our numerous

contributions to schools and universities' activities in Lebanon.

As for the social & health category, our contribution witnessed a decrease due to a rigorous selection of the initiatives to support; choosing the organizations that fit best our selection criteria. For instance, the cause we choose to support should have a measurable impact that lead to a sustainable program and drive positive long-term social returns.



Youth as Partners for the Implementation of the Sustainable Development Goals (SDGs)

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

Youth Financial Education & Inclusion

Whether it is opening a bank account, applying for a loan, or managing money, dealing with a bank needs to be learned – the earlier, the better. To help young people acquire sound financial skills, we go by SDG 17 – Partnerships for the Goals, and partner with strategic third parties to offer practical banking as well as financial knowledge to school and college students thru strategic financial literacy programs that fall under our pledge for SDG 4 – Quality Education, coupled with our employees’ engagement.

Fransabank’s major role in these financial inclusion initiatives lies within raising awareness among young people on financial inclusion, budgeting and saving skills, financial planning, financial management, e-payment and to prepare them with respect to the world of banking and finance.

Fransabank Youth Day

Global Money Week (GMW), a Children Youth Finance International (CYFI) initiative, in collaboration with the United Nations Development Program (UNDP) and the Higher Council for Childhood under the Lebanese Ministry of Social Affairs, is an annual financial awareness movement built to inspire children and young people to learn about money matters, livelihoods and entrepreneurship. This initiative helps today's children and youth become empowered economic citizens, capable of understanding the importance of saving, and managing their money wisely. By empowering the youth, we create a positive wave that will expand to the public at large creating a generation of change makers.

In view of that, we, at Fransabank, organized a Youth Day with an integrated training program

for 250 school students as part of GMW 2018. Students from Collège Protestant Français, Greenfield College, International College, Lycée Verdun and Melkart College, were involved in interactive discussions with our management and staffs, who presented key banking facts and figures, an overview of Fransabank's CSR strategic scope and initiatives, as well as products and services targeting the youth.

Discussions with students were closed with a one question survey requesting their suggestions on new ideas/projects that we can accomplish to better serve the community. In total, 150 students answered the opened ended question (a response rate of 60%); out of which 133 answers were categorized and 17 disregarded due to irrelevant reply.

Students tackled the following subjects in their answers

• Environment (recycling, reforestation, beach cleaning...)	29%
• Social support (donations, NGO support, caring for the most deprived people, more quality, animal rescue)	13%
• Education (support public schools, scholarships, internships)	11%
• Youth projects	5%
• Entrepreneurship/Microcredits	4%
• Employment	4%
• Encourage people to save	4%
• Public sector support	4%
• Awareness campaigns	3%
• Youth products	3%
• Poverty reduction	2%
• Sports	2%
• Infrastructure	2%
• Refugees	1%
• Agriculture	1%
• Marketing	1%
• Others	3%

Fransabank Big Bank Challenge®



Fransabank Big Bank Challenge is an educational game through which kids aged 15+ can gain a basic understanding of banking products and services.

Players are challenged to earn and save money by opening a bank account. The winner is the first player who ends up saving 100 million Lebanese pounds. Players face challenging situations and dilemmas, thus acquiring better knowledge of clients' rights and duties, types of banking transactions, and simple understanding of banking products' benefits or disadvantage to achieve a financial target. The game stimulates their capacities to reach their financial targets.

The participating students in Fransabank Youth Day were also introduced to our financial literacy game, Fransabank Big Bank Challenge, which we designed in 2017 in cooperation with the Institut des Finances Basil Fuleihan* combining interactive entertainment and learning to improve youth financial knowledge. In GMW 2018, 250 students played our educational financial game and received one as a gift to appreciate it with their family and friends.

*Institut des Finances Basil Fuleihan, a civil service learning center contributing to national capacity development in public financial management through training, networking, research and publications.



This global week celebration brings the world one step closer to prepare and empower future generations, who are tomorrow's leaders, and equip them with the necessary financial tools and education.

Not to forget our 10 employees who voluntarily were trained as youth ambassadors to teach the game's rules and accordingly play with the students; giving them further insights about the banking world. We consider Fransabank Big Bank Challenge a useful starting tool for effective conversations about the value of money and the importance of saving, the different banking products and services...

Supporting entrepreneurship and innovation for young people with INJAZ

As part of our commitment to supporting entrepreneurship

and innovation for young people, Fransabank, in collaboration with INJAZ**, held the "I Camp Business Challenge" - also as part of the GMW 2018 program, at Université Saint Joseph (USJ) campus. The workshop aimed at helping students gain insight into the complexities and rewards of entrepreneurship and business in today's interdependent market economy. It covered topics such as investments, personal growth, and money management.

Vivid discussions and exercises took place to enhance students' financial knowledge, marketing strategy and teamwork skills in a thriving and knowledge-based economy. In view of that, 18 to 21-year-old students were dispatched in six challenging teams. Each group was assisted by a Fransabank employee.

Thus, seven employees shared their knowledge and expertise creating a hub of excellence for new start-ups and innovative

ideas. The network of seven dedicated advisers and 27 university students shared a passion for start-ups. Our mentors were carefully chosen to be specialized in understanding the start-ups and their business models, they also carried out training sessions with INJAZ to better guide the young in their business challenge by giving them access to financial insights, services, and understandings. After a full day workshop, the team with the best entrepreneurship project selected by the jury was granted a job shadow day at Fransabank; while Fransabank Big Bank Challenge game was distributed to all participants.

The winning team was also selected by USJ to represent the university in the Agence Universitaire de la Francophonie (AUF) competition, « Développement de l'entrepreneuriat étudiant au Liban », and won third place.

**INJAZ Lebanon, a non-profit organization, aims to educate Lebanon's youth to become qualified and successful employees and entrepreneurs in a growing regional and global economy. They engage in the business community through a volunteer based model that allows independent professionals and corporate volunteers, to share their experiences through the implementation of their varied educational programs that focus on entrepreneurship, work readiness and financial literacy.

Introducing the Practical Banking course

As part of our collaboration with the Lebanese American University (LAU), we were the first Lebanese bank to introduce the Practical Banking course (FIN 310) as a one credit course offered to LAU students regardless of their major, once per week during the semester. The objective of the course is to explain to students the basics of banking, including: organizational chart of a bank and its different divisions and departments' roles and functions, the different types of banking products and services, online banking, the difference between commercial banking and investment banking, calculations of interests on loans and savings accounts, bank fees & commissions, compliance issues (FATCA, KYC etc.), finance and budgeting, etc. During the 2018 spring semester, our Head of Compliance gave sessions sharing his experience and know-how at the Adnan Kassab School of Business (AKSOB). Our employee's involvement is part of our financial literacy and employee volunteerism program; as we believe it is very helpful to have experts support educators in handling financial issues in their course work. Pairing financial literacy efforts and tangible experience has a greater impact on money management.

When banking and grammar come together

A national survey was conducted by the Institute of Finance Basil Fuleihan across all Lebanese regions on a representative sample of 1,200 individuals, to understand how Lebanese manage their money and cover their expenses. This kind of study is quite unusual in Lebanon. The results pointed out that almost half of Lebanese do not plan their expenses; while Lebanese women seem more inclined than men to set up budgets (58% of women, as against 46% of men).



Following to this study, we supported the Institute in its dictation event which was organized, in cooperation with the French Embassy. This dictation focused on how Lebanese manage their budgets and the differences between women and men vis-à-vis expenses. It was a fun way to bring awareness to citizens on the importance of managing income. The audience consisted of government officials, individuals and students who are passionate about words and the French language.

Talents for Lebanon

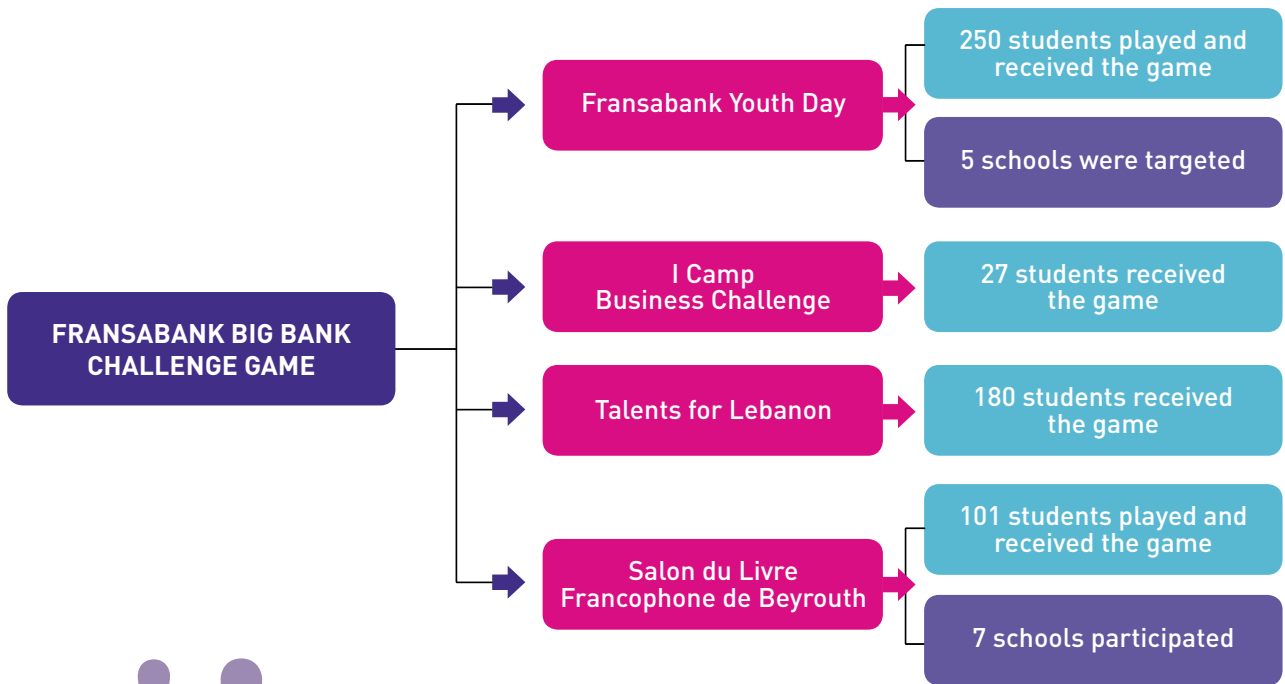
Our educationalist role is not only focused on banking matters; we also encourage academic education in general. Therefore, Fransabank has renewed, in 2018, its cooperation protocol signed with the General Secretariat of the Catholic Schools. Thus, an academic contest entitled "Talents for Lebanon" was held in partnership with *Waznat Institution*, which provides career counseling and professional orientation in Lebanon. Students coming from different Lebanese regions and schools competed on six academic subjects: dictation in Arabic, dictation in French, mathematics, physics, chemistry and biology. Subsequently, 22 students out of 180 participants received cash rewards, while Fransabank Big Bank Challenge game was distributed to all contestants. This initiative, again, sheds light on the significance of

partnerships, especially between banking and educational institutions.

Le Salon du Livre Francophone de Beyrouth

For the second year in a row, we were present at Le Salon du Livre Francophone de Beyrouth, introducing students to our Big Bank Challenge game. Two employees from the Bank volunteered to participate, and present the game to 101 students from seven different schools. For three days, employees called on students to inform them on the importance of dealing with a bank, the facilities it can offer at all stages of life, and most importantly the rights and duties of customers.





Serving our young clients

All people, regardless of their background, should have access to resources that would push them forward in life to achieve their full potential. Accordingly, we rely on and support education for more inclusive societies, mutual acceptance, and communal advancement.

Hence, Fransabank's educational loans, introduced back in 2009, reached a total of 1,669 loans for an outstanding amount of around the c/v of USD 20.01 million as end of 2018. The loan helps all qualified students pursue their education either in Lebanon or abroad at very competitive rates and flexible repayment periods.

As we help secure our youth education, we also see in them future potential customers; 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, putting their satisfaction and interests

first, Fransabank LEAD Account is constantly updated with features targeting 16 and 25 years old individuals. Aware of this age group financial capabilities, the account is offered free of charge coupled with preferential interest rates, and appealing benefits which are all listed on our dedicated microsite <http://fransabankleadaccount.com/>.

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

A Culture on the Go

Cultural places, events or festivals are deliberated to be the source of a culture's shared memory. In this sense, we continuously support culture preservation and advancement; as it allows people from different places and backgrounds to communicate; giving voice to some forgotten heritage, stories, and memories.

Ecotourism for rural development

For its third edition, Fransabank confirmed again its support for "Le Village Préféré des Libanais" the much-anticipated annual event in support of rural tourism, organized in collaboration with L'Orient-Le Jour newspaper, and welcoming one more batch of 10 villages spread all over Lebanon.

When it was first launched, the "Le Village Préféré des Libanais" initiative came from a pressing and justified need to support the tourism sector, which had suffered a lot in past years, and to encourage local tourism especially rural tourism, then still in its early stages, but with very high potential.

At the end of the day, we have foreseen right. The cottages and guest houses have since developed at a rapid pace and are reaching full capacity all year round. The Lebanese residents have never been so much enthusiastic to discover their heritage and their terroir, while tourists come back in large numbers.

Rejoicing the outcome of this partnership, this initiative was well anchored in our commitment to advance SDG 11 – Sustainable Cities and Communities, along with its strategic interest in devoting efforts to the principles of sustainable development, consolidating the Lebanese people's love and sense of belonging to the homeland.



In 2018, Lebanese from home or from abroad were called to vote for the *#VillagePreferedesLibanais*. This year, the 10 new Lebanese villages included: Ain Dara (Aley), Baakline (Chouf), Bkassine (Jezzine), Broumana (Metn), Enfé (Koura), Jouaya (Tyr), Jeb Jannine

(Bekaa), Kfour (Keserouan), Marjeyoun (Marjeyoun) and Qartaba (Jbeil).

Alongside this voting process, we had a photo competition in which Instagramers were requested to capture the beauty of the



selected villages using *#FransabankVPL* and tagging *@Fransabankgroup* for a chance to win valuable prizes.

More than 900 visitors gathered to discover unique features of the participating villages, at the inaugural event. Each village had a dedicated area to introduce guests to their specialties and favored cuisines, various entertainment shows by local talents took place throughout the evening, as well as dedicated activities for kids.

After the vote of nearly 50,000 individuals, Bkassine won the contest with an impressive gap attracting 43% of the votes, followed by Qartaba with 22.9%. So, Following Akkar el-Atika in 2016 and Sir el-Denniyé in 2017, Bkassine located in the heart of the caza of Jezzine, became the most beautiful village in Lebanon for 2018.

Reaching people through cultural events

Aligned with our equitable community development idea, we have been supporting, for years, regional summer festivals believing in their socio-economic potential. Our diversified branch network has been an important link facilitating our reach and aim to foster cultural events; which are seen as heritage guardians and social encounters for people from diverse backgrounds.

Consequently, Fransabank has partnered, in 2018, with several musical and cultural festivals across Lebanon, from Beiteddine, to Baalbeck, Al Bustan, Batroun, Zahlé, Bikfaya, Jezzine, Bourj el Moukoug, Amchit, Mzaar, Tripoli, Tyr, Ain Ebel, Rmeich, among others.

Moreover, we heartened classical music through The Lebanese Band Association for the Promotion of Music - LeBAM's concert. Our patronage of this cultural opportunity enriched the

availability of quality music education to the local communities; as LeBAM's aim is to teach music for free to 10 through 18 year-old youth, providing them with free wind and percussion instruments and organizing them in harmonic bands to perform concerts and events at national and community levels throughout Lebanon.

Other concerts were, as well, supported by Fransabank, such as the concert of the Lebanese Philharmonic Orchestra which was organized by the Rotary Club of Beirut, and the Beirut Cultural Festivals which has become a platform for diverse events and activities. These cultural programs found also their way among our selected initiatives since their vision of preserving Beirut as a cultural incubator of major events in Lebanon and the Arab World is very much what we, at Fransabank, hope for.

An Aspiring Society

We bring together social contribution, philanthropy and donation to create lasting change for the better in communities across Lebanon. Our efforts focus on providing nonprofit organizations with the necessary support to serve the most vulnerable populations and come up with new models to help low-income citizens, children, seniors, and people with special needs improve their living standards.

Road safety

According to the latest World Health Organization (WHO) data published in 2017 Road Traffic Accidents Deaths in Lebanon reached 1,129 or 3.34% of total deaths. In view of that, we, at Fransabank, believe in the necessity to extend road safety awareness and optimize the chances of survival for victims of road accidents.

As such, Roads for Life, in its mission to provide Post Trauma Care services through its ATLS® courses to doctors in emergency rooms, has been receiving our annual financial support since 2011. Their program to the “Golden Period of Trauma” or the timeframe in which a life can be saved, has been widely spread across all Lebanese regions covering ER doctors from both the public and private sectors.

The courses for the year 2018 have reached 73 ER doctors trained from ten different

hospitals. Since 2011, more than 600 ER Doctors across Lebanon have been trained; and subsequently obtained certificates in collaboration with the American University of Beirut Medical Center (AUBMC). These achievements will play a key role in making ATLS mandatory for the accreditation of Hospital ER rooms that is currently being planned by the Ministry of Health.

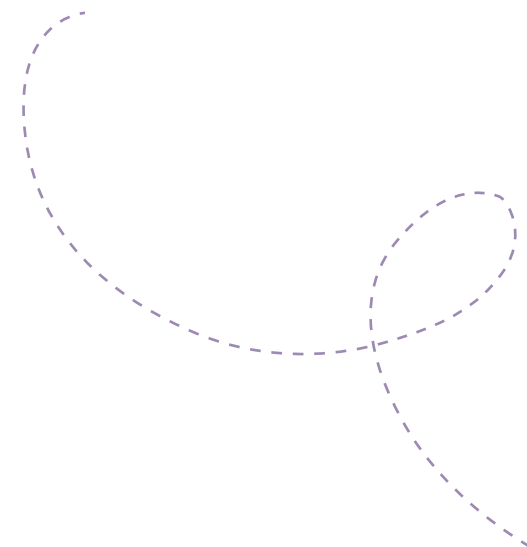
Additionally, Roads for Life succeeded, in 2018, in completing, with our partnership, four rounds of the Tactical Combat Casualty Care Course (TCCC). After two years in the making, Roads for Life has embarked on a journey to begin the capacity building program for the Lebanese Army. TCCC is the premiere accredited rescue course for civilian and military rescue in for battlefield scenarios, and has resulted in the certification of 100 Special Forces Instructors, and given them the knowledge, skills and equipment to save a life in as little as 30 seconds when under fire.



Since 2011,
**Roads
for life**
certified more than
**600
ER doctors**
in collaboration with
the AUBMC



**100
Special Forces
Instructors**
received Roads for Life's
**TCCC
certification**
in 2018





Food for all

Among the most vulnerable segments of our society, are children and senior people. Being at the opposite ends of life spectrum, they, in fact, are very comparable in their needs for care and affection. Therefore, we, at Fransabank, have been devoting special time for children and elderly mainly in times of celebrations and family gatherings.

Thus, in 2018, 200 kids coming from Dar Al Aytam Al Islamiya were invited to two Iftars with Fransabank Family members to share the beautiful spirit of Ramadan. The Iftars were hosted at our Headquarters and included fun shows and interactive games with our employees. Additionally, we support, on a yearly basis, an elderly iftar organized by *Dar Al Ajaza Al Islamiya* for its residents. Such initiatives' outcomes are seen right away with seniors and children's smiling faces and involvement in activities and talks.

Bringing life, health & hope

Fransabank has been continuously supporting a wide range of non-governmental organizations, from those assisting children with special health needs, to those providing financial support to reduce poverty in Lebanon. To wrap up our 2018 donations and assistance, we list the subsequent main organizations:

OpenMinds; a fund supporting the AUB Medical Center's Special Kids Clinic (ASKC) in conducting research, empowering the community through education and awareness, providing early detection, and coordinating total care for developmentally and neurologically impaired children.

The Brave Heart Fund; a fund aiding to cover the cost of surgeries and hospitalization for needy children suffering from coronary heart disease.

Skoun & Oum el Nour; are both Lebanese not-for-profit associations working on helping people with addiction problems

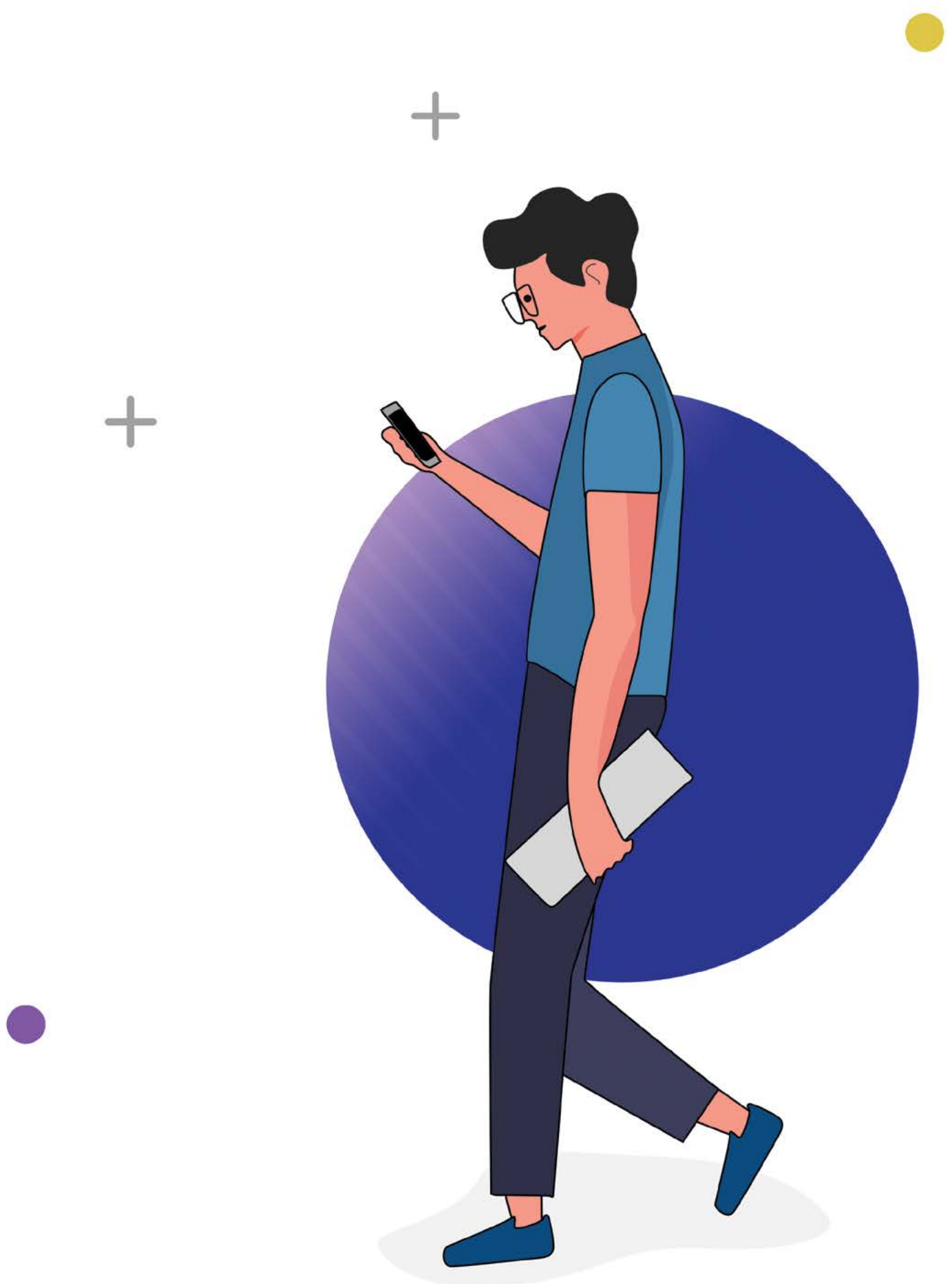
claim their lives by providing a nonjudgmental and caring environment of client-centered treatment and counseling. Fransabank aims with these initiatives to serve individuals through empowering them to make healthy choices and helping them reintegrate in society.

Al Younbouh; a rehabilitation center for mentally challenged young adults.

Auxilia; an organization which aims at maintaining the family unity after the death of its breadwinner, banish the idea of the orphanage, and so training and rehabilitating mothers to help them find a convenient job.

Al-Makassed Philanthropic Islamic Association; a non-governmental association providing education, social and health care services to the disadvantaged community.

Lebanese Food Bank; a non-profit organization which fights hunger by developing effective feeding programs to eliminate hunger.





SUPPLEMENTARY
INFORMATION

+



Select Awards and Recognitions

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

Green Bond ‘Excellent’ rating from Moody’s

Moody’s assigned GB1 (Excellent) Green Bond Assessment to Fransabank SAL’s Series 1 Green Bonds, which is the highest possible rating for its outstanding framework in full compliance with the Green Bond Principles.

2019 Green Bond Pioneer Award

Fransabank received the 2019 Green Bond Pioneer Award from the Climate Bonds Initiative, in partnership with the London Stock Exchange Group; acknowledging its leadership in introducing Green Bonds in the region and ongoing commitment to sustainable finance and awareness making to environmental challenges.

Lebanon’s Best Bank for Asia for 2019

Fransabank won Lebanon’s Best Bank for Asia in 2019 by Asiamoney, during its Middle East Best Banks for Asia Awards ceremony held in Hong Kong. Fransabank was selected for its number of impressive firsts in Asia, as stated by Asiamoney.

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”.

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 50th anniversary in Vienna, Austria in 2016.

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, the late Mr. Kofi Annan, in 2000 at the CSR Conference that was held in Beirut, Lebanon in 2013.

Honorary Chairman of the United Nations Maritime Continental Silk Road Cities Alliances

Mr. Kassar was named Honorary Chairman of the United Nations Maritime Continental Silk Road Cities Alliances in the Kingdom of Bahrain at the World Entrepreneurs Conference as a recognition for his contributions and continuous efforts for strengthening the Arab and international private economic sectors, as a prominent player in advancing the Arab-Chinese and international-Chinese economic relations, and actively supporting the launch of the Silk Road.

Honorary Chairman of the SRCIC

Mr. Kassar was elected as Honorary Chairman of the Silk Road Chamber of International Commerce (SRCIC) in 2017; aiming to promote the renaissance of the Silk Road trade and culture, founded to develop the “Silk Road Economic Belt” and a “21st Century Maritime Silk Road” (the Belt and Road).

Founding member of the China – Arab Countries Interbank Association

Fransabank was chosen as founding member of the China – Arab Countries Interbank Association, announced by Chinese President Xi Jinping and led by China Development Bank.

UAB Gold Medal of Achievement Award

Chairmen Messrs. Adnan and Adel Kassar received the 2018 UAB Gold Medal of Achievement during the annual International Arab Banking Summit (IABS) held in Paris, in recognition of their six- decade notable achievements, distinguished career and enduring contribution in safeguarding the Lebanese banking, trade and economic sector.

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 2013, on the occasion of ICC's World Chambers Congress, for his devotion and calls for global peace through partnerships in business.

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.

Trade Award 2017 for Excellent Partnership in the Year 2016-2017

Chairmen Kassar received the Trade Award 2017 for Excellent Partnership in the year 2016-2017. The ceremony was held in presence of Mr. Hans-Georg Pirner, Senior Representative – Commerzbank Beirut Office.

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.

Green Recognitions during the 7th 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.

2018 Elite Quality Recognition Award for U.S. Dollar Clearing MT103 at a rate of 99.52%

Fransabank received JP Morgan Chase Bank's "2018 Elite Quality Recognition Award for U.S. Dollar Clearing MT103 at a rate of 99.52%", 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 one of the highest percentages among banks. To note, Fransabank had also 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%".

2018 Most Active Issuing Bank in Lebanon

Fransabank was granted the 2018 Most Active Issuing Bank in Lebanon by EBRD, recognizing our Bank as one of its most successful financial partners who are providing the financial means and support that allow companies to identify, explore and conquer new markets.

2017 Best Issuing Bank Partner in Middle East & North Africa

Fransabank received IFC's "Best issuing bank partner in Middle East & North Africa" for the year 2017 as symbol of success and commitment especially in the trade finance business. The Bank was recognized during the 8th IFC Trade Awards which targeted IFC partners with 'leadership in providing trade finance in emerging markets'.

Mastercard Champion Partner Bank Award








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

Our Contribution to the Selected Sustainable Developments Goals (SDGs)



SDGs OBJECTIVES & OUR CONTRIBUTION		CROSS-REFERENCE	PAGES
	<p>Goal 4: Quality Education ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Covered targets</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p> 4.3 - Equal access to affordable technical, vocational and higher education</p> <p> 4.4 - Increase the number of people with relevant skills for financial success</p> </div> <div style="width: 45%;"> <p> 4.5 - Eliminate all discrimination in education</p> <p> 4.6 - Universal literacy and numeracy</p> </div> </div>	<p>Learning & Development</p> <p>Youth Financial Education & Inclusion</p>	<p>64 to 66</p> <p>75 to 79</p>
<p>Fransabank has been actively supporting an inclusive quality education for all focusing mainly on financial education programs and initiatives; such as:</p> <ul style="list-style-type: none"> • Supporting the youth by launching educational and training initiatives for school students during the Global Money Week • Adopting volunteerism initiatives for promoting financial education among universities and schools • Developing Fransabank Big Bank Challenge game, a financial educational cards game • Launching pedagogical competitions among students • Offering educational loans and scholarships • Welcoming students at Fransabank Summer Internship Program • Conducting internal and external trainings for employees as well as supporting their education progress. 			
	<p>Goal 5: Gender Equality achieve gender equality and empower all women and girls</p> <p>Covered targets</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p> 5.1 - End discrimination against women and girls</p> <p> 5.4 - Value unpaid care and promote shared domestic responsibilities</p> </div> <div style="width: 45%;"> <p> 5.5 - Ensure full participation in leadership and decision-making</p> </div> </div>	<p>Commitment to Good Corporate Governance</p> <p>Financial Inclusion</p> <p>Diversity & Inclusion</p> <p>Learning & Development</p> <p>Enriching our Employees' Loyalty</p>	<p>20 to 22</p> <p>31 to 37</p> <p>61 to 64</p> <p>64 to 66</p> <p>66-67</p>
<p>Fransabank is keen on providing an equal opportunities work environment for all its employees, by:</p> <ul style="list-style-type: none"> • Securing gender equality and diverse age distribution • Supporting women empowerment through financial inclusion programs (micro loans, SME loans and equity funds participation) • Promoting, recruiting, and evaluating performances based on competencies and merit • Providing additional benefits to employees. 			

SDGs OBJECTIVES & OUR CONTRIBUTION	CROSS-REFERENCE	PAGES
<div data-bbox="153 237 309 389">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <p>Goal 8: Decent Work and Economic Growth promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Covered targets</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  8.1 - Sustainable economic growth </div> <div style="width: 50%;">  8.6 - Promote youth employment, education and training </div> <div style="width: 50%;">  8.2 - Diversify, innovate and upgrade for economic productivity </div> <div style="width: 50%;">  8.8 - Protect labour rights and promote safe working environments </div> <div style="width: 50%;">  8.3 - Promote policies to support job creation and growing enterprises </div> <div style="width: 50%;">  8.9 - Promote beneficial and sustainable tourism </div> <div style="width: 50%;">  8.4 - Improve resource efficiency in consumption and production </div> <div style="width: 50%;">  8.10 - Universal access to banking, insurance and financial services </div> <div style="width: 50%;">  8.5 - Full employment and decent work with equal pay </div> </div>	<p>Our Human Rights Policy</p> <p>Responsible Lending</p> <p>Financial Inclusion</p> <p>Customer Experience</p> <p>Suppliers' Management</p> <p>Our Approach to Minimizing our Impact</p> <p>Diversity & Inclusion</p> <p>Learning & Development</p> <p>Enriching our Employees' Loyalty</p> <p>Youth Financial Education & Inclusion</p>	<p>26</p> <p>30</p> <p>31 to 37</p> <p>38 to 41</p> <p>41</p> <p>54 to 57</p> <p>61 to 64</p> <p>64 to 66</p> <p>66-67</p> <p>75 to 79</p>
<p>Fransabank is a responsible financial institution whose objective is to share its success with the communities it serves, by:</p> <ul style="list-style-type: none"> • Implementing responsible lending criteria • Advancing targeted financial schemes (microcredits, SMEs, start-ups and corporations) • Assisting companies in their growth process • Financing young entrepreneurs businesses and/or innovative ideas • Participating in several financial education and inclusion initiatives among which the Global Money Week, Fransabank internship program, lectures at universities and schools... • Running youth competitions that derive innovation and tackle today's challenges, • Providing educational loans and scholarships • Encouraging advancement education program for our employees • Supporting local educational institutions in collaboration with partner organizations • Adopting volunteerism initiatives for financial education initiatives at universities and schools • Creating new employment opportunities across Lebanon • Providing progressive working conditions to all employees • Launching our human rights policies • Reducing our waste consumption. 		
<div data-bbox="153 1420 309 1572">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <p>Goal 9: Industry, Innovation and Infrastructure build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Covered targets</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  9.1 - Develop sustainable, resilient and inclusive infrastructures </div> <div style="width: 50%;">  9.3 - Increase access to financial services and markets </div> <div style="width: 50%;">  9.2 - Promote inclusive and sustainable industrialization </div> <div style="width: 50%;">  9.4 - Upgrade all industries and infrastructures for sustainability </div> </div>	<p>Responsible Lending</p> <p>Financial Inclusion</p> <p>Sustainable Financing</p>	<p>30</p> <p>31 to 37</p> <p>44 to 52</p>
<p>Fransabank has been shifting its product development to more sustainable, innovative and responsible products and services, by:</p> <ul style="list-style-type: none"> • Signing several new credit lines with international financial institutions in order to further increase the access of SMEs and midcaps to financial services, especially those operating in the fields of renewable energy and energy efficiency • Supporting start-ups through financial support extended via both Fransabank and Fransa Invest Bank (the investment banking subsidiary of Fransabank Group); while targeting mainly start-ups engaged in innovation and technology • Constantly reviewing Environmental and Social management risks in the lending processes. 		

SDGs OBJECTIVES & OUR CONTRIBUTION		CROSS-REFERENCE	PAGES
 <p>Goal 11: Sustainable Cities and Communities make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>Covered targets</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>11.1 - Safe and affordable housing</p> </div> <div style="text-align: center;">  <p>11.4 - Protect the world's cultural and natural heritage</p> </div> </div> <div style="text-align: center; margin-top: 10px;">  <p>11.3 - Inclusive and sustainable urbanization</p> </div>	<p>Responsible Lending</p> <p>Financial Inclusion</p> <p>Customer Experience</p> <p>Accessible Homeownership</p> <p>Sustainable Financing</p> <p>A Culture on the Go</p>	<p>30</p> <p>31 to 37</p> <p>38 to 41</p> <p>37</p> <p>44 to 52</p> <p>80-81</p>	
	<p>Fransabank, along with selected local and international partners, invest in developing eco-friendly projects that meet sustainability criteria; while:</p> <ul style="list-style-type: none"> • Providing affordable housing loans with suitable conditions • Abiding by the environmental and Social Management System that has been adopted, while also assisting through counselling, auditing, and follow-ups in customers' greening efforts • Providing accommodating products and services to all • Making sure to reach all the communities through a well-developed branch network and electronic services • Preserving Lebanon's cultural and natural heritage, thus, supporting positive economic, social, and environmental development with a special focus on rural areas. 		
 <p>Goal 13: Climate Action take urgent action to combat climate change and its impacts</p> <p>Covered targets</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>13.2 - Integrate climate change measures into policies and planning</p> </div> <div style="text-align: center;">  <p>13.3 - Build knowledge and capacity to meet climate change</p> </div> </div>	<p>Sustainable Financing</p> <p>Championing SDG 13 - Climate Action</p> <p>Our Approach to Minimizing our Impact</p>	<p>44 to 52</p> <p>53</p> <p>54 to 57</p>	
	<p>Fransabank is committed to combating climate change through operations with customers as well as it employees' engagement; by:</p> <ul style="list-style-type: none"> • Offering a range of sustainable products and services through a standalone business line targeting both individuals and businesses • Developing strong partnerships with local and international institutions from both the public and private sectors thus covering a wide range of sectors, industries, and businesses • Putting in place sector-specific policies and guidelines to meet all clients' requirements • Launching the first Green Bonds in the region, to support eco-friendly project financing • Applying the Environmental and Social Management System (ESMS) in all credit processes; while also offering clients counselling, auditing, and follow-up services all through their green efforts • Mainstreaming SDG 13 in the Lebanese private sector as part of being the national Goal Leader • Working on decreasing the environmental impact of operations through various internal initiatives, while sticking to the IFC green audit on the Headquarters. 		

Linking the Global Reporting Initiative (GRI) Standards with the SDGs & UNGC 10 Principles

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
GRI Standards					
GRI 102: General Disclosures					
Organizational Profile					
102-1	Name of the organization.			Fransabank	
102-2	Primary activities, brands, products, and services.			Fransabank at a Glance	4-5
102-3	Location of headquarters.			Fransabank headquarters is located on Hamra Main Street, Beirut, Lebanon.	
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the report's topics.			Fransabank at a Glance Fransabank Annual Report 2018	4-5
102-5	Nature of ownership and legal form.				
102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).				
102-7	Scale of the reporting organization (including total number of employees, total number of operations, net sales or net revenues, total capitalization, quantity of products and services provided).				
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender.	SDG 8 - target 8.5	Principle 6	Diversity & Inclusion	61 to 64
102-9	A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	SDG 12		Suppliers' Management	41
102-10	Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).			Fransabank Annual Report 2018	
102-11	Whether and how the organization applies the Precautionary Principle or approach.		Principle 7	Managing Risk Sustainable Financing Environmental & Social Management System (ESMS)	22-23 44 to 52 49-50
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.		Principle 1	Fransabank is a signatory to the United Nations Global Compact (UNGC), the Business for Peace initiative, and Lebanon Climate Act.	
102-13	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	SDG 17	Principle 3	Fransabank is active in many organizations and associations, particularly those that focus our core business. Some of our significant and strategic memberships include the Association of Banks in Lebanon (ABL), Union of Arab Banks, Chambers of Commerce Industry and Agriculture, UNGC, the GCNL, LCEC World Energy council Lebanon Committee, Lebanon Climate Act as well as other strategic alliances.	

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
Strategy					
102-14	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability.			Message from the Chairmen	2-3
Ethics and Integrity					
102-16	A description of the organization's values, principles, standards, and norms of behavior.	SDG 16	Principle 1 Principle 10	Vision, Mission and Values Business Ethics	4 24-25
Governance					
102-18	a. Governance structure of the organization, including committees of the highest governance body.	SDG 5 - target 5.5		Commitment to Good Corporate Governance Fransabank Annual Report 2018	20 to 22
102-19	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.			Environmental & Social Management System (ESMS)	49-50
102-21	Consulting stakeholders on economic, environmental, and social topics.	SDG 16		Engaging with Stakeholders	10-11
102-22	Composition of the highest governance body and its committees.	SDG 5 - target 5.5 SDG 16		Commitment to Good Corporate Governance Diversity & Inclusion Fransabank Annual Report 2018	20 to 22 61 to 64
102-24	Nominating and selecting the highest governance body and its committees.	SDG 5 - target 5.5 SDG 16		Commitment to Good Corporate Governance Fransabank Annual Report 2018	20 to 22
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.			Fransabank Annual Report 2018	
102-29	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.	SDG 16		Environmental & Social Management System (ESMS) Fransabank Annual Report 2018	49-50
102-30	Highest governance body's role in reviewing the effectiveness of the risk management processes for economic, environmental, and social topics.				
102-32	The highest governance body's role in sustainability reporting.			Our Corporate Social Responsibility Approach	7-8
Stakeholder Engagement					
102-40	A list of stakeholder groups engaged by the organization.	SDG 17		Engaging with Stakeholders	10-11
102-41	Percentage of total employees covered by collective bargaining agreements.	SDG 8 - targets 8.3, 8.5	Principle 3	Diversity & Inclusion	61 to 64
102-42	The basis for identifying and selecting stakeholders with whom to engage.	SDG 17		Engaging with Stakeholders	10-11
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	SDG 17			
102-44	Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	SDG 17			

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
Reporting Practice					
102-45	a- A list of all entities included in the organization's consolidated financial statements or equivalent documents. b- Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.			Fransabank at a Glance Fransabank Annual Report 2018	4-5
102-46	a- An explanation of the process for defining the report content and the topic Boundaries. b- An explanation of how the organization has implemented the Reporting Principles for defining report content.			Assessing Materiality	12-13
102-47	A list of the material topics identified in the process for defining report content.				
102-48	Report the effect of any restatements of information given in previous reports, and the reasons for such restatements.			In our CSR Report 2017, we had evaluated our Headquarters' carbon footprint emissions' based on the Electricité du Liban grid emission; in our CSR Report 2018, a different measurement grid was adopted, in accordance with the CO ₂ calculator received from the Lebanese Ministry of Environment. This explains the variance in the reporting results.	
102-49	Report significant changes from previous reporting periods in the list of material topics and topic Boundaries.			Assessing Materiality	12-13
102-50	Reporting period for the information provided.			About the Report	0
102-51	Date of the most recent previous report.			Our last CSR report was for the fiscal year 2017, issued in July 2018.	
102-52	Reporting cycle.			We publish a comprehensive report on a yearly basis.	
102-53	The contact point for questions regarding the report or its contents.			About the Report	0
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.			This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	a- The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.			Linking the Global Reporting Initiative (GRI) Standards with the SDGs & UNGC 10 principles	91 to 97
102-56	External Assurance A description of the organization's policy and current practice with regard to seeking external assurance for the report.			Fransabank did not seek external assurance for the report.	

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
GRI 103: Management Approach					
103-1	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts.			Our Corporate Social Responsibility Approach	7-8
103-2	The management approach and its components a. An explanation of how the organization manages the topic.			Assessing Materiality	12-13
103-3	Evaluation of the management approach.			Information unavailable due to confidentiality constraints.	
Topic Specific Standards					
GRI 200: Economic Standards					
GRI 201: Economic Performance					
201-1	Direct economic value generated and distributed.	SDG 2 SDG 7 SDG 8 - targets 8.1, 8.2, 8.3, 8.5, 8.6, 8.9, 8.10 SDG 9 - targets 9.1, 9.2, 9.3, 9.4 SDG 11 - target 11.1		Financial Inclusion Sustainable Financing Learning & Development Youth Financial Education & Inclusion A Culture on the Go As Aspiring Society Fransabank Annual Report 2018	31 to 37 44 to 52 64 to 66 75 to 79 80-81 82-83
GRI 202: Market Presence					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage.	SDG 1 SDG 5 - targets 5.1, 5.5 SDG 8 - target 8.5	Principle 6	Diversity & Inclusion	61 to 64
202-2	Proportion of senior management hired from the local community.	SDG 8 - target 8.5			
GRI 203: Indirect Economic Impact					
203-1	a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	SDG 2 SDG 5 - target 5.4 SDG 7 SDG 9 - targets 9.1, 9.2, 9.3, 9.4 SDG 11 - targets 11.1, 11.4		Financial Inclusion Sustainable Financing Accessible Homeownership Learning & Development Youth Financial Education & Inclusion A Culture on the Go As Aspiring Society	31 to 37 44 to 52 37 64 to 66 75 to 79 80-81 82-83
203-2	Significant indirect economic impacts.	SDG 1 SDG 2 SDG 3 SDG 8 - targets 8.2, 8.5, 8.6, 8.9, 8.10 SDG 10 SDG 17			
GRI 204: Procurement Practices					
204-1	Proportion of spending on local suppliers.	SDG 8 - target 8.3 SDG 12		Suppliers' Management	41

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
GRI 205: Anti-corruption					
205-1	Operations assessed for risks related to corruption.	SDG 16		Business Ethics	24-25
205-2	Communication and training about anti-corruption policies and procedures.	SDG 16	Principle 10		
GRI 300: Environmental Standards					
GRI 302: Energy					
302-1	Energy consumption within the organization.	SDG 7 SDG 8 - target 8.4 SDG 12 SDG 13 target 13.3	Principle 7 Principle 8 Principle 9	Our Approach to Minimizing Our Impact	54 to 57
302-4	Reduction of energy consumption.				
GRI 306: Effluents and Waste					
306-2	Waste by type and disposal method.	SDG 13 SDG 3 SDG 6 SDG 12	Principle 8	Our Approach to Minimizing Our Impact	54 to 57
GRI 400: Social Standards					
GRI 401: Employment					
401-1	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	SDG 5 - targets 5.1, 5.5 SDG 8 - targets 8.5, 8.6	Principle 6	Diversity & Inclusion	61 to 64
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	SDG 5 - target 5.4 SDG 8 - target 8.5	Principle 6	Enriching our Employees' Loyalty	66-67
401-3	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	SDG 5 - targets 5.1, 5.4, 5.5 SDG 8 - target 8.5	Principle 6		
GRI 403: Occupational Health and Safety					
403-4	Health and safety topics covered in formal agreements with trade unions.	SDG 3 SDG 8 - targets 8.5, 8.8	Principle 1	Enriching our Employees' Loyalty	66-67
GRI 404: Training and Education					
404-1	Average hours of training that employees have undertaken during the reporting period, by gender and employee category.	SDG 4 - targets 4.3, 4.4, 4.5 SDG 5 - targets 5.1, 5.5 SDG 8 - targets 8.2, 8.3, 8.5, 8.6	Principle 6	Learning & Development	64 to 66
404-2	a. Type of programs implemented and assistance provided to upgrade employee skills.	SDG 8 - targets 8.2, 8.3, 8.5, 8.6, 8.10	Principle 6		
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	SDG 5 - targets 5.1, 5.5 SDG 8 - targets 8.3, 8.5, 8.6	Principle 6		

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
GRI 405: Diversity and Equal Opportunity					
405-1	Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old.	SDG 5 - targets 5.1, 5.5 SDG 8 - targets 8.3, 8.5, 8.10	Principle 6	Diversity & Inclusion Fransabank Annual Report 2018	61 to 64
405-2	Ratio of the basic salary and remuneration of women to men for each employee category.	SDG 5 - targets 5.1, 5.5 SDG 8 - target 8.5 SDG 10	Principle 6	Diversity & Inclusion	61 to 64
GRI 408: Child Labour					
408-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	SDG 8 - target 8.3 SDG 16		Our Human Rights Policy	26
GRI 413: Local Communities					
413-1	Report on the percentage of operations with implemented local community engagement, impact assessments, and/or development programs.	SDG 4 - target 4.6 SDG 11 targets 11.3, 11.4		Engaging with Stakeholders Financial Inclusion Youth Financial Education & Inclusion As Aspiring Society	10-11 31 to 37 75 to 79 82-83
GRI 417: Marketing and Labeling					
417-1	Requirements for product and service information and labeling.	SDG 12 SDG 16		Customer Experience	38 to 41
GRI 418: Customer Privacy					
418-1	Report on the total number of substantiated complaints received concerning breaches of customer privacy. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	SDG 16		Protecting our Bank's and Customers' Information Customer Experience	27 38 to 41

DISCLOSURE NUMBER	DESCRIPTION	TARGETED SDG	UNGC PRINCIPLES	CROSS-REFERENCE/DIRECT ANSWER/NOTES	PAGES
Financial Sector Supplement					
Aspect: Product Portfolio					
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	SDG 1 SDG 8 - target 8.10 SDG 9 targets 9.3, 9.4		Financial Inclusion Sustainable Financing Fransabank Annual Report 2018	31 to 37 44 to 52
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	SDG 1 SDG 8 - target 8.10 SDG 9 targets 9.1, 9.3, 9.4 SDG 10 SDG 11 targets 11.1, 11.3, 11.4		Financial Inclusion Sustainable Financing Youth Financial Education & Inclusion	31 to 37 44 to 52 75 to 79
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	SDG 11 targets 11.3, 11.4		Sustainable Financing Fransabank Annual Report 2018	44 to 52
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.	SDG 10	Principle 2 Principle 7	Financial Inclusion Sustainable Financing Environmental & Social Management System (ESMS) Youth Financial Education & Inclusion An Aspiring Society	31 to 37 44 to 52 49-50 75 to 79 82-83
Aspect: Local Communities					
FS13	Access points in low-populated or economically disadvantaged areas by type.	SDG 1 SDG 8 - targets 8.3, 8.9, 8.10 SDG 10	Principle 2	Financial Inclusion Customer Experience Fransabank Annual Report 2018	31 to 37 38 to 41
FS14	Initiatives to improve access to financial services for disadvantaged people.	SDG 1 SDG 8 - targets 8.3, 8.9, 8.10 SDG 10	Principle 2	Financial Inclusion Customer Experience	31 to 37 38 to 41

Corporate Code of Conduct & Professional Ethics

Corporate Code of Conduct

Employee Behavior

General employee conduct

Non-smoking rule

- Non-smoking areas
- Implementation of the non-smoking rule

Physical appearance and employee attire

- Dress code policy for women
- Dress code policy for men

Working hours, attendance and punctuality

Bank properties

Social media and bank image

- Personal social media
- Professional social media

Conflict of interest

- Conflict of interest
- Reporting about inappropriate activities

Fraudulent and/or illegal acts

Loans from other banks

Professional Ethics

Customer Relations

Clarity of information

Confidential information and banking secrecy

Service quality

Anti-Money Laundering and Combating the

Financing of Terrorism (AML/CFT)

Civic and political activities

Employee Relations

Relations with Others Banks

Exchange of information

Competition

Announcements and advertisements

Reporting Violations, Illegal and/or Unethical Behavior (Whistleblower)

Information Security

The Information Security Section reviews periodically the “End User Security Guide”, the set of security policies that addresses risks directly related to the users’ work environment, in order to integrate newly emerging threats. All employees should make sure to read and abide by its content. Below is a brief summary of that guide.

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

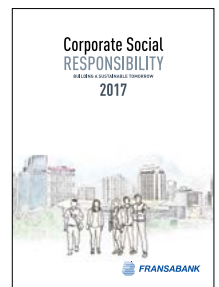
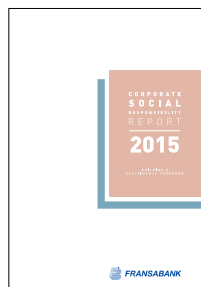
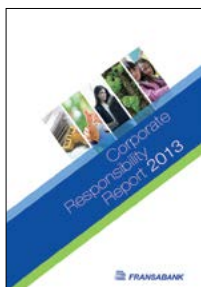
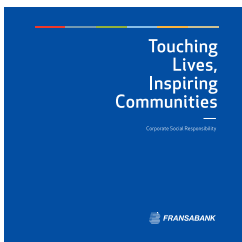
Only Fransabank owned removable media devices are allowed for usage and that to prevent the transfer of any virus to Fransabank network.

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 care for the environment

The environmentally friendly paper used in this report is from sustainable sources and adheres to strict international guidelines for the preservation of the world's forests and ecosystems.



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