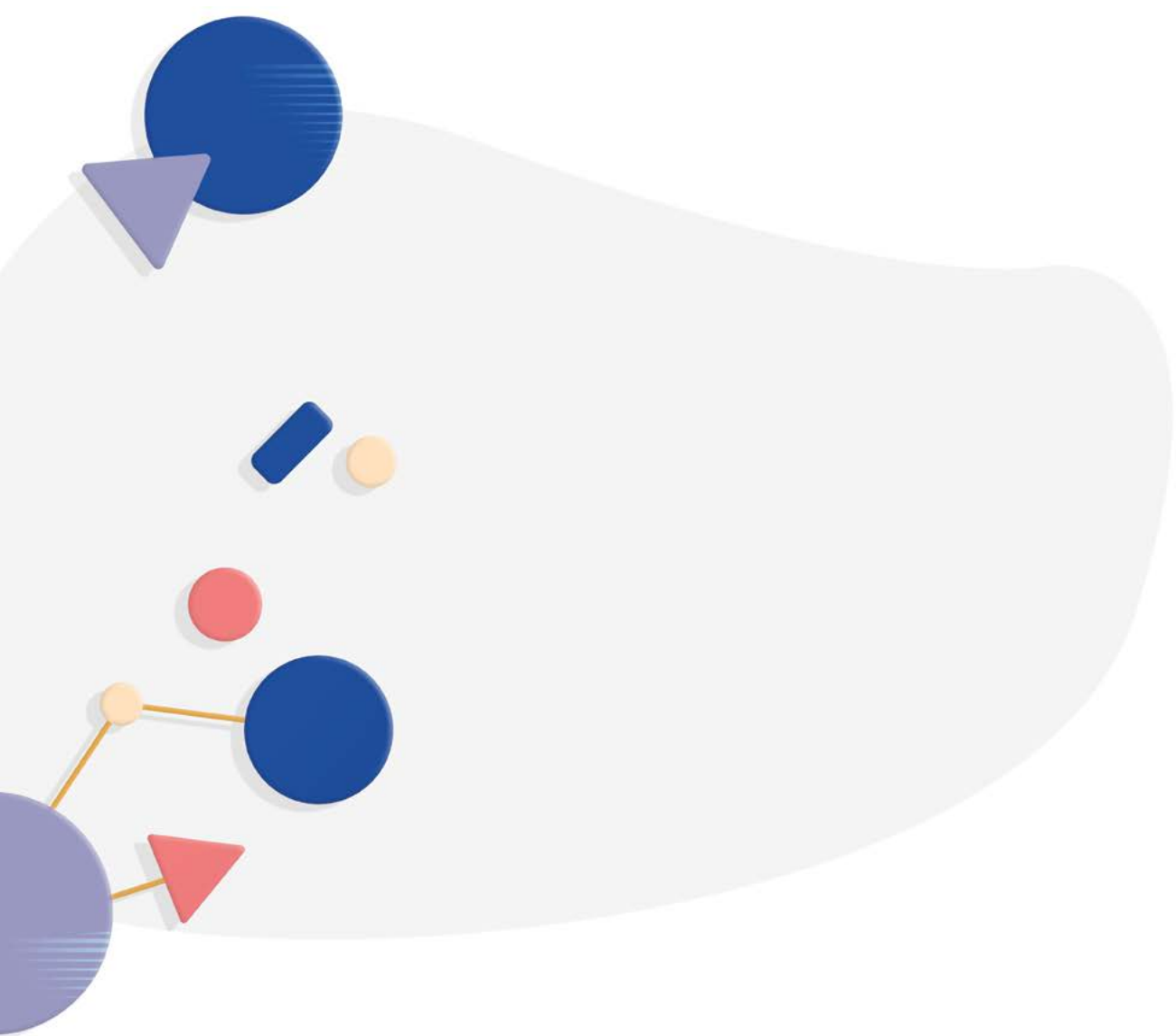


Corporate Social Responsibility

Building a sustainable tomorrow

2019



Corporate Social Responsibility

Building a sustainable tomorrow

2019

Contents

About the Report

Fransabank's Corporate Social Responsibility (CSR) Report 2019 provides a balanced overview of Fransabank SAL sustainability matters. It is structured according to our five main CSR pillars: our responsibilities in banking, in the economy, for the environment and community, as well as our role as an employer.

This report constitutes Fransabank's Communication on Progress to the UN Global Compact (UNGC) and covers the financial year 1 January 2019 to 31 December 2019, unless otherwise specified. It has been prepared in accordance with the GRI Standards: Core option; while also providing information on the progress we have made in implementing the 10 Principles of the UNGC, as well as cases on how we contribute to the achievement of six selected Sustainable Development Goals (SDGs) along with their related and applicable targets.

All recording and performance data are restricted to information on Fransabank SAL – the parent company of Fransabank Group, unless stated otherwise.

The report should be read in conjunction with Fransabank Annual Report 2019, which provides detailed information related to our financial results and risk management practices. We recommend stakeholders to visit our CSR microsite <http://csr.fransabank.com/> to keep up with our sustainability achievements, along with our corporate website www.fransabank.com.

***it is worth noting, that all reported initiatives reflect the Bank's CSR efforts prior to the outbreak of the national socio-economic crisis, while some activities had to be halted or put on hold.*

Message from the Chairmen	2
Fransabank at a Glance	4
Our Corporate Social Responsibility Approach	6
Commitment to International Principles & Sustainable Initiatives	7
Engaging with Stakeholders	8
Assessing Materiality	10
<hr/>	
2019... in Brief	12
<hr/>	
Our responsibility in banking	
Corporate Governance Framework	16
Preventing Money Laundering, Financing of Terrorism, and Corruption	18
Valuing our Corporate Code of Conduct & Professional Ethics	20
Human Rights	20
Customers' Information Protection	21
<hr/>	
Our responsibility for the economy	
Financial Inclusion	24
Customer Experience	30
Suppliers' Management	33
<hr/>	
Our responsibility for the environment	
Sustainable Financing	36
Minimizing Internal Impact	42
<hr/>	
Our responsibility as an employer	
Diversity & Inclusion	46
Learning & Development	50
Employees' Loyalty	52
<hr/>	
Our responsibility towards the communities	
Youth Financial Education & Inclusion	58
A Culture on the Go	61
An Aspiring Society	62
<hr/>	
Supplementary information	
Select Awards and Recognitions	66
2019 Contribution to the Sustainable Development Goals (SDGs)	68
Linking the Global Reporting Initiative (GRI) Standards with the SDGs & UNGC 10 Principles	71
Fransabank Human Rights Policy	78
Case study: How Fransabank promotes ethical business behaviour by «SustainCase»	79

We welcome and value your feedback and suggestions

Contact: **Mrs. May Jabbour Rihan** Head of CSR | **Ms. Camille Saadé** Senior CSR officer | Email: csr@fransabank.com | Fransabank Center, Hamra Str. Beirut, Lebanon

Message from the Chairmen



Adnan Kassar | Chairman

Adel Kassar | Deputy Chairman

Dear Stakeholders,

Backed by 99 years of service, Fransabank Group has at all times assumed a steering and institutional role in the economic and social progress of Lebanon, taking on key initiatives, especially during tough times. Helping the country to remain strong and resilient has always been of great importance to us. No matter how difficult the circumstances, Fransabank demonstrated its unwavering commitment to the nation, contributing to the process of reconstruction and re-development of Lebanon's economy throughout its history.

In the year 2019, many critical developments on the social, economic, and political domestic scenes highlighted the importance of a sound banking system for the economy

and subsequently, for the society. During the past year, and precisely, its last quarter, the Lebanese banking system entered uncharted waters, having to face unparalleled events for the sector, such as forced activity disruptions, strict restrictions on the movement of capital, on withdrawals, and on credit activities.

Against this backdrop, our Bank dedicated its entire infrastructure to face the impending challenges. We worked on providing, the best possible assistance to cover customers' needs and concerns especially when our activities became dictated by the sector new regulations and limitations due to the unprecedented events. Sound infrastructures, corrective measures and speed of action, combined with our employees' expertise and

professionalism were our driving forces in our attempt to provide the best possible solutions to all customers.

However, throughout the first three quarters of the year 2019, we carried out our CSR strategy, implemented tactical actions and responded to challenges such as climate change by supporting the financing of sustainable and renewable energy projects. We contributed to the urgent need to create more inclusive economic growth by enhancing the entrepreneurship skills as well as creating and sustaining jobs, especially in underdeveloped areas. We maintained our financial inclusion and literacy program targeting the Lebanese youth, thus generating greater financial education. We were also responsible towards our communities through our

commitment to creating positive social impacts. All stated engagements are owed to the valuable contribution of our employees, which confirm their devotion to our common goals towards an organic development.

Fransabank has a dedicated pledge to align its activities with the UN 17 Sustainable Development Goals (SDGs) in an effort to help achieve those ambitious goals with their targets for eradicating poverty, ending inequalities, expanding education, and hinder climate change. Our voluntary participation in the United Nations Global Compact, since 2013, constitute a framework for our business conduct in the areas of human rights,

labour, environment and anti-corruption. It is with that spirit that we pledge our commitment to sustaining our contribution to society at large, keeping our shareholders, customers, and employees at the top of our priorities.

As you are accessing our corporate responsibility report for the year 2019, we cannot but mention the sanitary crisis the world is facing following the outbreak of COVID19-. Our main concern is to protect our employees and clients, ensure business continuity and take all necessary responsible actions. Thus, we call all our communities to stand by each other, help one another and look out for one another.

As a final point, this year we are celebrating the centennial of the proclamation of Greater Lebanon, the predecessor of our modern-day country. Next year it will be our one hundred years of service; we grew hand in hand with this country and always had high expectations for Lebanon even through all of its struggles. But today, let us reflect on what we can do to our country rather than what our country can do for us to reconcile with each other and safeguard a unified Lebanon for the generations to come.

Together, we have a challenging path to take on our responsibility journey.

Sincerely,

Adel Kassar
Deputy Chairman

Adnan Kassar
Chairman

Fransabank at a Glance

Since our foundation in 1921, we have been providing banking services for retail and commercial customers, and today our reach has expanded to cover 125 branches spread across Lebanon; in addition to a total of 18 banking and non-banking subsidiaries and associates in Lebanon and overseas. With strong local roots, Fransabank Group's operations expanded to cover six foreign countries, namely France, Algeria, Belarus, Sudan, the UAE, and the Ivory Coast.

Moreover, banks play an important role in society as providers of the financial infrastructure, they have a large impact on society through the way capital is deployed by lending money to private individuals and businesses and by investing capital on behalf of customers. Therefore, our CSR strategy has become part of our business model; influencing our departments, divisions and branches activities as well as our main stakeholders and the society at large.

Our Vision

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

Our 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
- Promoting within our Group, professional development, quality performance, decision-making and teamwork
- Aligning responsible business practices and social investments, in order to create long-term value and sustainability for our Group along with its respective communities
- Exceeding our customers' expectations, and fulfilling their needs and demands
- Striving for a distinguished quality service to our existing and potential customers
- Generating increasing value for our shareholders in a dynamic manner and on solid sustainable grounds

Our Values

Integrity Loyalty Credibility Accountability Transparency

Fransabank Group highlights | end of 2019

USD 19.25 billion	total assets
USD 15.73 billion	total customers' deposits
USD 5.84 billion	net loans and advances to customers
6 countries	125 branches
3,320	employees
414,119	customers

Serving customers through our business lines

Retail banking, serving retail and commercial clients by providing daily banking needs such as accounts, loans, payment cards, saving and insurance plans, digital services, as well as SME financing and microcredits solutions. Personal customer advice and special services are also available.

Corporate banking, serving the large corporate and institutional clients by offering medium & long term loans, structured finance solutions, syndicated loans, trade finance services, overdrafts, in addition to our leasing services – via our leasing arm the Lebanese Leasing Company (LLC), real estate services – via our real estate arm Société Générale Foncière (SOGEFON), and working capital financing.

Investment banking, offering financial advisory as for mergers & acquisitions, equity capital markets, private investments, corporate equity/debt advisory, re-organization and balance sheet re-structuring; as well as equity & debt financing solutions: corporate & project financing, syndicated financing, feasibility studies, legal & financial due diligence, debt/equity structuring, equity placements, and debt settlement arrangement.

Private banking/asset management, providing advisory services as well as wealth management, capital market/brokerage, structured products, research and studies.

Our Corporate Social Responsibility Approach

At Fransabank, Corporate Social Responsibility is an evolving concept where sustainability matters are unceasingly emerging and developing. While adjusting to new developments is a necessity, our corporate responsibility approach has also become accustomed to an increased focus on five main pillars.

Accordingly, our five pillars strengthen the link between corporate and societal value creation, by:

- backing national economic development
- securing sustainable energy financing
- advancing youth financial education and inclusion

- operating responsibly vis-à-vis our employees, regulatory authorities, and international requirements and standards, and by
- supporting our communities.

The mentioned pillars not only define our commitment to building financial confidence in the next generations, micro entrepreneurs, start-ups and in well-established companies, but they also define our obligation to secure responsible banking products and services.

Fransabank CSR approach is an ongoing process being progressively integrated into the Bank's core business.

For our approach to succeed, we are keen on sharing its effective implementation with all 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 recurrently report to the Board of Directors, top management, employees, as well as concerned 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 empowerment.

Commitment to International Principles & Sustainable Initiatives

As we recognize the importance of a responsible business operation, we are keen on integrating our five pillars with our international commitments. Thus, we endorse the 10 Principles of the United Nations Global Compact and the UN Sustainable Development Goals (SDGs) to challenge poverty, inequality, climate change and other societal issues that affect our planet and us.

Contributing to the SDGs

Fransabank acknowledges its responsibility in advancing the 17 Sustainable Development Goals (SDGs). As a financial institution, our most significant contribution could be achieved via the financing solutions that deal with the issues behind the Goals.

While we contribute to a variety of SDGs through our CSR approach, we have magnified our focus on six SDGs: Goal 4 - Quality Education, Goal 5 - Gender Equality, Goal 8 - Decent Work and Economic Growth, Goal 9 - Industry, Innovation and Infrastructure, Goal 11 - Sustainable Cities and Communities, and Goal 13 - Climate Action. These

were identified as key areas that we can drive forward through our business model, as well as through our partnerships and community programs.

A broader description of Fransabank's contribution to the six chosen SDGs is reflected on page -, specifying the related Goal's targets we have been addressing through our policies and initiatives.

Fransabank five CSR pillars

Corporate Governance

Manage the business risks, provide an ethical business environment, and protect customers' information.

Economic Development

Financial accessibility within a responsible framework, support financial investment with a positive socio-economic impact, ethical relations with customers, build long-term relationships.

Environment

Promote green investments for a responsible transition to a low-carbon economy, reduce the environmental impact of our internal operations, spread awareness to the public and share best practices.

Human Capital

Promote diversity and inclusion in the workplace, advance career development and continuous education, responsible employment management and staff engagement.

Social Commitment

Secure youth financial education and inclusion, endorse cultural and social initiatives, and reduce social inequalities via corporate philanthropy.



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; supporting companies do business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, environment and anti-corruption. It takes strategic actions to advance broader societal goals, such as the Sustainable Development Goals, while also mobilizing businesses, nongovernmental organizations, and local authorities to work together towards the achievement of the UN 2030 Agenda.



Business for Peace (B4P)

Fransabank became a signatory of the Business for Peace, in 2014, believing in its aim to expand and deepen private sector actions in support of peace - in the workplace, marketplace and local communities.



UN Women's Empowerment Principles (UNWEP)

Fransabank endorsed, in 2019, the UN Women's Empowerment Principles as part of its equal opportunities and inclusion approach, joining over 2,000 other business leaders from around the world. The Principles present seven steps that businesses and other sectors take to advance and empower women.



UN Global Compact Network Lebanon (GCNL)

Fransabank is a board member of the Global Compact Network Lebanon (GCNL) since 2017. 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.



Lebanon Climate Act (LCA)

Fransabank is a signatory to Lebanon Climate Act (LCA) initiative. 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

Sharing our knowledge and expertise with our stakeholders is key to operate with transparency and integrity. Therefore, we periodically engage in dialogues with clients, shareholders, employees as well as with regulatory authorities, business partners, non-governmental organizations and other stakeholders.

We have adopted a communication approach, which helps us build understanding with our stakeholders in order to gain correct perception and lead

to stronger relationships. By adopting precise communication means and procedures suitable to each group of stakeholders, we ensure our information is being accurately, explicitly, and timely transmitted to the concerned group.

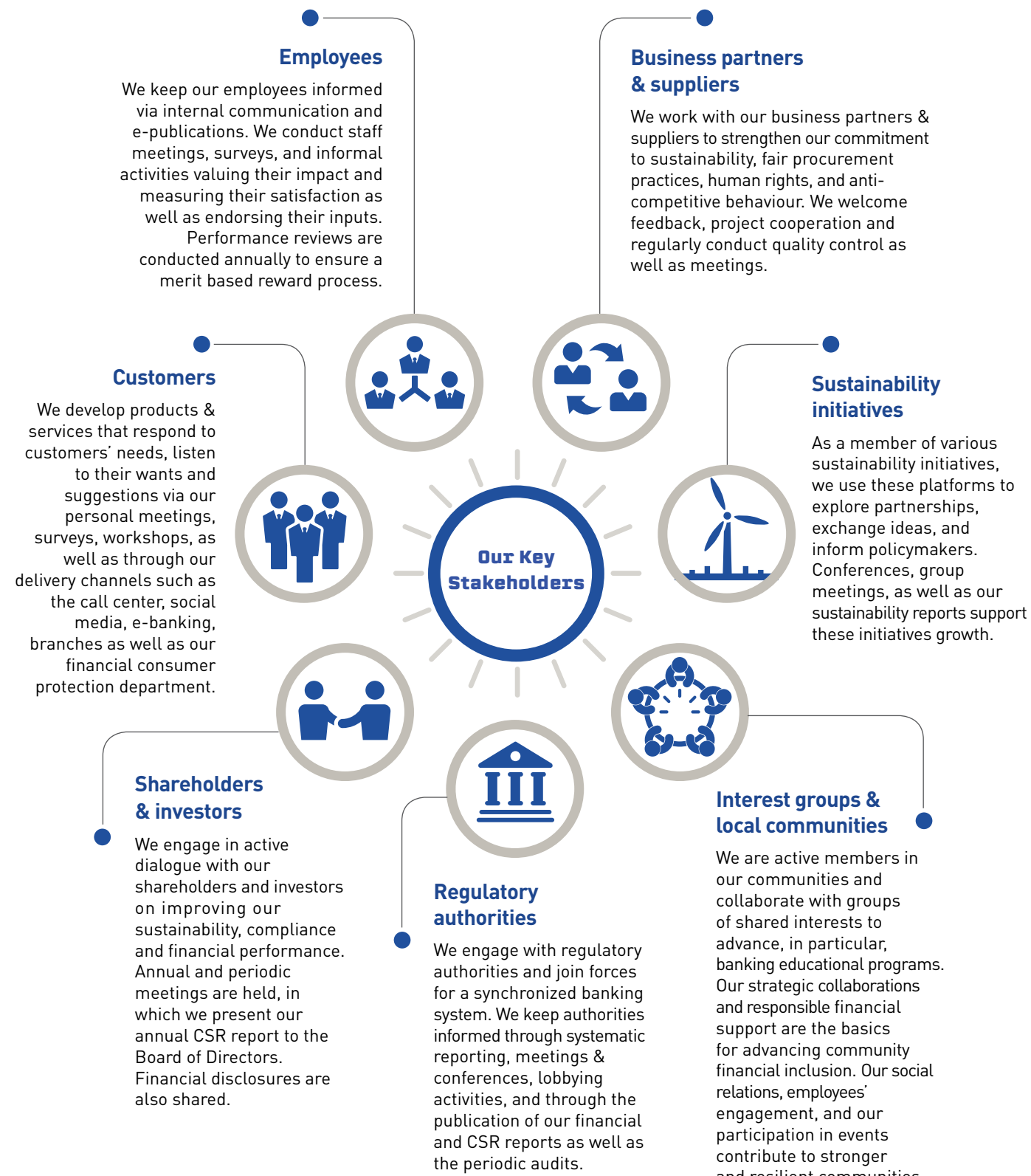
As we work on creating shared values and form long-term partnerships, we also combine our discussions with the insights we gain through our involvement in initiatives, forums and professional bodies, as well as the outcomes of our surveys. This helps us identify their interests and expectations, share

our own perceptions and so develop conceivable solutions to address current challenges. Simultaneously, this give-and-take allows us to improve our interpretation of corporate responsibilities.

Nevertheless, we encourage all stakeholders to further engage and participate in matters that affect them. Thus, our communication channels for receiving suggestions, problems, and complaints are publicly accessible to all our stakeholders, while we also welcome opinion and exchange views via one-on-one meetings.

Stakeholder engagement values

- Share our information and expertise with our stakeholders
- Operate with transparency and integrity
- Create shared value for all stakeholders and form long-term partnerships
- Encourage open dialogue and respond to constructive input and feedback.



Assessing Materiality

To guide our reporting and help identify issues that represent significant risks or opportunities for the Bank and the society, we periodically assess the materiality of economic, environmental, social and governance related topics. Over the years, our materiality assessment was based on information gathered from our customer market researches and selected employees focus groups, from meetings with internal stakeholders, as well as from discussions with external stakeholders. As a result, we review the formerly identified issues and compare them with newly raised topics (if any), which then help us update our materiality matrix.

Materiality assessment three-step process

Three-step process: identification, prioritization and review of material aspects

- 1- Identification:** We identify aspects for each stakeholder group.
- 2- Prioritization:** We evaluate each issue according to its more general social, environmental and economic impact, and then group and prioritize the issues according to relevance for both the Bank and its stakeholders.
- 3- Review:** We adjust the materiality matrix using the engagement tools outcomes; to, finally, share the matrix with our senior management for approval.

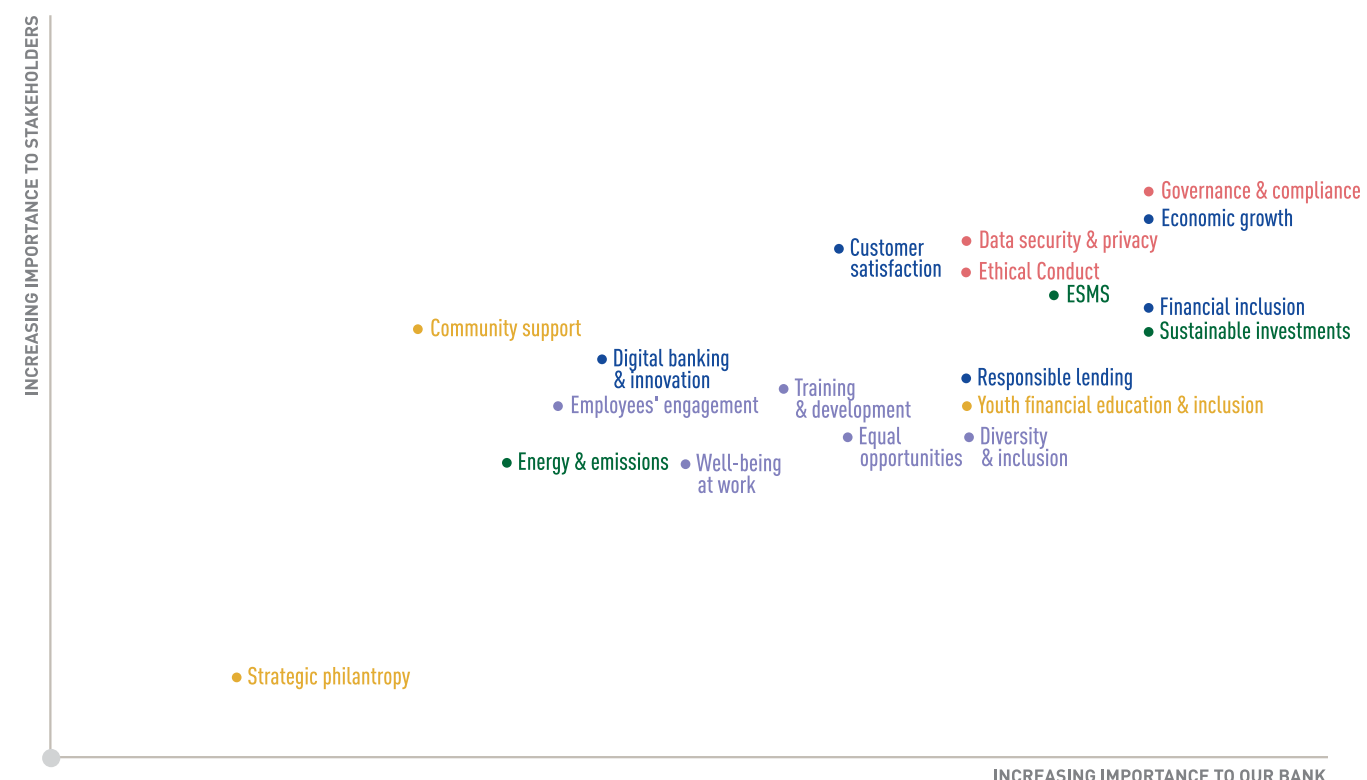
While it requires a thorough analysis to come up with an explicit list of material topics, determining their impact and boundaries is yet more challenging. Knowing that each stakeholder is differently affected depending on the material issue, we draw boundaries for each issue to identify the ones that have impact inside (employees, shareholders) and outside Fransabank (clients, society, authorities).

Impact in the chain value

	Employees	Clients	Shareholders	Society	Authorities
Governance & compliance	•	•	•		•
Data security & privacy	•	•	•		•
Ethical conduct	•	•	•	•	•
Environmental & Social Management System (ESMS)	•	•	•	•	•
Sustainable investments	•	•	•	•	•
Energy & emissions	•		•	•	•
Customer satisfaction	•	•			
Responsible lending	•	•		•	
Financial inclusion	•	•		•	
Economic growth	•	•	•	•	•
Digital banking & innovation	•	•			
Diversity & inclusion	•	•		•	
Equal opportunities	•	•			
Training & development	•	•			
Employees' engagement	•			•	
Well-being at work	•	•			
Community support				•	
Youth financial education & inclusion		•		•	
Strategic philanthropy				•	

The identified topics are recorded in the below graph, with the X-axis representing the importance level of issues to Fransabank's success, and the Y-axis the importance level to the stakeholders. The issues located on the top right corner of the graph are regarded as the most substantial for both internal and external stakeholders.

Materiality Matrix



As shown, two new topics materialized in 2019 the 'Environmental & Social Management System (ESMS)' and 'Well-being at work'. These two issues are not new to Fransabank, however, this year a greater importance was given for their advancement. Moreover, 'Sustainable investments' witnessed a slight increase in its importance on both ends,

the Bank and its stakeholders, in specific during the first three quarters of 2019. It resulted from the rising interest in green investments from different stakeholders including clients, media and regulators. Whereas in the last quarter of 2019, 'Customer satisfaction' grew in importance following the outbreak of the national economic crisis. In contrast, 'Community support'

and 'Energy & emissions' importance to business success somewhat decreased during 2019 as other topics were prioritized.

It is important to note that all issues on the matrix - regardless of where they fall - are significant to Fransabank, and are periodically reviewed and selected from a broader set of potential topics.

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.

2019... In Brief

● A compliant banking system

1,322 compliance training hours provided to 481 employees. Topics covered: Reporting standards, fraud prevention, AML and terrorist financing, professional secrecy, business ethics, sanctions requirements, customer protection...

Fransabank corporate governance and business ethics were referred to as a case study by SustainCase - London based company specialized in CSR, ESG, & sustainability

● An inclusive economy

Microcredits

USD 52.32 million allocated for the micro-financing of **25,032 micro entrepreneurs** by the end of 2019

Women entrepreneurs constitute **41%** of our active microcredits portfolio with **USD 1.69 million** granted in 2019

23% annual decrease in number of women microcredits clients

39% annual decrease in total microcredits loans value

Young entrepreneurs (18 to 30 years old) constitute **29%** of our active microcredits portfolio with **USD 1.25 million** granted in 2019

31% annual decrease in number of youth microcredits clients

46% annual decrease in total microcredits loans value

667 jobs created in 2019

4,127 jobs sustained at end of 2019

Non-performing loans ratio in 2019 : **PAR > 90 days 8.77%**

SMEs

Total SME loans (gross performing) as at end-2019 is **USD 455.87 million** with **8,537 SME Loans** given

An agreement of **USD 24 million** was signed with the EIB to support the construction of a **Green-field glass container** manufacturing plant in Lebanon. *(Project was suspended)*

Start-ups

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

● A sustainable green approach

Green Bonds

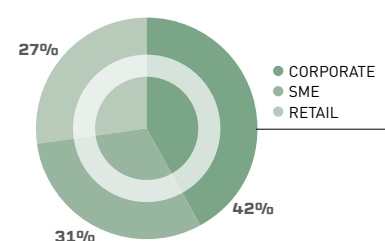
48 loans financed via **Fransabank Green Bonds** for more than **USD 44.4 million**

18,738,077 KWh/year of energy saved

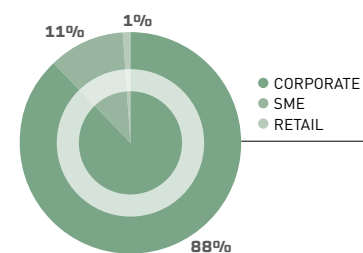
14,666 tons of CO₂ Greenhouse gas emissions reduction

Green bonds segmentation

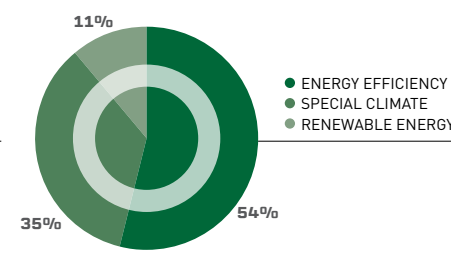
by type of loans



by amount size



loans' amount subdivision by energy field



Fransabank received the **2019 Green Bond Pioneer Award** from the Climate Bonds Initiative

Sustainable Energy Finance (SEF)

We joined LEEREFF, the EIB and AFD program of **EUR 80 million** to ensure access local SMEs to a range of investments in field of Energy Efficiency, Renewable Energy and Green Buildings.

175 SEF projects were financed with a total amount of **USD 120 million** over the past 6 years, resulting in more than **12 million KWh/year of energy saved** and **7,500 tons of CO₂ emissions reduced**

Internal green efforts

189.06 tons annual reduction of CO₂ emissions at the headquarters in 2018

(the 2019 statistics are not yet released by the Electricité du Liban)

In 2019:

65.2 tons of paper were recycled

0.84 tons of plastics were recycled

6.12 tons of electronic equipment were recycled with a 100% recycling rate

● Diversity at work

47% of employees are women

36% of senior management position are women

46% of middle management position are women

38 new employees were hired, 45% being women

66% of the workforce received specialized trainings in 2019; an average of 26 hours/employee

590 employees attended **safety measures trainings** covering a total of 1,770 hours of training

227 students joined the **2019 Summer Internship Program**

● Social contribution

USD 467,532 Total community contribution for 2019, spent:

43% on art & cultural initiatives

29% on educational initiatives

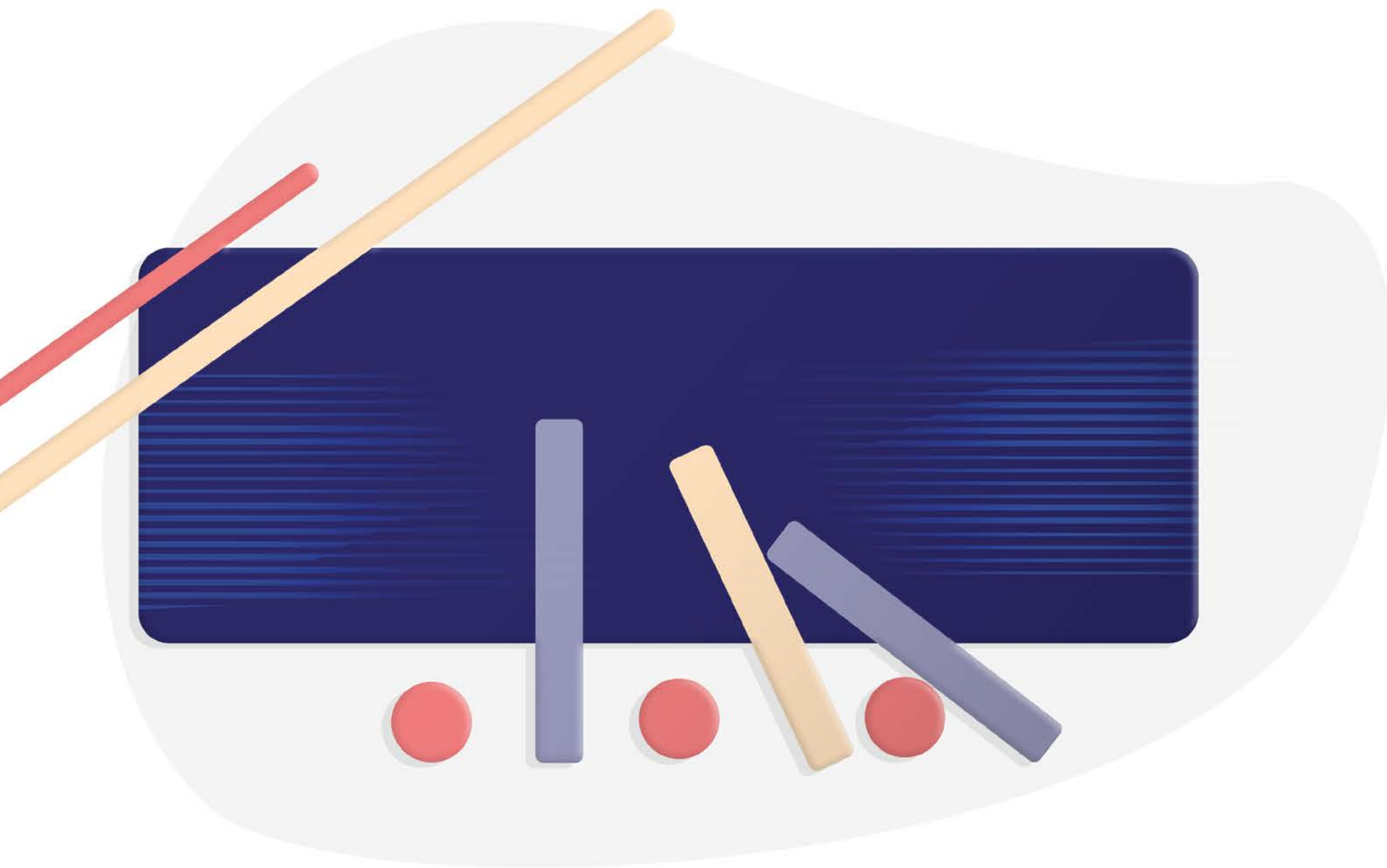
28% on social & health initiatives

1,920 students received **Fransabank Big Bank Challenge game** at end-2019

350 students attended **Fransabank Youth Day** in 2019, with a cumulative total of 726 students over the past four years

Fransabank **Banking Educational Course** was taught in four schools aiming at increasing financial awareness, reaching 131 students

Total educational loans (gross performing) as at end-2019 is **USD 21.16 million** with **1,176 Loans** given



Our responsibility in
banking

Our responsibility in banking

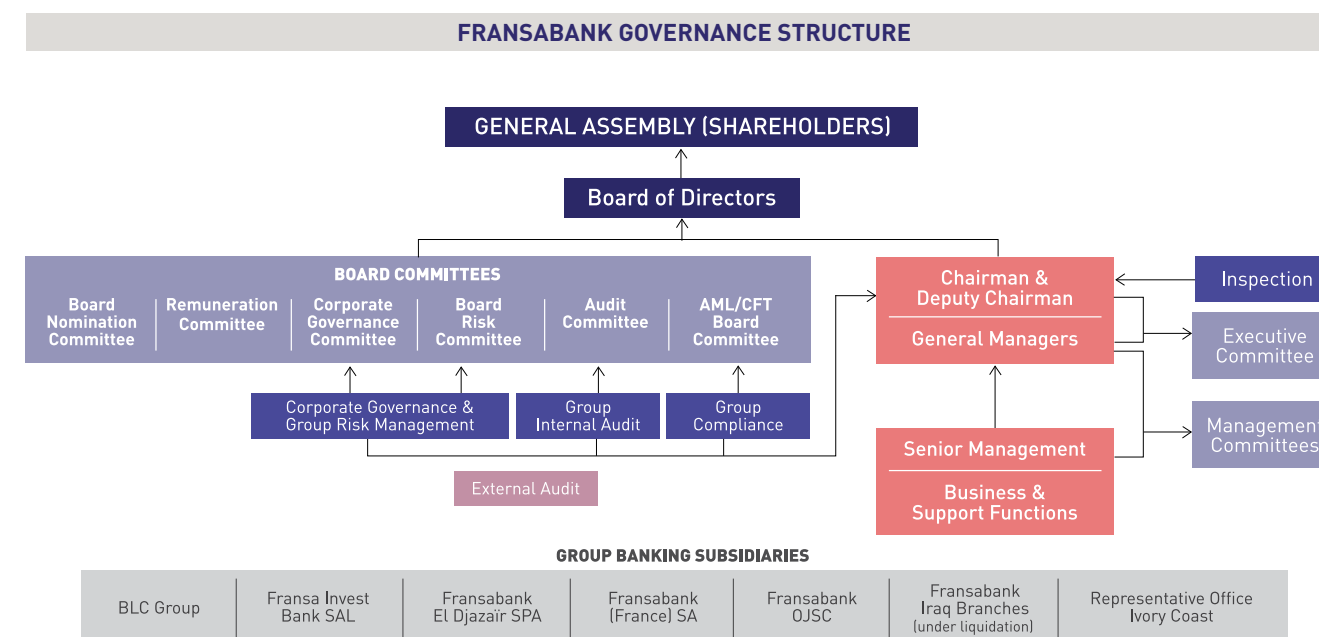
Corporate Social Responsibility focuses on corporate governance as a tool for incorporating social, environmental and ethical practices into the business decision-making process, thus benefiting all related stakeholders in a balanced way.

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 its stakeholders.

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

The Board of Directors is 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 three 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'.

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 and the Board Nomination 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

We have 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:

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

We 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.

PREVENTING MONEY LAUNDERING, FINANCING OF TERRORISM, AND CORRUPTION

Fransabank has a responsibility and a role to play in combating financial crimes, and the continued development of compliance culture will remain a priority for us.

To that effect, Fransabank has in place written policies, procedures and internal controls reasonably designed to comply with local and international rules and regulations.

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, and sanctions-related breaches of the Law.

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 on-set 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 and real-time 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 (PEPs) and offshore companies.

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 staff. In 2019, 481 employees from Fransabank SAL branches

(regional managers, branch managers, deputy branch managers, operational controllers and tellers), Heads of Departments, and Divisions completed 1,322 compliance training hours.

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.

481 employees completed

1,322 compliance training hours

Case study: How Fransabank promotes ethical business behaviour by SustainCase

It is always a pride and a pleasure when Fransabank is recognized for its business strategy and corporate responsibility endeavours.

As such, our 2018 CSR Report was pin pointed by SustainCase, a London based company specialized in CSR, ESG, and sustainability. Focusing on our corporate ethical behavior, the study highlighted Fransabank's substantial role in combating financial crime, the stakeholder engagement process and the materiality assessment exercise completed in accordance with the GRI Standards, as well as actions taken by Fransabank to promote ethical business behavior.

SustainCase is reputed for delivering business case studies globally, targeting companies working on creating a more sustainable economy, including international banks and companies from different industries.

The full case study was added to our Supplementary Information chapter, page 79. It is accessible online via: <https://bit.ly/2SfCYXd>

VALUING OUR CORPORATE CODE OF CONDUCT & PROFESSIONAL ETHICS

Our Corporate Code of Conduct & Professional Ethics provides employees with guidance on Fransabank's requirement for professionalism and far-sighted behaviour. It ensures business ethics, transparency, as well as a range of criteria that go over and above financial considerations. Our Code of Conduct includes information and guidance on how employees are expected to behave and take personal accountability for making decisions. Thus, all employees have, all-year-round, access to Fransabank's Corporate Code of Conduct & Professional Ethics as well to its Human Rights Policy, which are shared on our internal communication system.

In parallel, we also encourage our people to speak up and raise their concern about misconduct, corrupt behavior or irregularities. Accordingly, whistleblowing is a core element of raising concerns. Matters could relate to a number of points, such as a breach in our security, inappropriate conduct, financial crime, harassment, well-being, environmental risks, or whatever thing that could do harm to the reputation of the Bank.

We ensure anonymity measures are in place to reassure employees and facilitate misbehavior reporting without fear of retaliation. Certainly, we take a zero-tolerance approach to bribery and corruption. These are our ground rules for protecting our reputation, safeguarding shareholders' trust, reducing risks, and securing our assets. Protecting whistleblowers reinforces a core principle at Fransabank, which states that every employee is responsible and has 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.

HUMAN RIGHTS

The banking sector can serve as a multiplier for human rights by laying down human rights expectations for the companies invested in, for its customers as well as for its working force. Accordingly, we, at Fransabank, recognize the importance of keeping up with international standards and best practices that endorse responsible business conduct, such as the Universal Declaration of Human Rights and the UN Global Compact with its 10 Principles, mainly, in the areas of human rights and labour standards. Similarly, we abide by local agreements and laws such as the Lebanese Labour Law and the Collective Labour Agreement.

Our Code of Conduct and Professional Ethics as well as the employee handbook, reflect our strong conviction in advocating human rights. We express our support through our employment policies and practices, community engagement, internal culture, products and services, as well as, to the most possible extent, via our supply chain and clients. Yet, as we expect our clients, business partners and suppliers to also abide by these laws; it is still challenging and difficult to monitor noting that Lebanon lacks sufficient data in this matter.

An outline of our Human Rights Policy is available on page 78; the full document is accessible online via our corporate website.

CUSTOMERS' INFORMATION PROTECTION

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.

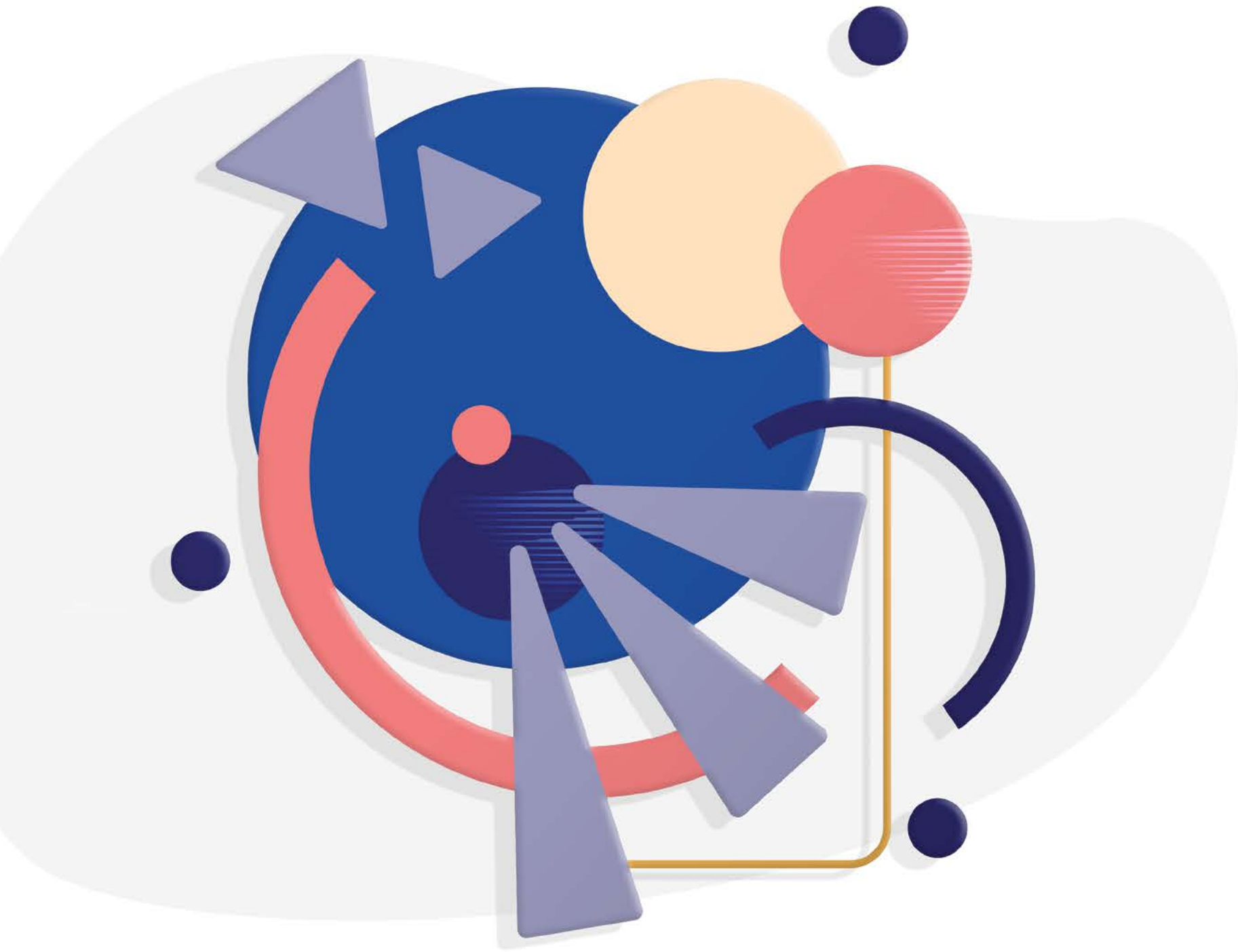
Concurrently, international regulations, namely General Data Protection Regulation (GDPR) and local laws enforced the protection of the privacy of personal information and imposing new security measures in this respect. Related policies and measures were put in place in order to cope with the new challenges. Fransabank adopted a two-fold strategy to combat cyber-attacks, enhancing internal controls/measures, by getting the utmost benefits from the SIEM solution in place and collaborating with an internationally renowned company for threat intelligence. This enabled us to be proactive in combating cybercrime by promoting proper monitoring on our technological platforms,

hence to react swiftly to any malicious activity and to adjust our security strategies according to upcoming threats.

As far as the Business Continuity is concerned, Fransabank, since the second quarter of 2019, changed its strategy from one centralized disaster site hosting all critical functions outside the Head Office, to decentralized disaster recovery sites in different regions in Lebanon. In fact, this approach proved to be effective due to the closing of the roads that followed the events of October 2019.

So immediately, different sites were prepared and used in order to continue business and provide the needed services to our customers. The main objective of Fransabank is to adopt a flexible strategy with respect to Business Continuity in order to cater for unpredictable scenarios and circumstances Lebanon may be facing in the future.





Our responsibility for the
economy

Our responsibility for the economy

Fransabank has been part of the Lebanese financial system for almost a century acting as a leading employer and provider of financial services across all segments of the economy. Our pledge to support our national economy is ongoing as we collaborate with local and international partners and stakeholders.

FINANCIAL INCLUSION

Despite a challenging economic and financial environment, our commitment to SDG 8 on Decent Work and Economic Growth is still at the center of our operations, believing in the necessity for adequate access to financial services. Accordingly, our financial inclusion strategy tackles micro businesses, Small and Medium Enterprises (SMEs) as well as Start-ups focusing on the availability and equality of opportunities to access financial services.

Microfinance

Fransabank has been a leader in the field of financial inclusion and microfinance in particular. By the end of 2019, more than USD 52.32 million of assets were used for the financing of over 25,032 micro entrepreneurs. In 2019 alone, we had 1,274 micro credits beneficiaries

(58% decrease as compared to the year 2018) who benefited from a total total amount of microcredit loans of USD 4.53 million. *The drop in numbers of beneficiaries is due to the distressing economic conditions prevailing in the country.*

Yet, in addition to capital, micro enterprises also need talent and knowledge to be able to expand their businesses in a sustainable manner. Our microfinance program is designed to strengthen the capacity of these entrepreneurs so that they can not only meet their financial needs but also generate sustainable businesses within their communities. Here, the focus is on attracting and securing grants to unbanked people, mainly in remote areas, as well as the provision of financial services tailored specifically to women. In 2019, we continued to support female entrepreneurship; yet, we still have a long way to go when it comes to unleashing their true potential and providing equal opportunities for all.

In view of that, we have been working with Vitas since 2007, a pioneering microcredit institution in Lebanon with regional and international outreach, focusing on women, youth, and rural-based businesses.

Our long-term partnership is central in securing a specialized workforce as well as a widespread

physical network especially when dealing with secluded areas. With aligned visions, Vitas helps us connect with clients across Lebanon having the advantage of a gained trust among rural customers through their microfinance work, while we offer the necessary financial resources, expertise and assistance.

USD 52.32 million were used for the financing of over **25,032 micro entrepreneurs**, as of end 2019

Microcredits highlights | 2019

1,274 Total number of microcredit beneficiaries
3,011 microcredit beneficiaries in 2018 | 2,829 microcredit beneficiaries in 2017

41% Female beneficiaries (out of the 3,151 active clients as of end 2019)

USD 4.5 million Total disbursed amount of microcredits in 2019
USD 7.36 million disbursed amount in 2018
USD 5.86 million disbursed amount in 2017

667 Number of jobs created*
1,562 jobs created in 2018 | 1,473 jobs created in 2017

4,127 Number of jobs sustained
5,347 jobs sustained in 2018 | 5,258 jobs sustained in 2017

**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.*

Non-performing loan ratio

8.77% PAR > 90 days
1.45% in 2018
1.95% in 2017

Amount disbursed as per age brackets

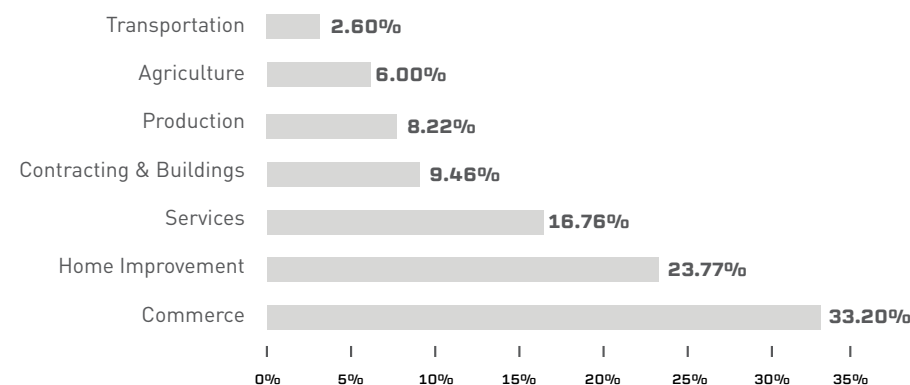
USD 1.93 million Between 18 to 35
USD 1.66 million for beneficiaries between 36 to 50
USD 942,430 for beneficiaries above 50

Percentage of beneficiaries as per age brackets

43.51% Between 18 to 35
34.05% of beneficiaries between 36 to 50
22.44% of beneficiaries above 50



Microcredits beneficiaries' sectors distribution | 2019



Youth & Women Microcredit Beneficiaries | 2019

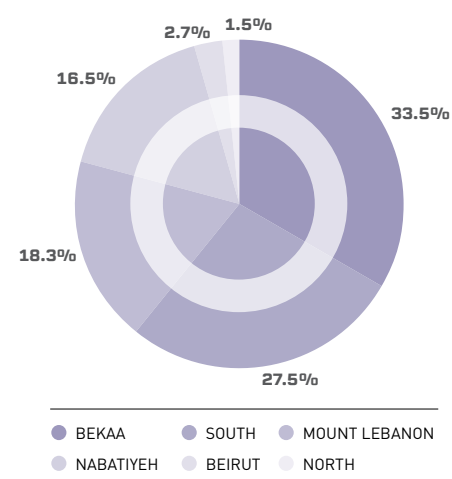
We identified the youth segment as microcredit clients whose age is between 18 and 30 years old.

914 youth clients (29% of our active microcredit portfolio) benefited from the microcredits program in 2019, for a total amount of USD 1.25 million. 98% of loan amounts reached up to USD 7,000; whereas, only 2% of loans reached up to USD 20,000. Annual growth rate of clients' portfolio was negative with a 31% decrease in numbers of young clients and a 46% decline in the total value of microcredit loans.

31% annual decrease in number of youth microcredit clients

46% annual decrease in total microcredit loans value

Youth beneficiaries distribution by region | 2019

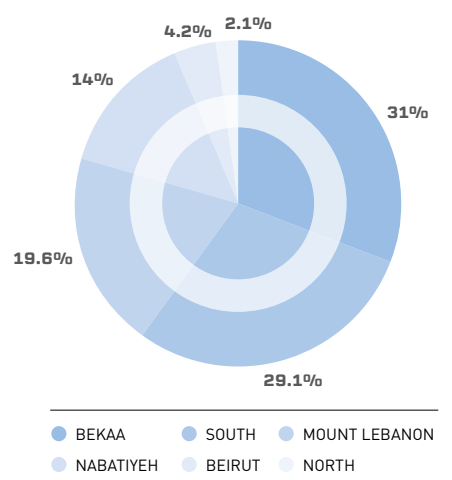


1,291 women (41% of our active microcredit portfolio) benefited from the microcredits program in 2019, for a total amount of USD 1.69 million. 98% of loan amounts reached up to USD 7,000; whereas, only 2% of loans reached up to USD 20,000, same as for the youth category. The women clients' portfolio regressed by 23% in numbers of women clients and by 39% in the total value of loans.

23% annual decrease in number of women microcredit clients

39% annual decrease in total microcredit loans value

Women beneficiaries distribution by region | 2019



Financing Small and Medium-sized Enterprises (SMEs)

The majority of local businesses in Lebanon are Small and Medium-sized Enterprises (SMEs) that commonly have no direct access to funding and so are often reliant on bank advances to grow. One of our goals is to support these businesses with a reasonable, competitive and risk-adjusted lending strategy. We are committed to providing Fransabank SME clients with individual assistance and support to help them run their companies effectively.

Fransabank's total SME loans (gross performing) as at end-2019 reached USD 455.87 million, with 8,537 SME loans given.

However, one cannot disregard the precarious economy Lebanon is currently facing, which inevitably led to a recessionary SME activity, as reflected in the 2019 portfolio outcome. Yet, it is indeed crucial in a country passing through hard financial times, like Lebanon, to know that, the more SME lending success stories we have, the better their prospects at modest prosperity.

Fransabank to finance the construction of the first glass container manufacturing plant in Lebanon

Supporting rural and socio-economic development by focusing on job creation, financial inclusion, and sustainable economies, we signed, in September 2019, with the European Investment Bank (EIB) a financing agreement of USD 24 million to support the construction of a Greenfield glass container manufacturing plant in Lebanon. The EIB financing comes in the context of its Economic Resilience Initiative (ERI). The project's projections would include the creation of around 620 jobs in Lebanese rural area, while supporting the diversification of the economy towards manufacturing. It would restore the former glass container production industry, a key element for the Lebanese agro-industry value chain. This landmark project is meant to alleviate reliance on imports and strengthen local production, a much-needed action for the local economy.

SMEs & Lebanese entrepreneurship challenges

Lebanese entrepreneurship is an essential lever for economic development and the fight against unemployment. However, several challenges impede the development of Lebanese entrepreneurs and SME owners to the next stages of evolution:

- Lebanese entrepreneurs have shown relatively limited readiness to institutionalization and preparedness for transition from the model of owner-manager run businesses to long-term sustainable organizations with professional management.
- Lebanese SMEs have significant hereditary and a family-centered approach to owning and managing businesses. Moreover, business owners often value unrestricted control over their companies more than they do higher profits and finding the least expensive form of finance (e.g., cheaper capital in the stock market). As such, many SMEs keep their capital based closed and remain forever small family-run businesses rather than large family-owned corporations.
- Lebanon's track record of SMEs indicates a low participation of women in SME leadership positions. Women entrepreneurship in Lebanon tends to peak between the ages of 35-44, a full decade after men.

Source: Lebanon SME Strategy a Roadmap to 2020, <https://www.undp.org>

Micro and SME selection criteria:

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

	From an annual turnover perspective	From an employee count perspective
Micro	LBP 500 million	10
Small	LBP 5 billion	50
Medium	LBP 25 billion	100

The definition assumes that an enterprise must meet both turnover and employee thresholds in order to be considered in a particular category. For instance, a medium enterprise should simultaneously have between 50 and 100 employees and an annual turnover between LBP 5 and 25 billion. Exceeding either of these thresholds would lead to recognizing enterprises in the next category. Adopting this definition, SMEs in Lebanon constitute ~93-95% of the population of enterprises in the country.

Source: Central Bank of Lebanon

The Lebanese start-up ecosystem

As an extension to our commitment to the UN Sustainable Development Goals (SDGs), Fransabank along with its investment arm, Fransa Invest Bank, has been using their financial resources and experience to enable purpose-driven start-ups increase their impact on society.

Since the Central Bank of Lebanon introduced its Circular

331, whereby Lebanese banks are encouraged to invest in innovative start-ups in the Lebanese knowledge economy, we have been engaging with partners in a collaborative effort to help start-ups grow their businesses. Noting that the Lebanese start-up ecosystem is expanding and many companies are already making a difference

locally, regionally and even for some at the international level.

Accordingly, we 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 commitments through VC funds

Lebanon Seed Fund Sal Holding

Targets seed and early stage investments in Lebanon, providing a Launchpad to help develop viable companies in a short period of time through seed funding, strategic mentorship, and business training.

Fund size:	USD 13.5 million
Our commitment:	Fransabank SAL: USD 750,000 Fransa Invest Bank SAL: USD 250,000
2019 commitment:	USD 5 million were invested in 33 companies mainly in SaaS, on demand marketplace, fintech, greentech and education tech.

Broadgate Y Ventures Partners

Targets the gap in the Lebanese eco-system by aiming at seed and early stages start-ups in Lebanon and abroad.

Fund size:	USD 46 million
Our commitment:	Fransabank SAL: USD 2,000,000 Fransa Invest Bank SAL: USD 300,000
2019 commitment:	USD 33 million were invested in 41 companies mainly in enterprise software, on demand / sharing economy, fintech, ecommerce, healthcare, and cybersecurity.

Cedar Mundi Fund

Targets the different stages of the ecosystem and provides access to a club of renowned professionals in the industries invested in.

Fund size:	USD 40 million
Our commitment:	Fransabank SAL: USD 3,500,000 Fransa Invest Bank SAL: USD 500,000
2019 commitment:	USD 29.85 million were invested in ecommerce consumer products, supply chain, telecommunications, augmented reality, healthcare and education.

Impact Fund

Focuses on consumer technology products and services, consumer retail products and services and enterprise software.

Fund size:	USD 70 million
Our commitment:	Fransabank SAL: USD 5,000,000 Fransa Invest Bank SAL: USD 500,000
2019 commitment:	Circa USD 61.9 million were invested in companies, mainly in the sectors of online payments, travel software, gaming, mobile, ecommerce and web infrastructure, data management.

Leap Ventures

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.

Fund size:	USD 79.1 million
Our commitment:	Fransabank SAL: USD 6,000,000 Fransa Invest Bank SAL: USD 1,000,000
2019 commitment:	USD 59.75 million were invested in companies, mainly in the field of energy management, Fintech, mobile vas, cyber security and artificial intelligence.

Berytech Fund II

Capitalizes in early and formative stage start-ups with proven innovation levels and technology disruptions covering the ICT sector as well as other knowledge based and creative industries (such as energy, creative and fashion design).

Fund size:	USD 51.5 million
Our commitment:	Fransabank SAL USD 3,000,000
2019 commitment:	Circa USD 45 million were invested in digital media, industrial design, fashion, banking solutions and ICT.



Lebanese start-ups network challenges

While recruitment, access to capital and adoption of best practice tools are the main straightforward challenges for growing start-ups; other challenges specific to purpose-driven start-ups were also identified as key components for the network's development:

- These start-ups require access to specialized mentors and experts, but moreover, they need an ecosystem of interacting businesses.
- Greatly motivated to solving society's problems, impact driven start-ups are focused on their social contribution rather than by purely commercial goals. Thus, some also struggle to find the right way of turning their ideas into a sustainable business.



CUSTOMER EXPERIENCE

Understanding customers' need and providing the needed and expected products and services within the most simple, clear, and efficient means is crucial for an advantageous customer satisfaction. Moreover, follow-ups and continuous communication is as important for long-term relations.

Complaints resolution

As part of our accountability towards Fransabank's clients, we 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.

Dealing with customer experience and complaints in 2019 was quiet challenging, especially during the last quarter of the year. Negative sentiments stirred up following the economic crisis and uprisings that have resulted in some sort of general dissatisfaction vis-à-vis the Lebanese banking sector. The decline in satisfaction was mostly the result of imposed restrictions on banking transactions, especially in foreign currency.

We recognize the impact the national socio-economic crisis had on customer loyalty and satisfaction, and are aware that there is no quick fix to the situation. Thus, monitoring and building up customer experience at all touch points will continue to be a priority for us.

Digital accessibility

The number of our web banking users witnessed an increase of 11% in 2019. However, web transactions decreased by

3%, knowing that the banking restrictions, which resulted from the financial crisis in the last quarter of 2019, negatively affected the growth trends for online banking operations.

Meanwhile, banking transactions via Fransabank Mobile Application increased largely by 75% over the year 2019 with the launch of an updated version of our mobile application, reaching 67,734 users by end of 2019. The number of transactions via ATMs increased by 11% from 7,114,817 transactions in 2018 to 7,910,601 transactions in 2019; noting that some of our ATMs had been upgraded to include the cash and deposit services.

The growth in number of online users is an indicator of customers' behavioral change. People are becoming more familiar with remote and online instant access to banking services. Yet, some customer groups are less comfortable with digitalization or have special requirements; so, they still prefer to conduct their banking transactions via our large network of branches and call center. As such:

- The number of transactions executed at branches decreased by 11%, from 5,750,000 transactions in 2018 to 5,195,000 transactions in 2019. However, the number of transactions at physical branches was relatively high, as a result of the bank run we experienced, in the last quarter of 2019. Customers' visits to branches became more frequent with most of them visiting the branch once per week and in some cases once per day to execute regular banking transactions; thus, causing the number of physical visits to increase. This behavior was due to the exceptional

banking restrictions on cash withdrawals and transfers in foreign currency.

- The number of incoming calls via our call center increased by 17% from 147,302 calls in 2018 to 178,630 calls in 2019, and the number of outbound calls increased by 52% from 86,282 calls in 2018 to 161,220 in 2019. The rise in outbound calls was due to the implementation of the customers' data cleansing project.

Moreover, our social media platforms have been very active, for the first three quarters of 2019, keeping our clients well informed, by sharing financial highlights, achievements, initiatives, awareness campaigns, as well as products and services promotions, our social media pages reached:

- 8,729 followers on LinkedIn account, an increase of 20% from 2018,
- 1,023 followers on Twitter account, an increase of 19% from 2018,
- 3,819 followers on Instagram page, an increase of 31% from 2018, and
- 135,491 fans on Facebook page, a slight increase of 1% from 2018.

In addition, 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. It is also worth mentioning that our ATMs are equipped with braille keyboards to help visually impaired customers have access to our ATMs.

E-banking highlights | 2019

Users of web banking

71,524 total number of web banking users **11%** annual increase in web banking users

17,104 total number of web banking transactions **3%** annual decrease in web banking transactions

Users of web banking by age

42% of users are between 31 to 45
 4% of users are below 18
 24% of users are between 46 and 60
 19% of users are between 18 and 30
 11% of users are above 50

Users of web banking by gender

68% Male **32%** Female

Users of mobile banking application

24,424 total number of mobile banking app users

67,734 total number of mobile banking app transactions

75% annual increase in mobile banking app transactions

Call center & ATMs

17% annual increase in call center inbound calls

52% annual increase in call center outbound calls

11% annual increase in ATM transactions

Settling taxes online

Fransabank has supported the Lebanese public sector in the establishment of an e-government, helping in reducing therefore administrative and financial bureaucracy. After introducing, in the previous years, an e-taxation system in collaboration with the Lebanese Ministry of Finance, allowing cardholders to pay their water subscription fees online, and the e-payment of membership fees for the Syndicate of Engineers and Architects in Beirut, clients can now also settle the Ministry of Finance taxes directly from their bank account while also tracking their payments status.

Rewarding customers

Apart from providing the banking products and services, we recognize the importance of rewarding our customers, especially loyal and well-performing ones. Therefore, Fransabank continuously propose to its clients promotional campaigns, spending rewards, as well as special deals with selected partners. The latter are well chosen to meet our clients' preferences. For instance, our youth clients can benefit from special discounts at restaurants, bookshops, retailers, taxi companies among others. In the first three quarters of 2019, our spending campaigns deals covered debit and credit cards and the rewards included travel packages, wellness experiences, as well as our ongoing cashback program.

Responsible marketing

Communication, regardless of the channel and the customer, should be open, truthful, and unambiguous showing no discriminating messages or visuals. In view of that, we market

our products with a transparency of information, thus, empowering consumers to make good financial decisions. Fransabank marketing materials are periodically reviewed to ensure that products information are updated, their features are clearly listed and explained, and are in compliance with applicable laws as per the Central Bank of Lebanon Circular 134.

On a side note, Fransabank sponsored a TV program entitled "اشترى لبناني", meaning 'Buy Lebanese', with the objective of shedding light on several Lebanese industries and businesses that play a crucial role in contributing to the increase of employment opportunities, the development of the Lebanese private sector and so contributing to the growth of the national economy.

Research studies and publications

Fransabank Center for Economic Studies is part of our in-house think-tank. Through its researches, our team reflects upon the economic developments that have an impact within and beyond the financial sector. It publishes, on a quarterly basis, studies on emerging topics. In 2019, it released the following studies:

- Financial technology in the Lebanese banking sector;
- A practical framework for public deficit and debt reduction in Lebanon;
- Food sufficiency in Lebanon: current and future trends.

The above studies are part of our Economic Bulletin published four times per year in both Arabic and English languages. While reporting on Lebanon's macro economy performance, monetary and fiscal news update, it also covers our "Beirut Traders Association (BTA) – Fransabank

Retail Index". The latter is prepared in collaboration with the Beirut Traders Association, and 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.

In 2019, we stopped publishing the hard copy version of our economic bulletin and shifted to an online version dispatched via emails and upon subscription request through our corporate website.

SUPPLIERS' MANAGEMENT

Responsible sourcing and collaboration with our suppliers is part of our value-chain approach to embedding environmental, social and governance considerations. Supplier selection is based on assessment of price, quality and sustainability performance. The sustainability requirements for suppliers are defined in the suppliers' course of action guidelines that includes specific environmental demands and labour rights points. In addition, we set specific environmental requirements for selected products and services such as office supplies, paper, merchandise, hardware, among others.

Nevertheless, our continuous efforts to select the most responsible suppliers face several challenges especially when dealing with various suppliers coming from different sectors. Trying our best, we rely on awareness as a tool to help consolidate the process for screening and on promoting ethical and environmental standards.

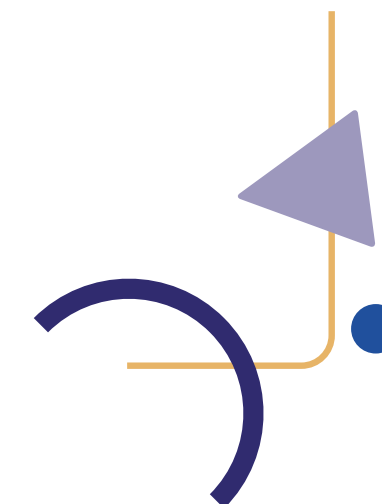
Furthermore, the large majority of our spending is done through local suppliers. For instance, on the hardware side ATMs, computers, servers, security equipment purchase and installation are all done through local suppliers that are authorized resellers of the international vendors. On the software side, as well, all the contracts are signed with local partners. Only very minor cases representing less than 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.



The China Lebanon Investment Forum in Beirut

Within our aim at improving commercial and trade ties between Lebanon and China, we held, in 2019, the China Lebanon Investment Forum in Beirut in cooperation with the China Council for the Promotion of International Trade (CCPIT).

As a result, two Memorandums of Understanding were signed between the CCPIT and Lebanese officials for the promotion of Chinese investments in Lebanon's industrial zones and the creation of the China Arab Arbitration Center. These efforts are part of a roadmap for future cooperation between Lebanon and China on various levels.





Our responsibility for the
environment

Our responsibility for the environment

As the world is moving towards a zero-carbon economy and with our conviction in the urgent need to act, we, at Fransabank, have been contributing to sustainability via our core business activities. Accordingly, we finance energy transition and help individuals as well as businesses adopt environmentally friendly solutions; while also monitoring our internal operations and gradually adjusting our impact via our environmental management setup.

SUSTAINABLE FINANCING

Integrating sustainable financing depths in our core business activities has gained the support of our partners, investors, and societies, and has proved to be a successful vision based on four main elements: an all-inclusive Sustainable Energy Finance program, a fully developed Environmental and Social Management System, internal resource and waste management, and a comprehensive sustainability awareness scheme targeting all stakeholders.

Moreover, with financing requirements of USD 90 trillion in sustainable infrastructure by 2030 to meet the Paris climate agreement, and an estimated USD 5-7 trillion of annual investment required in developing countries to meet the United Nations Sustainable Development Goals (SDGs) by 2030, there is

growing demand and opportunities for the financial sector to act as an intermediary and develop products for both investors and borrowers.

Green bonds

Fransabank's sustainable finance strategy includes the issuance of green bonds - debt instruments whose proceeds are used exclusively for projects with positive environmental impact. We were the first and only Bank in Lebanon and the Levant region to have launched green bonds in 2018. International finance institutions such as the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) invested respectively USD 45 million and USD 15 million in Fransabank Green Bonds - series 1; while this operation was part of a larger three years USD 150 million green bonds program.

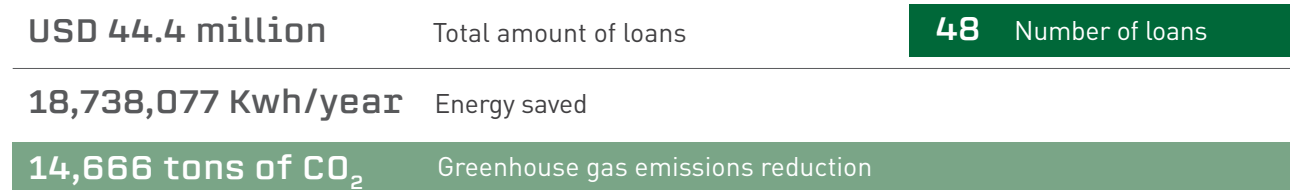
In 2019, and despite the slow economic situation, the market reacted positively, in the first nine months of the year, with more companies seeing the potential that issuing green bonds offers for attracting new investors. Since the issuance of our green bonds in April 2018, we have financed 48 loans for more than USD 44.4 million (out of the USD 60 million). Aiming at

supporting the transformation to a greener Lebanese economy in several sectors, including industry, manufacturing, universities and schools, we believe that green bonds will remain a valuable and attractive means of financing green projects. On the long-term, demand for green bonds will grow, as we are confident that the idea of a green fixed-income product will gain further traction

with environmental issues taking the frontline.

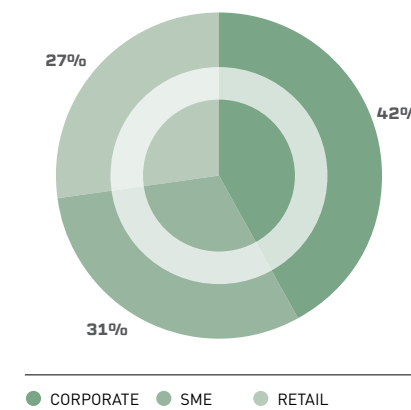
In addition, we were proud to receive the 2019 Green Bond Pioneer Award from the Climate Bonds Initiative, in partnership with the London Stock Exchange Group, in March 2019, as an acknowledgement for our ongoing commitment to sustainable finance and awareness making to environmental challenges.

Green Bonds highlights | at end of 2019

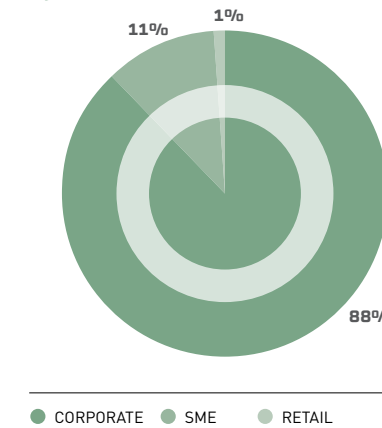


Green bonds segmentation

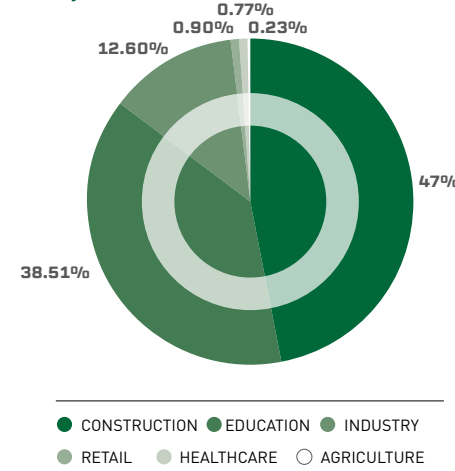
by type of loans



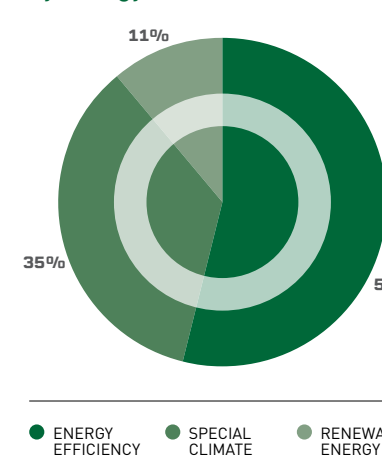
by amount size



loans' amount subdivision by sector



loans' amount subdivision by energy field



Fransabank received the **2019 Green Bond Pioneer Award** from the Climate Bonds Initiative in March 2019

While our main focus during 2019 was on stimulating our green bonds, Fransabank Sustainable Energy Finance (SEF) initiative which supported various sectors (industry, restaurants, hospitals, universities and schools...) and project types (renewable, energy efficiency, water projects, environmental, solid waste, biomass, and geothermal...) in their shift towards a low-carbon economy consists of a portfolio of 175 projects for a total invested amount of USD 120 million at end of year 2019.

Summarizing Fransabank efforts in instilling a green culture: challenges and opportunities

Faced challenges

Redefining the corporate culture Change is never easy. Most of us – whether bankers, investors, customers or employees – feel the need to test on the needed hypothetical short-term sacrifices before truly shifting to a greener economy. Therefore, our employees’ knowledge in sustainable energy fields had to be developed through extensive training sessions, sharing and exchanging best practices with international development banks, in order to transform the traditional way of doing business.

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, some energy assessments were offered for free to help customers identify areas of concern and analyze the best ways to improve the productivity and efficiency of their business.

Sound ecosystem We worked on closing the loop for the green market in Lebanon. Thus, we developed a sound ecosystem and created partnerships with all players in the sustainable energy field 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.

Grabbed opportunities

Business objectives Targeting various economic sectors (factories, restaurants, petrol stations, agriculture, and construction), universities and schools, as well as individuals, many success stories have been achieved. Fransabank SEF initiative was recognized as a replicable success story by the IFC and was presented in international conferences as a best practice.

Series of MoUs Several Memorandums of Understanding were signed for extensive cooperation to fight climate change, create general awareness and finance energy projects; these include: petrol stations, university, the Chamber of Commerce, Industry and Agriculture of Tripoli, the Green School Certification Program, the Association of Lebanese Industrialists, Lebanon Water Project funded by the USAID, and the Ministry of Industry.

“IFC and Fransabank have worked together over the past six years to build Fransabank’s SEF portfolio and encourage financing of renewable energy projects across Lebanon.”

Mr. Riadh Naouar, Manager for Financial Institutions Group in the MENA, IFC

Besides, over the past six years, the IFC has been helping Fransabank scale up its support to businesses that are looking to adopt renewable and energy efficient technologies and ultimately mitigate climate change by acting as an advisor as well as a creditor. Working together to build Fransabank’s SEF portfolio and encourage financing of renewable energy projects across Lebanon, we saved more than 23 million Kwhe/year of energy and reduced

17,000 tons of CO₂ emissions by financing 175 projects in industries, health, education, agriculture and other sectors of the economy. It is worth noting that the advisory agreement has the most significant impact, as it helps us convince clients, change cultures, and challenge the ecosystem. Without judicious advisory, funding cannot reach bankable projects and help clients reduce costs and improve productivity by adopting clean energy technologies.

Green investments for small and medium enterprises

Supporting the Lebanon Energy Efficiency and Renewable Energy Finance Facility – LEEREFF, Fransabank joined, in July 2019, along with five other Lebanese banks, the European Investment Bank (EIB) and Agence Française de Développement (AFD) program aiming at ensuring for local SMEs the development of a range of investments in the field of Energy Efficiency, Renewable Energy and Green Buildings. The extended credit line of EUR 80 million is subsidized by the Central Bank of Lebanon with a low 2% interest rate. To guarantee that the energy savings pay for the investment in the shortest possible time, SMEs are also offered the complementary technical support of LEEREFF team, funded by European Union (EU). A targeted training was completed by our relationship officers in corporate, SMEs as well as regional management and branches on the eligibility criteria and procedures of such loans.



Environmental & Social Management System (ESMS)

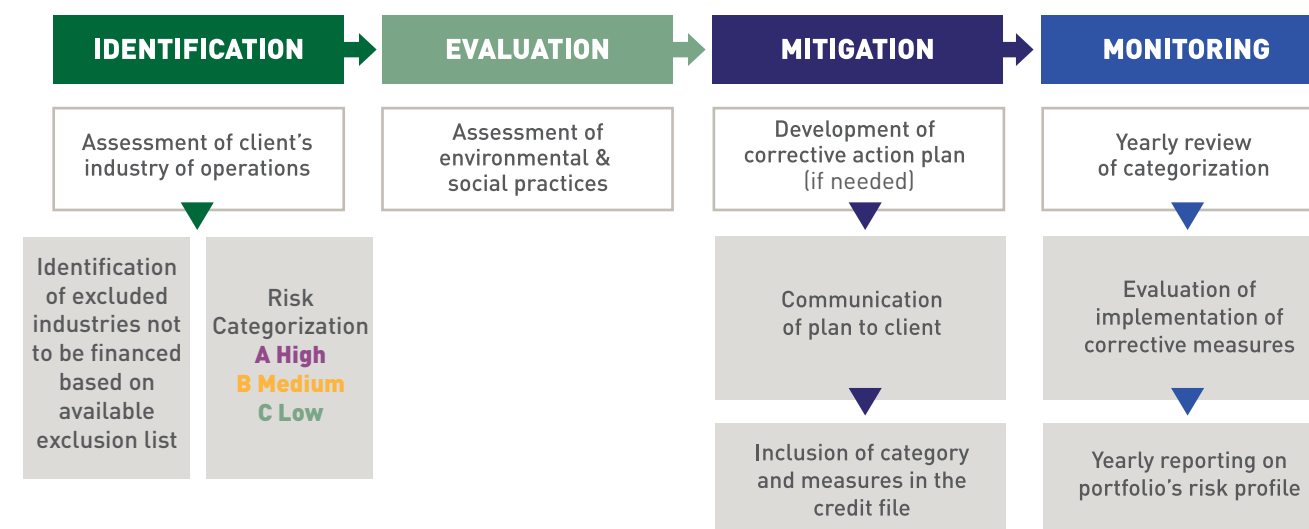
Fransabank was among the first banks in Lebanon to integrate an Environmental and Social Management System (ESMS) into its lending process. Its implementation required building a framework that allows us to make sure that access to financial resources is paralleled with environmental stewardship and social justice, 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 objective of ESMS is to support our Bank in the implementation of its sustainability strategy through identifying and managing the Environmental and Social risks of clients’ operations through the following stages:

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

ESMS Procedure

The ESMS procedure can be schematized as follows:



The types of projects are categorized depending on their industry/sector as follows:

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

Therefore, 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, labour-working conditions, pollution prevention, community health safety, conservation of biodiversity...) we put in place a corrective action plan for clients when needed. This will urge clients to identify practices hindering Environmental and Social sustainability, and take action towards reforming these practices, embracing clean production and sound environmental management, for overall improvement of environmental stewardship across the country.

Additionally, Fransabank abides by the IFC and EBRD exclusion lists whereby we commit to

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

We firmly believe that ESMS 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.

Status of ESMS implementation in 2019

The ESMS procedure was approved by our senior management, and developed and adopted at Fransabank early 2016. Its implementation was segregated into phases, whereby our Bank's green portfolio has been categorized into projects. In 2019, more than half of Fransabank portfolio was reviewed and categorized as follows:

- 27% of projects as high environmental and social risk,
- 34% of projects as medium environmental and social risk,
- 39% of projects as low environmental and social risk.

73% of the files reviewed were developed by large companies and 27% of the files reviewed were initiated by small and medium enterprises.

Sustainable energy finance solutions for industrialists

More than 100 industrialists, clients, suppliers and consultants from the industry and energy sectors attended, in February 2019, two workshops and seminars organized by Fransabank that stressed on how working in a sustainable way "makes good business sense" to the consumer and how much it reduces cost. The workshops aimed at finding sustainable energy finance solutions

for industrialists and helping them become more innovative as well as more productive while respecting the environment and conveying a positive image of the local production. Sessions were held in cooperation with the Ministry of Industry, the Association of Lebanese Industrialists, the IFC and the Lebanese Center for Energy Conservation. Best practices and case studies were shared providing a better understating of the progressive impact of opting for efficient and clean energy systems.

"Sometimes it takes small improvements and very few changes to work in a sustainable manner. Some other times, the investment is more important but the return on investment will prove to be beneficial."

Mr. Nabil Kassar,
Fransabank General Manager

Sustainable energy finance solutions for architects

110 architects, professors and students from the Académie Libanaise des Beaux-Arts (ALBA) - one of the leading design & architecture faculties in Lebanon, affiliated to the University of Balamand - attended, in March 2019, a workshop highlighting the crucial need to rethink urban planning in an ecological way. Fransabank participation at the workshop aimed at putting forward green construction and international sustainability standards as supported by the Lebanese Center for Energy Conservation (LCEC), the Ministry of Energy and Water and the Central Bank of Lebanon.

Moreover, pointing out the importance of supporting sustainable solutions in every business, starting with real estate and construction, Fransabank and ALBA will be planning to include specific courses in the curriculum to address the bankability and financial benefits of green construction projects. With our partnership, we have the ability to create positive change, stressing on the power of architects and engineers in practice or in the making to change how things are done. Projects presented to Fransabank for financing would benefit from subsidized interest rates and, be reviewed on case-by-case basis to make sure of their environmental impact. (Project was suspended)

"We all have to cooperate in creating awareness at all levels and in all regions in Lebanon, producing then a much needed transformational cultural shift to sustainability."

Mr. André Bekhazy, Dean of ALBA



"We address you, elites, architects and engineers in practice or in the making. You have the opportunity to make things change, to do things differently."

Mr. Nadim Kassar, Fransabank General Manager

MINIMIZING INTERNAL IMPACT

Compared to other businesses, the banking sector has low carbon emissions. Nonetheless, we see our carbon footprint as an important indicator of how effectively we are driving sustainability within our Bank, in general, and mostly reinforcing a sustainable thinking among our employees.

Internal green audit

Energy-saving initiatives started in 2016 following a comprehensive green audit conducted by the IFC on our headquarters. The outcome included enhancing several sites into more energy-efficient facilities, accordingly:

- All conventional lighting, across our network, were replaced with LED lighting.
- An updated VRV air conditioning system replaced old air conditioning chillers, reducing energy consumption by 30% to 40% and water intake by 3,054 m³ or 3 million Liters.
- Demand control was enhanced for lighting, A/C, ventilation systems, data center.
- Motion sensors were installed to turn off the escalators when not in use.
- The monitoring and targeting program for energy management has been completed for the VRV system and for the infrastructure of the headquarters.
- Solar radiant heat barriers for windows were replaced by mirror reflective films decreasing our energy consumption.

In view of that, our headquarters' carbon footprint, emissions' evaluation for the year 2018 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 reached 2,311.28 tons of CO₂ per year. The CO₂ emissions based on diesel oil consumption totaled 586.38 tons of CO₂ whereas the total CO₂ emissions registered 3,897.66 tons. Thus, the yearly reduction, from 2017 to 2018, recorded 189.06 tons of CO₂. Accordingly, we can deduct from the above numbers that the current footprint per employee (including all IT services: servers, systems...) is around 4.14 tons of CO₂ emission, a decrease of 6% as compared to 2017.

*To note that our emissions report is always delayed one year since the electricity bills are delayed by Electricité du Liban (EDL) by at least half a year.

Fransabank's Report To The Ministry Of Environment | 2018

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	3,555,818	0.65	2,311.28					
Shared generator - Single phase				0	0	220	1.3	0.00
Shared generator - Triple phase				0	0	380	1.3	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	221,870	184.1521	43.33	20.2	585.09	0.002	0.02	0.34	0.0006	0.00	1.48
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	7,550	4.077	47.31	17.2	12.04	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					598.42		0.02	0.36		0.00	1.50

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	6,788.12	5.0232088	44.8	18.9	15.44	0.02	0.00	0.09	0.0006	0.00	0.04
Gas/Diesel oil	6,068.49	5.0368467	43.33	20.2	16.00	0.005	0.00	0.02	0.0006	0.00	0.04
TOTAL					31.44		0.00	0.12		0.00	0.08

Waste management

As part of our environmental management, we also monitor and report on our consumption of paper and plastic, while, we also try to eliminate unnecessarily use of transportation.

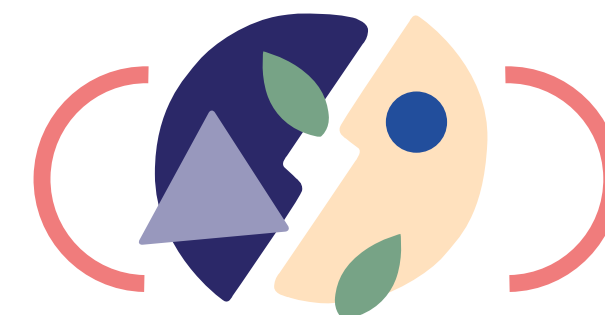
Given that banking services and operations are undergoing a strong digitalization course, we have continued to reduce our paper consumption. As a result, recycled quantities registered 65.2 tons in 2019, a decrease of 14% as compared to 2018. Our plastic use also decreased as we progressively replaced the use of plastic water bottles with water dispensers, refill bottles, and cartoon cups. Accordingly, 0.84 tons of plastics were sent for recycling in 2019; a 40% decrease as compared to 2018. Moreover, the recycled quantities include as well, our employees' personal

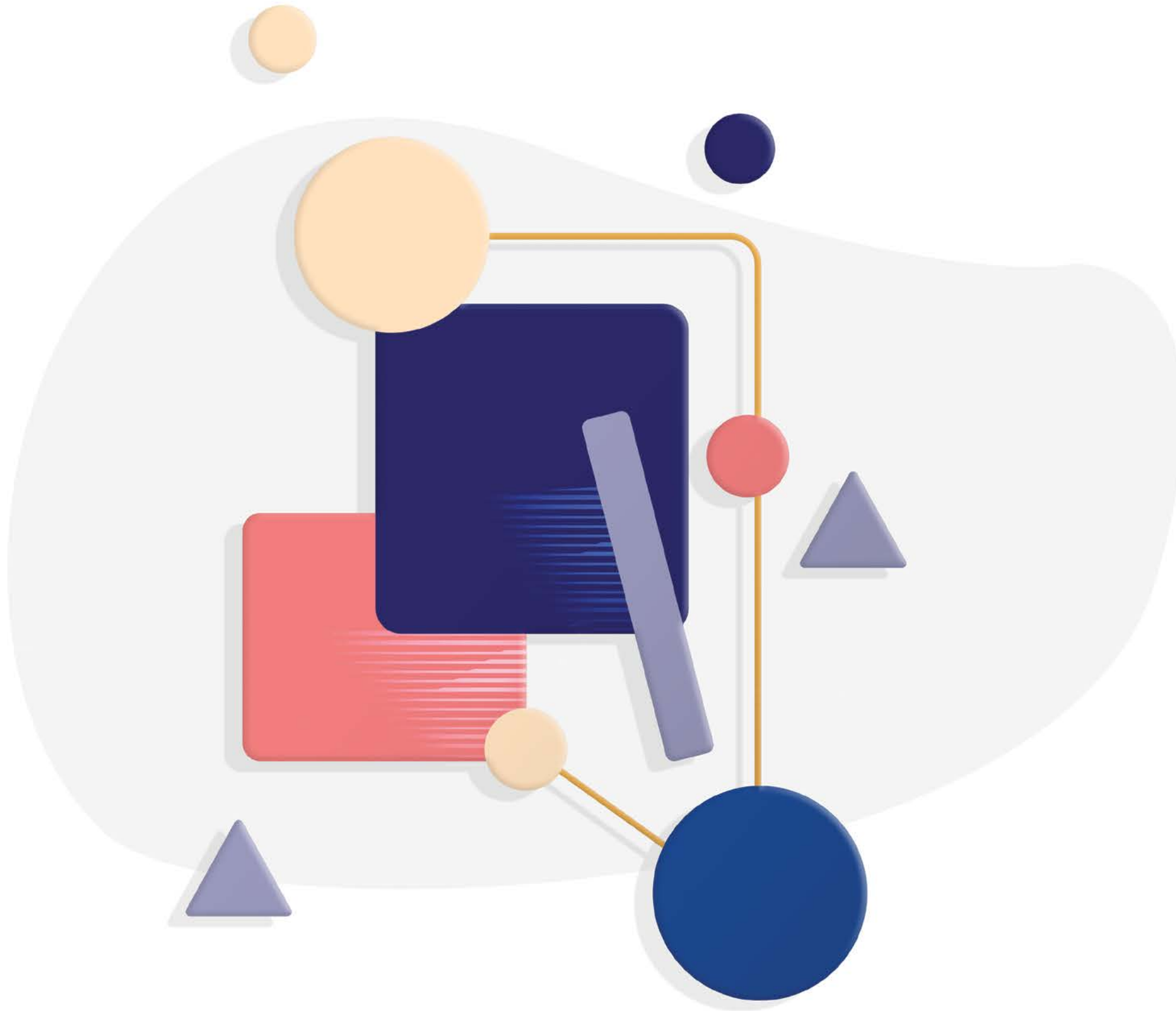
use of plastics as they deliberately brought from home their plastic recyclables. It worth noting, that we also shifted to recycled bags for our trash bins, recycled tissues, and opted for a paper manufacturer that is ISO 14001 and ISO 9001 certified as well as elemental chlorine free.

When recycling is not an option, we opt for a reduce/re-usage approach. Accordingly, employees are responsible for managing their consumption of paper, plastics, water, electricity, or other resources. In parallel, our administrative and engineering departments continually review all furniture, computers and electronic equipment conditions. The broken or redundant devices are delivered to the ICT department to examine their potential scope for re-use. Furniture that is in usable state is kept at the warehouse for future

need. Electronic devices such as computers, printers, and speakers as well as furniture not in need are donated to schools or to institutions in need.

For electronic devices that are not in need and not in good condition, we collaborate with Ecoserv, a non-profit organization focusing on electronic waste with a mission to create the needed awareness, and lead on how to safely dispose of and recycle electronic waste. Ecoserv collects our old, end of life, obsolete, and defective electronic products for recycling and/or disposal with environmentally sound processes. As such, for the year 2019, an assortment of 1,078 obsolete electronic equipment were collected being the equivalent of 6.12 tons with a 100% recycling rate.





Our responsibility as an
employer



Our responsibility as an employer

The success of Fransabank is directly linked to the performance, experience and conduct of its workforce. Being aware of that, we stress on retaining employees' knowledge and experience within the Bank and to derive maximum benefit from it in the interests of our clients. In parallel, securing an inclusive and diverse culture as well as a healthy and safe working environment in which employees feel valued, has been a priority.

DIVERSITY & INCLUSION

Fransabank understands the value of maintaining a diverse workforce (total population of 1,700 employees, a 2.97% decrease as compared to 2018); but then again, diversity should be supported by an embracing environment, which, we believe, is fundamental for our aim to be an accessible bank for all customers as well as the preferred employer for our staff. Integrated within our culture, inclusiveness is our main tool to embrace diversity. The diversity of our employees, including their professional skills, mindsets, knowledge and experience, helps us reach better communication levels with our clients'; such as coping with their expectations and backgrounds.

Accordingly, and in line with our commitment to SDG 5 - Gender Equality, we strive for gender balance in all teams and at all levels. Thus, 47% of Fransabank SAL total population, in 2019, were women. Recognizing the positive impact of women participation in decision making and to ensure appropriate female representation in management positions, we focus on keeping a fair gender distribution in higher managerial positions. Thus, women form 36% of our senior managers (namely head of division/department, regional manager/deputy/area, branch manager, & deputy branch manager), and hold 46% of our middle management positions (being operational/commercial controller, deputy head of department/head & deputy head of section/unit).

Workforce highlights | 2019

1,700 number of employees

47% proportion of female employees **8%** Board of Directors female proportion

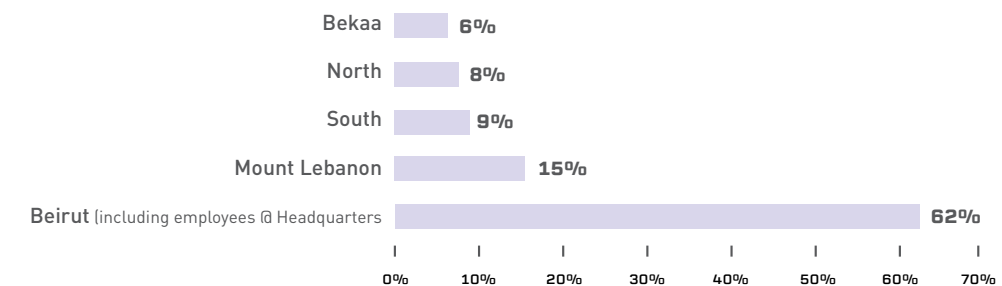
57% of employees work in branches **43%** of employees work in departments

36% proportion of women in senior management positions
46% are between 30 and 50 years old | 54% are above 50 years old

46% proportion of women in middle management positions
31% are below 30 years | 44% are between 30 and 50 years old | 25% are above 50 years old

57% of the workforce age between 30 and 50 years old
19% are below 30 years old | 24% are above 50 years old

Workforce regional distribution | 2019



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

However, diversity goes beyond gender equality. Fransabank's workforce age distribution has been inclusive of all society's age groups thus providing our customers with a relatable personal experience. In 2019, our average workforce age reached 37.7 years, compared to 38.3 years in 2018.

Believing in young millennials forward-thinking capability to lead the future business world, we also have high consideration to our senior staff to whom we owe our years of success. Fransabank is renowned for valuing its long-time loyal employees retaining senior retirement age (64 years old),

under the umbrella of a contractual agreement. This measure is important in our Lebanese society helping capable people stay productive and independent, while also easing the psychology of retiring by benefiting of the financial and medical benefits of continued work. In view of that, 17 of our employees are above 64 years old (14 men and 3 women).

The Harvard Business Review conducted, in 2019, a scientific research on this issue showing that "while most people, raw mental horsepower declines after the age of 30, but knowledge and expertise - the main predictors of job performance - keep increasing even beyond the age of 80".

Employees' distribution by contract type | 2019

Full-time rate

53% full-time male employees **47%** full-time female employees

Contractual rate (34 contractual employees in total)

64% contractual male employees **36%** contractual female employees

Collective agreement rate

96.8 of Fransabank employees are part of the collective agreement
(including contractual and full-time employees)

Employees' seniority | 2019

52% proportion of employees with more than 10 years of service
26% with 5 to 10 years of service
22% with less than 5 years of service

1% proportion of employees above 64 years old

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

Recruiting new talents

Going back to young talents, the year 2019 was not truly as dynamic as our previous years in terms of recruitment. As Lebanon has been witnessing a recessionary economy and within a climate of uncertainty governing the

financial sector especially in the last quarter of 2019, Fransabank, as well as, the banking sector in general, have been adopting preemptive measures to protect existing employees' jobs. Thus, only 38 recruitments, all from

the local communities, were wrapped in 2019, a considerable decrease of 54.7% as compared to the previous years (84 new recruits in 2018 and 114 new recruits in 2017).

New recruits | 2019

38 number of new recruits **45%** of new recruits are women

65% of new recruits are below 30 years old
25% are between 30 and 50 years old
10% are above 50 years old

Internships

Our internship program was ongoing during the year 2019, benefiting students and young graduates interested in pursuing a banking career for all the support via mentorship, career advice, and internships.

Accordingly, we welcomed 227 interns, between the age of 16 and 27 years old, providing them individually designed trainings, as per their courses requisites, and ranging from one week to eight weeks.

Our Rmeil and Sodeco branches welcomed two interns with special needs to pursue a training program. The interns were closely monitored by their association as well as our staff; but most importantly was the feedback we received from our customers and the branches' team leaving a positive impact on customer satisfaction and employees' motivation.

Internships | 2019

227 number of interns received at Fransabank

63% of interns are women **47%** of interns are men

11% of internships were carried at departments

89% of internships were carried at branches
35% assigned in Beirut branches 33% assigned in South area branches
13% assigned in Mount Lebanon branches 13% assigned in North area branches
6% assigned in the Bekaa branches

Pursuing fresh minds

Fransabank has been keen on nurturing diversity within its workforce by integrating the next generation of financial minds. Therefore, our annual presence at university job fairs has been a key tool for our recruitment strategy. With a dedicated team, we work on informing, educating, and communicating with undergraduates as well as fresh graduates helping them shape their career path while also depicting profiles for the Bank. In 2019, we were present at the American University of Beirut (AUB), Lebanese American University (LAU), Université

Saint-Joseph (USJ), Ecole Supérieure des Affaires (ESA), and Université Saint-Joseph de Kaslik (USEK), Notre Dame University (NDU), Beirut Arab University (BAU) respective job fairs.

Moreover, our 2019 turnover rate registered 3.56%; compared to the 2018 rate of 2.23%. A large portion of resigning employees have in fact moved abroad due to the prevailing challenging socio-economic situation, which explains somehow the increase in the turnover rate.

Another indicator of a healthy working environment is the employees' average days of absence due to illness. In fact, satisfied employees tend to be more productive and are less absent. They see in driving the business momentum a win-win situation. In 2019, the number of days of absence due to illness stood at 5,297 days, a decrease of 19% as compared to the previous year; while, the average days of sickness per employee registered 3.1 in 2019 compared to 3.7 in 2018.

Turnover facts & figures | 2019

3.56% turnover rate in 2019 2.23% in 2018 3.69% in 2017

56% of departing employees are men **44%** of departing employees are women

Internal mobility

In fact, our relatively low turnover rate is backed by an emphasis on internal mobility. By enabling our existing employees to benefit from interesting and varied career paths we create opportunities for them to expand their skills, knowledge and networks within the Bank, and enhance connectivity and collaboration across business lines. Actually, our internal recruiting system involves an active platform on which new vacancies are shared thus exposing internal opportunities that could match our employees' ambitions and skill sets. By giving them this priority, we believe we are strengthening their loyalty and communicating

via a more transparent tool. In 2019, 58% of vacancies were filled internally. 48 individuals were promoted in branches split among 20 branch managers, 19 deputy branch managers, 8 commercial controllers, and one operational controller.

Performance assessment & remuneration

Fransabank employees' salaries mirror their competences and experience. Salaries are reviewed annually in the context of an annual performance review (PAR) based on a comprehensive feedback from managers. They are increased, where justified, by role change, increased

responsibility or a change in the appropriate market rate. Similarly, we recognize the importance of rewarding our staff for their accomplishments in order to preserve their motivation and interest. However, due to the last quarter of 2019 national circumstances, the evaluation process was postponed, and so was held in the first quarter of 2020.

1.48
ratio of
standard
entry level wage

LEARNING & DEVELOPMENT

Fransabank training & development programs help improve the quality of services and advisory offering, and continuously adapt the business to evolving market and client needs. The programs vary from traditional seminar instruction, e-learning, to video-based courses and online learning tools.

Internally, we provide an Orientation Program that includes a training aspect and a development aspect. As part of our training, we provide two distinctive programs:

1. Induction Program

All new recruits follow an Induction Program intended to smoothly integrate them through a corporate culture-briefing package and efficiently introduce them to their assigned tasks and responsibilities. In 2019, 11 new recruits followed an induction program.

2. On-The-Job Training (OJT)

The OJT 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. In 2019, five employees were enrolled in On-The-Job training program.

Meanwhile, our in-house development program, encompasses potentials, talent, and polyvalence programs; each one dealing with specific proficiencies.

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. In 2019, 398 employees were identified as potentials subdivided into 194 employees

from branches and 204 employees from departments, being 23% of our population.

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. In 2019, 233 employees were identified as talents to pursue a fast-track program; being 13% of our population.

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. Contingency planning for six employees in branches was guaranteed through the polyvalence program; being 0.35% of our population.

Moreover, we are working on developing our training academy, accordingly three pillars were run in parallel. A pool of 60 trainers was chosen and a special program was created to enforce their skills; however, the program's training was halted too due to the country's latest events. In addition, 45 system courses were developed by the Organization Department. All of these programs lead to a remarkable portfolio of courses in preparation to the training academy launch.

In 2019, 1,117 employees (66% of the workforce) attended trainings and/or seminars relevant to their field and job description with a total of 45,747 hours of training, out of which 27,226 hours (59%) were dedicated to orientation programs, with an average of 26 hours per employee. Trainings are well-balanced regarding

gender distribution, with 52% of trainees being men and 48% women. However, 72% of training hours were completed by branches employees, whereas 28% were achieved by employees at departments.

Seminars topics included banking and financial techniques, information technology, economic and financial education, marketing and selling skills, as well as management and behavioral skills.

Besides, 445 hours of training hours represented overseas and international trainings. Courses attended revolved around banking technologies, International Financial Reporting Standards (IFRS), SWIFT, and global banking conferences and seminars.

Central Bank of Lebanon Circular No 103

In 2019, 221 employees successfully passed the Lebanese financial exams required by the Central Bank of Lebanon Circular No 103. Thus, a total of 972 Fransabank employees from the overall Bank's population (732 employees from branches and 240 employees from departments) have been certified as per the requisite.

Certainly, we do encourage determined employees to achieve higher educational degrees; 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. In 2019, one new continuous education account for the amount of LBP 17,280,000 was opened.

Learning & Development | 2019

66%	proportion of trained employees
45,747	number of training hours
26	average of training hours per employee
66.4%	Fransabank branches coverage ratio for Lebanese financial regulation exams
68.1%	Fransabank departments coverage ratio for Lebanese financial regulation exams
1	new continuous education account for full-time employees



Young SDG Innovators Program (YSIP)

In 2019, Fransabank joined the UN Global Compact YSIP - a 10-months accelerator program designed to engage young employees in advancing sustainability efforts, driving innovation and delivering tangible solutions with potential market value for the Bank. Accordingly, we decided to participate in this program seeing in it an opportunity to:

- Develop an innovation culture within the Bank, by encouraging cross-functional collaboration and increase the capacity of our employees' ability to think in new ways and embrace breakthrough mindsets in an ever-changing business environment, and
- Seize SDGs opportunities, by tapping into a global network of young Innovators and experts.

Fransabank team includes two young innovators and a champion. The team has been working in-between workshops to come with a new solution that would address our real business needs. Focusing on SDG 4 – Quality Education, we chose to upscale our financial educational game the “Fransabank Big Bank Challenge”, from a cardboard game to a mobile application game with features that are more advanced, to achieve higher youth interaction and greater financial awareness.

Despite the very challenging situation we are operating in, we decided to pursue this opportunity while being conscious of our business priorities. The program ran from September 2019 until June 2020.



■ ■ ■ The program is part of a global learning and development platform advancing young professionals from around the world to leverage the Sustainable Development Goals (SDGs) as a catalyst for the development of new business products and services for their companies via new technologies, disruptive initiatives, and business models.



EMPLOYEES' LOYALTY

We consider employee health and safety to be of high importance. Thus, we have well-defined internal policies to help guarantee a safe working environment; while also constantly improving our safety measures to be in line with local legal requirements.

Safety measures

As such, a business evacuation plan was finalized in 2019 to become more than a tick in a compliance box. We believe that emergency evacuation planning is an investment that supports our business. In view of that, both the Lebanese Red Cross First Aid and SOCOTEC¹, evacuation plan awareness trainings were related to the Emergency Preparedness and

Response plans. In total, twelve sessions were attended by 590 employees, from departments and branches, covering a total of 1,770 hours of training.

It was planned to be followed by a Stop the Bleed course targeting the 115 fire wardens that were designated from each department at the headquarters. The course was intended to be given by Roads For Life², but had to be rescheduled due to the October 17, 2019 uprising.

Besides, a detailed procedure on emergency evacuation practices is accessible to all our employees through the employee handbook, which inform them on how to respond in such circumstances.

Collective benefits

Similarly, and in accordance with the collective labor agreement allowances, we provide our employees with fair compensation and benefits to balance their professional and personal goals such as medical coverage, paid annual leaves, transportation allowance, cost of living adjustment, wedding and birth delivery gifts, retirement plan, college tuition fees, and family allowance, among others.

In parallel, we have an all-inclusive health care program for our employees as well as their families. The program facilitates employees and their dependent relatives' right to hospitalization and health care coverage. Moreover, our employees have access to a dental care loan at zero interest rate, since dental care is not part of the medical coverage.

Additionally, our employees are granted, on a yearly, basis, a contribution to their children tuition fees whether being enrolled in schools or universities. In 2019, USD 4.3 million (LBP 6.5 billion) were disbursed for 1,383 children tuition fees. In addition, Fransabank employees whose children are enrolled at the Lebanese American University (LAU) are offered a 35% discount on the tuition fees, as per our agreement with LAU. In 2019, 37 employees' children

benefitted from this discount on their LAU tuition fees for the academic year 2019-2020.

Banks' employees syndicate

Fransabank respects employees' rights to freedom of association and collective bargaining. Accordingly, our staff contracts are governed by regulatory requirements and ruled by the Collective Labour Agreement, while still complying with human capital policies, regulations and universal commitments.

In 2019, 502 employees were subscribed to the Syndicate of Bank Employees, which constitute 30% of Fransabank's total number of employees. The average age of subscribers is between 20 and 40 years old while it is almost equally divided between male and female.

It is worth mentioning the benefits the syndicate provides to banks' employees, such as the Collective Work Contract which protects the employees' rights and benefits, the mutual fund which provides after retirement medical insurance, educational programs and activities, assign lawyers to employees when needed, and have dedicated channels to receive and handle complaints. The Collective Work Contract stands and defend employees' rights such as making sure no one gets fired without further notice to the syndicate in case of unfair dismissal. Moreover, they are currently working on adopting a pension plan after retirement. In addition, the syndicate organizes educational, sports and entertainment activities for all banks employees thus creating a solid community.

Family support

As family comes first, we, at Fransabank, acknowledge the importance and impact of having a balanced lifestyle whereby employees can enjoy family time and responsibilities as much as

they care about their work related duties. Accordingly, 98 employees were entitled to a parental leave (57 women and 41 men). We registered a 96.4% return to work rate for mothers and a 97.5% for fathers, while resuming mothers benefited from a reduced working schedule. In total, 185 mothers of children aged up to 12 years old benefited from the special working hours up to October 17, 2019.

Adjusted working schedule

It is worth noting that in 2019, our management had to reconsider the working hours following the October 17 uprising. In fact, working schedule was reduced by 2.5 hours on week-days, whereby employees left work at 2:30 pm instead of 5:00 pm, and converting Saturdays into working days. Though, employees' salaries remained unchanged.

Beyond working hours

At Fransabank, we are always pleased to have our employees meet and socialize outside working hours. Whether for casual after-work activities, friendly sports competitions, or full-day trips, employees have our full support.

Fransabank team bonding activities were renewed in 2019. A first round was held during summer involving 42 employees aimed at building stronger cooperativeness among the participants, boosting their creativity and inciting their curiosity and interests. Workshops included riddles solving, creative photo shooting, and historical interviews with the village residents. For the third year in a row, received feedbacks were very positive and encouraging to proceed in such activities. Unfortunately, our second round of team bonding for 2019 had to be postponed due to the uprising crisis in Lebanon.

USD 4.3 billion were provided for 1,383 employees' children schooling fees in 2019

¹an international company that works on identifying, assessing and managing risks in the areas of quality, health and safety, and environment,

²a NGO working on saving as many lives as possible across Lebanon and to increase the chances of victims to survive within the first 60 minutes following an accident,

Our subsidized social club, the "Amicale Club", registered 680 members by the end of 2019, with a slight decrease of 3% as compared to the previous year. The decline in numbers is mainly due to the resignation of some members. The Club offers to its members exclusive discounts and deals at selected wellness centers, sports clubs, outlets, restaurants, concerts and theater tickets...



Staff Activities

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.



Employees' engagement

Whether contributing in time, means, or in-kind donations, employees' engagement in their community is valued and facilitated by the Bank's management. In 2019:

- 565 employees voluntarily joined our commitment to the "Partner in Life Employee Giving Program" with the Children Cancer Center of Lebanon (CCCL). Our staff have, on a voluntary basis, contributed to the treatment of children struggling with cancer, since 2005. This individual commitment comes out from their own sense of responsibility. Thus, they helped raise USD 447,522 by the end of 2019, with USD 47,913 collected during 2019 only.
- 18 employees are enrolled in the Epsilon support program, a medico-social association assisting patients with epilepsy in paying their bills and medications, especially children. By end of 2019, their contribution totaled USD 5,542. To note that the program was launched at the end of 2018.

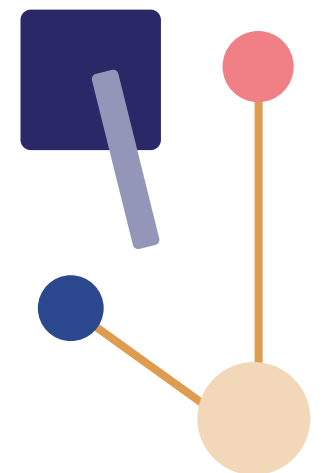


- "Autism should not be viewed as a disability!" Under this statement, Fransabank employees celebrated in April 2019 the World Autism Month. From different departments and branches, employees pledged their support for a more inclusive world lighting up our headquarters in blue to increase awareness about autism.
- One of our socially engaged employees joined the Lebanese Army Race, in its 2nd year anniversary of the army's victory in the battle of 'Fajr al Jurud', entitled a "Walk to Remember". The race was organized from the Cedars of Bsharri to Meziara on a distance of 25 Km.

Sports for wellbeing

Fransabank recognizes the importance of a healthy body and mind. As such, the Bank has always been supportive of sports activities and tournaments among its employees and fellow banks' employees.

For the fourth year in a row, our Blue Knights Basketball team won the "BDL Banks Basketball League". Fransabank team received several awards as for leadership, best coach, and valuable players. Celebrating their championship, the team presented the trophy to the Chairmen; whom, in turn, expressed their pride in the Bank's family spirit that demonstrates a strong commitment to team bonding ethics, and promotes a sense of belonging.





Our responsibility towards the
communities

Our responsibility towards the communities



At Fransabank, we support the societies in which we live by focusing on the areas where we can have the greatest impact with particular emphasis given to the advancement of young and innovative talents. We also invest in our societies through community partnerships as well as philanthropic donations.

YOUTH FINANCIAL EDUCATION & INCLUSION

We believe that developing financial confidence is crucial for raising a generation that is aware of its financial rights, wrongs, and duties to better navigate through a challenging world of money and finance. For the past years, we have been focusing on financial literacy by bringing financial teaching into schools and colleges and by creating new platforms where children can learn more about money management.

Fransabank Big Bank Challenge

We have launched, in 2017, the Fransabank Big Bank Challenge game, a financial literacy game that challenges children aged 15+ to earn and save money, while also helping them gain a general understanding of banking products and services.

Fransabank Big Bank Challenge game was developed in collaboration with the '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. Our game combines interactive entertainment and learning to improve youth financial knowledge. We are proud of such a private public partnership, which falls directly under SDG 17 on Partnerships for the Goals. The game was highly praised by various interested parties; reaching 1,920 students, at the end of 2019.

Through this game, we develop tools and educational programs that help the youth build financial confidence and good financial decisions. These efforts are in line with our strategic theme financial education & inclusion; and is directly linked to SDG 4 on Quality Education.

Fransabank Youth Day

Fransabank takes part in the annual international initiative 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.

Accordingly, in March 2019, we organized a Youth Day welcoming more than 350 students coming from five different schools across Lebanon. Pupils aged 15 to 17 attended the program where integrated presentations about the Lebanese banking sector in general, personal finances, the concept of CSR, Fransabank's CSR strategy and initiatives, along with a presentation on our youth targeted products and services were given by our managers and employees. It involved as well interactive discussions. The sessions were concluded with an open-ended question requesting students' input on a new project or idea that could be implemented by the Bank in order to better serve the community. Of course, suggestions had to be aligned with Fransabank's CSR strategy.

GMW 2019 – Student survey outcome

350 students received the open-ended questionnaire during GMW 2019.

40% of them answered the questionnaire (137 students). As some have included in their answers more than one project/idea, a total of **188** suggestions were categorized. To note that 5.8% of answers were disregarded as being "out of context". Among the suggestions we received:

Youth programs

- launch accounts for less than 18 year-old
- organize anti-corruption awareness sessions for teens
- introduce banking courses
- provide student loans at 0%
- grant scholarships
- provide internship opportunities
- hire fresh graduates
- help the younger generation grow their ambitions
- create music parks for the young
- support a creative platform
- launch competitions for students
- create social activities for the youth

Green initiatives

- plant Fransabank's rooftop with greeneries
- run the bank on solar energy 24/7
- develop an internal recycling system
- eliminate the usage of plastic
- develop a sewage treatment
- support modern green buildings construction
- help in putting an end to Lebanon's electricity problem

Banking and customer related suggestions

- lower loans interest rates
- improve customer service
- reject clientelism 'wasta'
- extend more microloans
- support agro-businesses
- invest in start-ups
- increase security on checkbooks
- help develop a new national economic plan
- call big countries to invest in Lebanon

Social initiatives

- help people save money
- support gender equality
- assist refugees
- support public transportations development
- extend support to the poor
- support Lebanese artists
- decrease illiteracy rate
- fight fanaticism and racism
- provide support for animals
- donate clothes to the needy
- create awareness on disabled people's potential in the workplace

USD 467,532

Total community contribution for 2019
43% of the amount was spent on cultural initiatives
29% of the amount was spent on educational initiatives
28% of the amount was spent on social & health initiatives

It was clear that the young generation is interested in financial education and inclusion and the eminent socio-economic and environmental concerns. However, many of their answers are replicated initiatives already undertaken by Fransabank, but which they are not aware of. Still, their input is considered of value to us.

Then again, at the end of the day, we divided students into groups to play Fransabank Big Bank Challenge game with 10 of our employees who had volunteered to explain and play the game with the students and test their afresh-acquired banking and financial knowledge.



726 students have attended Fransabank Youth Day since its launch in 2016.

Banking educational course

In line with the above, Fransabank set up a Banking Educational Course for four of its client schools aiming at increasing financial awareness amongst Lebanese adolescents by combining financial literacy and financial inclusion.

The course was given to 131 students, between the ages of 15 and 18, in an engaging, entertaining, and approachable way. Similar to our GMW Youth Day, the sessions included discussions about banking, in general, and its products and services prepared and carried out by our retail employees. The highlight of the sessions revolved

around raising awareness of young people on financial education and inclusion, and e-banking services. Creating greater engagement, students also played Fransabank Big Bank Challenge game.



When banking and grammar come together

For the second year, we supported the *'Institut des Finances Basil Fuleihan'* in its annual dictation event which was organized, in cooperation with the French Embassy. It handles, in an entertaining way, financial, economic or fiscal subjects, reviewed and simplified to be within the reach of the different categories of the target audience. The 2019 edition addressed the theme of durable and sustainable financing. While being an opportunity to test their French, it offers especially to young people, the chance to acquire economic and financial concepts. About 100 French language speakers from the private and public sectors and the schools participated in this competition. We offered the best two performers a trip to Paris.

Serving our young clients

Lack of financial resources, sometimes, hinder people from achieving their full potential. Hence, Fransabank total educational loans (gross performing) as at end-2019 reached USD 21.16 million, with 1,176 loans given. The loan helps all qualified students pursue their education either in Lebanon or abroad at very competitive rates and flexible repayment periods.

Besides, our Education Saving & Insurance Plan "Fransajeunesse", was designed to help parents in securing 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 their convenience. At contract maturity, the children can choose to receive the amount saved as a lump sum amount or as an annual income.

As we help secure our youth education, we also see in them future potential customers. Therefore, 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 in addition to a preferential interest rate, and appealing benefits which are all listed on a dedicated microsite <http://fransabankleadaccount.com/>.

A CULTURE ON THE GO

Art, culture, heritage and history are all concepts that have been part of Fransabank's advocacy, since long ago, we believe in their powerful impact on reflecting and shaping values, beliefs, and aspirations, thereby defining our people's national identity. It is important to preserve our cultural heritage, because it keeps our integrity as a people.

'Qobeyat' the most favored village

Fransabank partnered up, for the fourth year in a row, with L'Orient-Le-Jour newspaper in the 'Village Préféré des Libanais' initiative highlighting once again the rural charm of Lebanon.

Being of major national historical and cultural importance, the ten designated Lebanese rural villages play an important role in the community's identity and in rural economy by increasing tourism and impacting economic development.

The launching fair was organized in collaboration with The Environment and Sustainable Development Unit at the American University of Beirut (AUB) with villages showcasing their traditions and heritage. More than 114,000 voters from Lebanon and abroad participated in the online voting.

With 55.3% of votes, Qobeyat, located in the north of Lebanon, won the first place. Alongside this voting process, we conducted a photo competition on Instagram. People were called to participate and share the beauty of Lebanon by posting pictures of these 10 selected villages using the hashtag #FransabankVPL. This initiative lines up with Fransabank's interest in devoting efforts to the principles of sustainable development by consolidating the Lebanese people's love and sense of belonging to the homeland through rural tourism



and more importantly its role in generating economic growth. Three winners who posted the best pictures of the competing villages were offered a night at a typical Lebanese guesthouse.

Furthermore, and over the years, Fransabank has been extending its support to various cultural events and summer festivals across Lebanon conveying a universal message of hope and faith in Lebanon's cultural scene.

AN ASPIRING SOCIETY

Investing in our societies through community partnerships, programs, as well as philanthropic donations, is part of Fransabank's responsibility towards the community. Our efforts focus on providing non-profit organizations with the necessary support to serve the most vulnerable and marginalized people. Thus, we financially contribute to local NGOs dealing with various causes such as marginalized senior citizens, children with particular health conditions, as well as poverty and hunger.

Accordingly, Fransabank supports a range of charitable organizations. To wrap up our 2019 contributions, we list our major partners for the year:

- The Neonate Fund, which supports needy families whose newborns are being cared for in the Neonatal Intensive Care Units (NICU),
- OpenMind Fund, which supports the AUB Medical Center's Special Kids Clinic (ASKC) in conducting researches, empowering the community through education and awareness, providing early detection, exerting diagnosis, and coordinating total care for developmentally and neurologically impaired children.
- Skoun, the outpatient therapeutic facility in Lebanon that offers prevention and treatment to drug users.
- Roads for Life, with its mission to provide Post Trauma Care services through its ATLS® courses to doctors in emergency rooms, to optimize the chances of survival for victims following an accident.
- The Social Welfare Institutions, a national charity organization which offers a whole range of general and specialized social services to the most disadvantaged categories of the society, from abandoned new born babies up to elderly people.
- Dar Al Ajaza Al Islamia Association, working towards caring and sheltering the elderly and mentally disabled patients in Lebanon.



Case study: Road Safety

While we care about our employees' safety at the workplace, we also stress on road safety awareness; especially as we spend a considerable amount of time on the road.

As such, Fransabank has been extending its financial support to Roads for Life, since 2011, in its mission to provide Post Trauma Care services through its ATLS® courses to doctors in emergency rooms from both the public and private sectors.

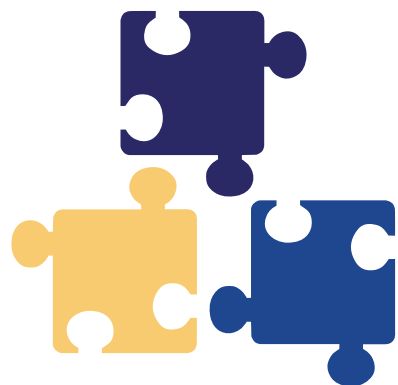
The courses for the year 2019 have reached 64 ER doctors trained from 19 different hospitals. Since 2011, more than 650 ER doctors across Lebanon have been trained; and subsequently obtained certificates in collaboration with the American University of Beirut Medical Center (AUBMC).

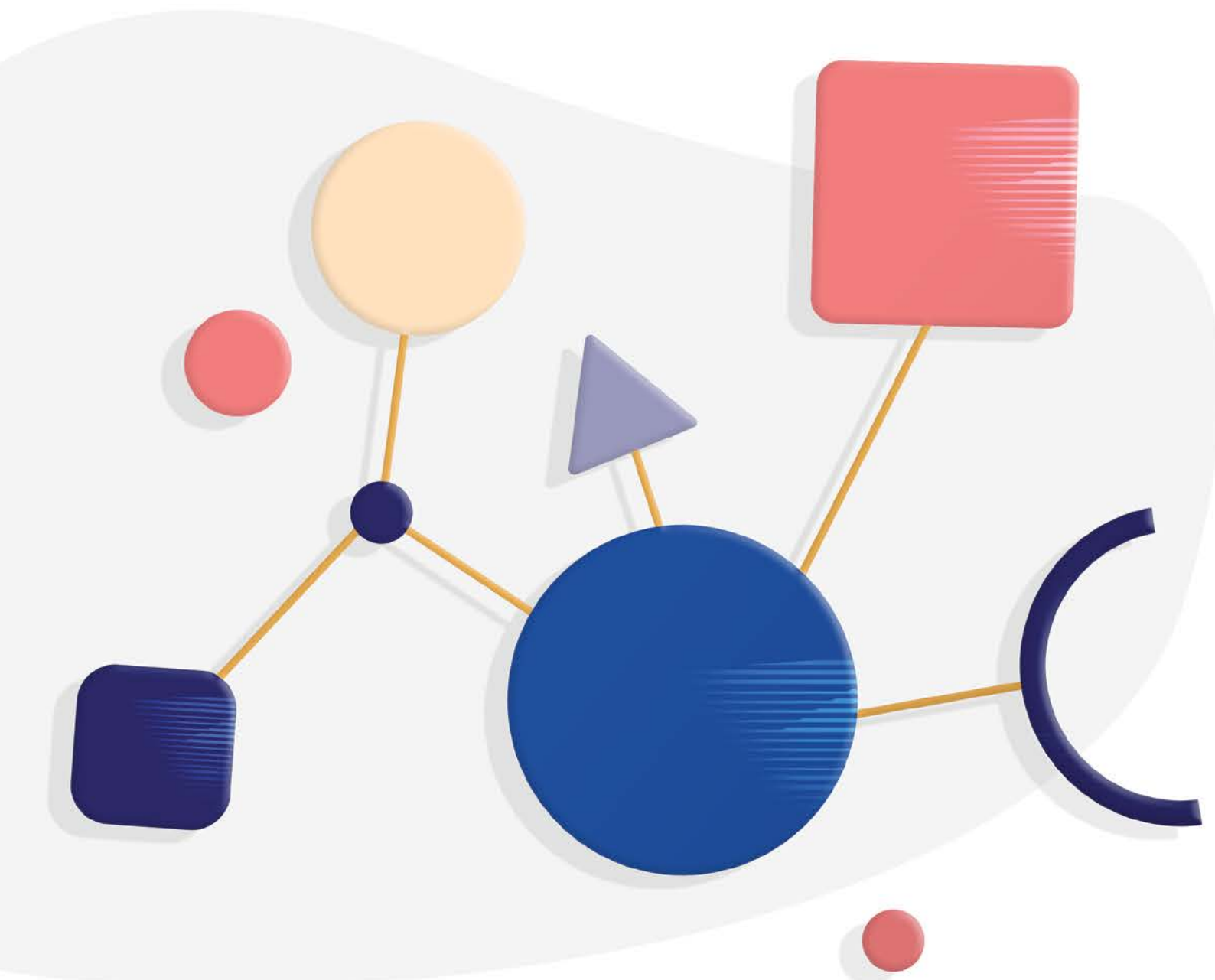
Furthermore, we sustained our support to the Lebanese Army Forces (LAF), its management and soldiers, by securing the training of 84 medics in four Tactical Combat Casualty Care (TCCC) courses from various branches of the Lebanese Armed

Forces. These certified medics will form the basis of TCCC instructors for the LAF and in collaboration with the Lebanese Red Cross. Rescue kits to the Lebanese Armed Forces, were distributed following to the training courses.

Roads for Life certified more than **650 ER doctors** and **171 Lebanese Armed Forces Medics** by end of 2019

Roads for Life is one of many associations we annually support. It has been detailed and included, in specific, due to the alarming increase in the number of fatal road accidents in Lebanon.





Supplementary
information

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.

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.

Lebanon’s Best Bank for Asia for 2019

Fransabank was recognized as Lebanon’s Best Bank for Asia in 2019 by Asiamoney for its number of impressive firsts in Asia.

Oslo Business for Peace Honourees 2014

Mr. Adnan 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.

United Nations Industrial Development Organization (UNIDO) Award

Mr. Adnan Kassar was awarded by UNIDO Director General for his role in empowering women and youth celebrating UNIDO’s 50th anniversary in Vienna in 2016.

ICC Merchant of Peace Award

Mr. Adnan Kassar received the ICC Merchant of Peace Award in 2013, on the occasion of ICC’s World Chambers Congress, for his devotion and calls for global peace through partnerships in business.

Award from the former Executive Director of the UN Global Compact

Mr. Adnan 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.

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

Mr. Adnan Kassar was named Honorary Chairman of the United Nations Maritime Continental Silk Road Cities Alliances as a prominent player in advancing the Arab-Chinese economic relations, and supporting the launch of the Silk Road.

Honorary Chairman of the SRCIC

Mr. Adnan 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.

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 in recognition of their six- decade notable achievements, distinguished career and contribution in safeguarding the Lebanese banking, trade and economic sector.

Green Recognitions during the 7th Edition of the International Beirut Energy Forum

Mr. Adnan Kassar was named the Energy Ambassador of the Year 2016.

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

Certificate of Appreciation

Mr. Adnan Kassar received a certificate of appreciation for his distinguished contribution to the 2013 Beirut Conference entitled “Economy for Mankind”.

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 from Commerzbank.

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.

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. 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 its efforts in supporting companies to 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.

Mastercard Champion Partner Bank Award

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





2019 Contribution To The Sustainable Development Goals (SDGs)



SDGs OBJECTIVES & OUR CONTRIBUTION	CROSS-REFERENCE	PAGES
<p>4 QUALITY EDUCATION ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Covered targets</p> <ul style="list-style-type: none"> 4.3 - Equal access to affordable technical, vocational and higher education 4.4 - Increase the number of people with relevant skills for financial success 4.5 - Eliminate all discrimination in education 4.6 - Universal literacy and numeracy <p>Fransabank has been actively supporting an inclusive quality education by:</p> <ul style="list-style-type: none"> - Welcoming 726 Lebanese students during Global Money Week over the past four years - Having employees volunteering to contribute to the financial education of 131 students at universities and schools through Fransabank's practical banking course - Teaching and distributing the financial educational cards game "Fransabank Big Bank Challenge" to more than 1,920 youths - Undertaking pedagogical competitions - Securing 1,570 educational loans and scholarships for the Lebanese youth at end of 2019 - Running Summer Internship Programs on an annual basis, 227 interns were enrolled in 2019 - Directing internal and external trainings as well as development programs for 66% of the workforce. 	<p>Learning & Development</p> <p>Youth Financial Education & Inclusion</p>	<p>50 to 52</p> <p>58 to 61</p>
<p>5 GENDER EQUALITY achieve gender equality and empower all women and girls</p> <p>Covered targets</p> <ul style="list-style-type: none"> 5.1 - End discrimination against women and girls 5.4 - Value unpaid care and promote shared domestic responsibilities 5.5 - Ensure full participation in leadership and decision-making <p>Fransabank is keen on securing an equal opportunities work environment for all its employees. It respects and promotes:</p> <ul style="list-style-type: none"> - Women empowerment through financial inclusion programs, as such 41% of micro loans were destined to women entrepreneurs in 2019 - Endorsing the UN Women's Empowerment Principles and completing their gender gap analysis - Gender equality within the total workforce (47% female, 53% male), women hold 36% of senior managers and 46% of middle management positions in 2019 - Age diversification (37.7 average age in 2019) - Merit based promotions and recruitment. 	<p>Commitment to International Principles & Sustainable Initiatives</p> <p>Corporate Governance Framework</p> <p>Financial Inclusion</p> <p>Diversity & Inclusion</p> <p>Learning & Development</p>	<p>7-8</p> <p>16-17</p> <p>24 to 30</p> <p>46 to 50</p> <p>50 to 52</p>

SDGs OBJECTIVES & OUR CONTRIBUTION	CROSS-REFERENCE	PAGES
<p>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> <ul style="list-style-type: none"> 8.1 - Sustainable economic growth 8.2 - Diversify, innovate and upgrade for economic productivity 8.3 - Promote policies to support job creation and growing enterprises 8.4 - Improve resource efficiency in consumption and production 8.5 - Full employment and decent work with equal pay 8.6 - Promote youth employment, education and training 8.8 - Protect labour rights and promote safe working environments 8.9 - Promote beneficial and sustainable tourism 8.10 - Universal access to banking, insurance and financial services <p>Fransabank is an active financial institution that contributes to the national economy in several ways:</p> <ul style="list-style-type: none"> - Financial inclusion is a core priority, targeting micro businesses, SMEs, start-ups and big corporations - Lending criteria are well developed to minimize risk exposures - Seminars, workshops, and consultancy services are provided to businesses - Accessibility to the Bank's physical and digital channels, especially in remote areas - Global Money Week, Fransabank internship program, lectures at universities and schools... are part of the Bank's financial awareness strategy - Educational loans, scholarships, employees' education program and development are all important elements Fransabank supports for a more productive population - Generating new employment opportunities across Lebanon - Providing safe and decent working conditions to all employees regardless of gender, age, seniority, or background - Fransabank's human rights policy is at the disposition of all staff - Minimizing internal ecological footprint, waste management, and responsible consumption. 	<p>Fransabank Human Rights Policy</p> <p>Financial Inclusion</p> <p>Customer Experience</p> <p>Suppliers' Management</p> <p>Minimizing Internal Impact</p> <p>Diversity & Inclusion</p> <p>Learning & Development</p> <p>Employees' Loyalty</p> <p>Youth Financial Education & Inclusion</p>	<p>78</p> <p>24 to 30</p> <p>30 to 32</p> <p>33</p> <p>42-43</p> <p>46 to 50</p> <p>50 to 52</p> <p>52 to 55</p> <p>58 to 61</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>Covered targets</p> <ul style="list-style-type: none"> 9.1 - Develop sustainable, resilient and inclusive infrastructures 9.2 - Promote inclusive and sustainable industrialization 9.3 - Increase access to financial services and markets 9.4 - Upgrade all industries and infrastructures for sustainability <p>Fransabank has been upgrading its products and services shifting to more sustainable features while adopting innovative and modern tools. As such, the Bank has:</p> <ul style="list-style-type: none"> - Concluded several agreements with international financial institutions in order to provide new financing mechanism for SMEs and midcaps operating in the fields of renewable energy and energy efficiency - Financed 48 loans for more than USD 44.4 million via the Green Bonds - Organized seminars, workshops, and consultancy services to businesses - Promoting green construction for architecture students at local university - Invested, along with Fransa Invest Bank (the investment subsidiary of the Group), in six local start-ups engaged in innovation and technology - Developed an Environmental and Social Management System (ESMS) for a more vigorous lending process. 	<p>Financial Inclusion</p> <p>Sustainable Financing</p>	<p>24 to 30</p> <p>36 to 41</p>

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

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> <p> 11.3 - Inclusive and sustainable urbanization</p> <p> 11.4 - Protect the world's cultural and natural heritage</p> <p>Fransabank has been investing in eco-friendly projects that would secure a sustainable community, thus it has been:</p> <ul style="list-style-type: none"> - Implementing its Environmental and Social Management System in its lending process while also assisting through counselling, auditing, and follow-ups - Promoting green construction for architecture students at local university - Providing a wide and accessible branch network as well as user-friendly digital services - Supporting local cultural initiatives across Lebanon, which ultimately encourage rural development. 	Financial Inclusion Customer Experience Sustainable Financing A Culture on the Go	24 to 30 30 to 33 36 to 41 61-62
<p>GOAL 13: CLIMATE ACTION take urgent action to combat climate change and its impacts</p> <p>Covered targets</p> <p> 13.2 - Integrate climate change measures into policies and planning</p> <p> 13.3 - Build knowledge and capacity to meet climate change</p> <p>Fransabank has turned climate action into a core priority within the Bank, by:</p> <ul style="list-style-type: none"> - Financing 48 loans for more than USD 44.4 million via the Green Bonds, thus saving 18,738,077 KWh/year of energy and reducing 14,666 tons of CO₂ Greenhouse gas emissions. - Leading a Sustainable Energy Finance (SEF) portfolio of 175 projects with a total invested amount of USD 120 million by end of 2019. More than 12 million Kwh/year of energy was saved and 7,500 tons of CO₂ emissions reduced over the past 6 years. - Financed projects covered various sectors (industry, restaurants, hospitals, universities and schools...) and project types (renewable, energy efficiency, water projects, environmental, solid waste, biomass, and geothermal...). - Concluding several agreements with international financial institutions in order to provide new financing mechanism for companies operating in the fields of renewable energy and energy efficiency or wishing to shift to more sustainable solutions - Creating a sound ecosystem and partnerships with all local and international players in the sustainable energy field - Applying the Environmental and Social Management System (ESMS) in all lending processes; while also offering clients counselling, auditing, and follow-up - Having a line of green products and services targeting both individuals and businesses - Organizing sustainability workshops and seminars for industrialists, architects, clients, suppliers and consultants from the banking and energy sectors - Promoting green construction for architecture students at local university - Decreasing Fransabank ecological footprint by adopting several internal changes as per the IFC green audit requirements. Thus, the yearly reduction in CO₂ emissions, from 2017 to 2018, recorded 189.06 tons of CO₂. 	Sustainable Financing Minimizing Internal Impact	36 to 41 42-43

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 2019	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	46 to 50
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	33
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 2019	
102-11	Whether and how the organization applies the Precautionary Principle or approach.		Principle 7	Sustainable Financing Environmental & Social Management System (ESMS)	36 to 41 39-40
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, Women Empowerment Principles (WEP), 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, WEP, 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	Fransabank at a Glance Preventing Money Laundering, Financing of Terrorism, and Corruption Valuing our Corporate Code of Conduct & Professional Ethics	4-5 18-19 20
Governance					
102-18	a. Governance structure of the organization, including committees of the highest governance body.	SDG 5 - target 5.5		Corporate Governance Framework Fransabank Annual Report 2019	16-17
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)	39-40
102-21	Consulting stakeholders on economic, environmental, and social topics.	SDG 16		Engaging with Stakeholders	8-9
102-22	Composition of the highest governance body and its committees.	SDG 5 - target 5.5 SDG 16		Corporate Governance Framework Diversity & Inclusion Fransabank Annual Report 2019	16-17 46 to 50
102-24	Nominating and selecting the highest governance body and its committees.	SDG 5 - target 5.5 SDG 16		Corporate Governance Framework Fransabank Annual Report 2019	16-17
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 2019	
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 2019	39-40
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	6
Stakeholder Engagement					
102-40	A list of stakeholder groups engaged by the organization.	SDG 17		Engaging with Stakeholders	8-9
102-41	Percentage of total employees covered by collective bargaining agreements.	SDG 8 - targets 8.3, 8.5	Principle 3	Diversity & Inclusion	46 to 50
102-42	The basis for identifying and selecting stakeholders with whom to engage.	SDG 17		Engaging with Stakeholders	8-9
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.			About the Report Fransabank Annual Report 2019	0
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	10-11
102-47	A list of the material topics identified in the process for defining report content.				
102-49	Report significant changes from previous reporting periods in the list of material topics and topic Boundaries.			Assessing Materiality	10-11
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 2018, issued in July 2019.	
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'.			Linking the GRI Standards with the SDGs & UNGC Principles	
102-55	a- The GRI content index, which specifies each of the GRI Standards used and lists all disclosures is 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.			Global Reporting Initiative GRI Standards Content Index	71 to 77
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.			Assessing Materiality	10-11
103-2	The management approach and its components a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach.			Assessing Materiality	10-11
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		Financial Inclusion Sustainable Financing Learning & Development Youth Financial Education & Inclusion A Culture on the Go As Aspiring Society Fransabank Annual Report 2019	24 to 30 36 to 41 50 to 52 58 to 61 61-62 62-63
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	46 to 50
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 - target 11.4		Financial Inclusion Sustainable Financing Learning & Development Youth Financial Education & Inclusion A Culture on the Go As Aspiring Society	24 to 30 36 to 41 50 to 52 58 to 61 61-62 62-63
203-2	Significant indirect economic impacts.	SDG 1 SDG 2 SDG 3 SDG 8 - targets 8.2, 8.3, 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	33

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		Preventing Money Laundering, Financing of Terrorism, and Corruption	18-19
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	Minimizing Internal Impact	42-43
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	Minimizing Internal Impact	42-43
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	46 to 50
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	Employees' Loyalty	52 to 55
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	Employees' Loyalty	52 to 55
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	50 to 52
404-2	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 2019	46 to 50
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	46 to 50
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		Fransabank Human Rights Policy	78
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	8-9 24 to 30 58 to 61 62-63
GRI 417: Marketing and Labeling					
417-1	Requirements for product and service information and labeling.	SDG 12 SDG 16		Customer Experience	30 to 33
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		Customers' Information Protection Customer Experience	21 30 to 33

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 2019	24 to 30 36 to 41
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 11.3, 11.4		Financial Inclusion Sustainable Financing Youth Financial Education & Inclusion	24 to 30 36 to 41 58 to 61
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 2019	36 to 41
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	24 to 30 36 to 41 39-40 58 to 61 62-63
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 2019	24 to 30 30 to 33
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	24 to 30 30 to 33

Fransabank 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.

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 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 life-threatening situation. Parallel to this, employees are 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.



Fransabank is fully 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



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

• Our accountability with our suppliers

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

As for the community at large, we engaged in several humanitarian 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.

Case study: How Fransabank promotes ethical business behaviour



Case study: How Fransabank promotes ethical business behaviour

■ case studies, GRI Standards, GRI-205, SDG16, SDGs category 👁 97 Views

Fransabank is one of the oldest banks in Lebanon, serving more than 422,588 customers 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. Gaining the trust of customers, employees and other stakeholders by embracing moral and ethical principles, is a key priority for Fransabank.



This case study is based on the 2018 Corporate Social Responsibility Report by Fransabank published on the Global Reporting Initiative Sustainability Disclosure Database that can be found at this [link](#). Through all case studies we aim to demonstrate what CSR/ESG/sustainability reporting done responsibly means. Essentially, it means: a) identifying a company's most important impacts on the environment, economy and society, and b) measuring, managing and changing.

Abstract

Fransabank seeks to play a

substantial role in combating financial crime [Tweet This!](#), operating 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 order to promote ethical business behaviour Fransabank took action to:

- ✓ prevent money laundering, financing of terrorism and corruption
- ✓ provide compliance training
- ✓ implement a Code of Conduct and Professional Ethics

What are the material issues the company has identified?

In its 2018 Corporate Social Responsibility Report Fransabank identified a range of material issues, such as customer satisfaction, climate change financing, data security and privacy, financial inclusion, responsible lending. Among these, promoting ethical business behaviour stands out as a key material issue for Fransabank.

Stakeholder engagement in accordance with the GRI Standards

The Global Reporting Initiative (GRI) defines the Principle of Stakeholder Inclusiveness when identifying material issues (or a company's most important impacts) as follows:

[“The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.”](#)

Stakeholders must be consulted in the process of identifying a company's most important impacts and their reasonable expectations and interests must be taken into account. This is an important cornerstone for CSR / sustainability reporting done responsibly.

Key stakeholder groups Fransabank engages with:

Stakeholder Group	Method of engagement
Customers	<ul style="list-style-type: none"> · Satisfaction surveys · One-to-one meetings · Workshops and conferences · Financial consumer protection · Delivery channels (branches, call centre, e-banking, mobile banking, social media, email)
Employees	<ul style="list-style-type: none"> · One-to-one meeting · Focus groups · Regular communication campaigns via intranet, e-mails, e-newsletters · Surveys · Publications · Trainings & workshops · Performance reviews
Shareholders	<ul style="list-style-type: none"> · General meetings · Regulatory announcements · Financial disclosures

	<ul style="list-style-type: none"> · Presentation of the CSR achievements to the Board of Directors · Annual & CSR Reports
Regulatory authorities	<ul style="list-style-type: none"> · Systematic reporting · Meetings and conferences · Lobbying activities · Industry associations · Periodic audits · Economic bulletin & market index · Annual & CSR Reports
Sustainability initiatives	<ul style="list-style-type: none"> · Meetings · Annual conferences · Events · Social media · CSR reports
The media, interest groups and local communities	<ul style="list-style-type: none"> · Strategic collaborations · In-person meetings · Financial support & collaboration · Employee volunteering · Social events & conferences · Social media · Publications, press releases, media monitoring
Business partners and suppliers	<ul style="list-style-type: none"> · Meetings · Business feedback · Project meetings · Quality controls of products and services · E-mail communication

How stakeholder engagement was made to identify material issues

To identify and prioritise material topics Fransabank carried out anonymous interviews with 161 corporate clients, a CSR survey engaging 133 Lebanese students and a Strengths, Weaknesses, Opportunities, and Threats (SWOT) study, with 162 staff feedback.

What actions were taken by Fransabank to promote ethical business behaviour?

In its 2018 Corporate Social Responsibility Report Fransabank reports that it took the following actions for promoting ethical business behaviour:

✓ Preventing money laundering, financing of terrorism and corruption

Fransabank's Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) 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. Adequate training and coaching is also provided to enhance the compliance culture across Fransabank and specific policies on dealing with corruption and bribery are applied, as well as a complete sanctions programme aiming at being in full compliance with international standards and requirements. As such, all Fransabank employees:

- ✓ Conduct a periodic review of the AML/CFT, sanctions, anti-bribery and corruption, FATCA (Foreign Account Tax Compliance Act), Common Reporting Standard, and the EU's GDPR policies and procedures to ensure compliance with the updated related requirements.
- ✓ Make 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.
- ✓ Undertake 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 handle 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.
- ✓ Perform a daily screening of the customers' names against local watch and sanctions lists published by the Special Investigation Commission as well as those published by international bodies including UN, OFAC (Office of Foreign Assets Control), EU, HM Treasury, and Interpol.
- ✓ Apply strict control measures on wire transfers prior to processing them to make sure that the payment is not directly or indirectly in relation with sanctioned countries, individuals, entities, goods, vessels and ports.
- ✓ Conduct an Enhanced Due Diligence (EDD) on high risk customers, such as:
 - ✓ Politically Exposed Persons (PEP)
 - ✓ Off-shore companies
 - ✓ Non-profits organisations
 - ✓ Precious stone dealers
 - ✓ Embassies
 - ✓ Casinos
 - ✓ High cash income professions

✓ Providing compliance training

Fransabank's compliance training sessions tackle topics such as Common Reporting Standards (CRS), fraud prevention, anti-money laundering and terrorist financing, professional secrecy, conflicts of interest and ethics, anti-bribery and corruption, sanctions requirements, and customer protection and satisfaction. To keep up with regular changes, and help employees stay informed about the latest regulations and international requirements, frequent trainings are

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

✓ Implementing a Code of Conduct and Professional Ethics

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

- ✓ To establish a common understanding of the standards of behaviour 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 behaviour and standards of conduct
 - ✓ To remind employees of what is expected from them as for their appearance and work ethics.
- Fransabank's Corporate Code of Conduct and Professional Ethics reinforces the message that adherence to Fransabank's core values and principles is every employee's responsibility and that each has an obligation to apply the Code's values and principles in everything he/she does, conduct business in a transparent, prudent and dependable manner, take responsibility, raise concerns and ask questions.

Which GRI Standards and corresponding Sustainable Development Goals (SDGs) have been addressed?

The GRI Standards addressed in this case are:

- 1) [Disclosure 205-1 Operations assessed for risks related to corruption](#)
- 2) [Disclosure 205-2 Communication and training about anti-corruption policies and procedures](#)

Disclosure 205-1 Operations assessed for risks related to corruption corresponds to:

- ✓ [Sustainable Development Goal \(SDG\) 16](#): Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- ✓ **Business theme:** Anti-corruption

Disclosure 205-2 Communication and training about anti-corruption policies and procedures corresponds to:

- ✓ [Sustainable Development Goal \(SDG\) 16](#): Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- ✓ **Business theme:** Anti-corruption

80% of the world's 250 largest companies report in accordance with the GRI Standards

SustainCase was primarily created to demonstrate, through case studies, the importance of dealing with a company's most important impacts in a structured way, with use of the GRI Standards. To show how today's best-run companies are achieving economic, social and environmental success – and how you can too.

References:

1) This case study is based on published information by Fransabank, located at the link below. For the sake of readability, we did not use brackets or ellipses. However, we made sure that the extra or missing words did not change the report's meaning. If you would like to quote these written sources from the original, please revert to the original on the Global Reporting Initiative's Sustainability Disclosure Database at the link:

<http://database.globalreporting.org/>

2) <https://www.globalreporting.org/standards/gri-standards-download-center/>

Note to Fransabank: With each case study we send out an email requesting a comment on this case study. If you have not received such an email please [contact us](#).





