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**CORPORATE SOCIAL  
RESPONSIBILITY  
REPORT 2014**

# 14

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## CORPORATE SOCIAL RESPONSIBILITY REPORT 2014



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# ABOUT FRANSABANK

Fransabank is one of the leading financial services firm and one of the largest banking institutions in Lebanon, with operations worldwide in France, Algeria, Syria, Belarus, Iraq, Cyprus, Sudan, Cuba and UAE (Abu Dhabi); the Bank has USD 18.942 billion in assets, USD 15.346 billion in deposits and USD 5.854 billion in loans and advances to customers at year end 2014.

Fransabank serves 286,015 customers in Lebanon.

Fransabank remains faithful to its wish to lead and grow, which is set out, first of all in its vocation to serve its customers. It has leveraged its strategic commitment to a complicit, innovative, and tailored universal banking model, providing each customer with a full range of products, services and channels adapted to their needs. The Bank structures its value proposition around six business segments: retail banking, small and medium enterprises (SME) banking, corporate banking, private banking, investment banking, regional and international banking. Each of these segments tailors its product and service offerings through a specific set of financial and non-financial solutions and dedicated teams of professionals.

Fransabank believes that business has both an opportunity and an obligation to make brighter futures. While we aim to deliver the best financial solutions, we achieve this best through building strong connections in the communities where we operate.

Fransabank is in the process of integrating Corporate Social Responsibility (CSR) into all its business activities with the belief that success is measured by more than financial results; it is also measured by customer satisfaction and employee engagement, strong governance practices and supports for the communities the Bank serves.

## Vision

Fransabank Group is committed to be a leading financial institution within the local and regional markets, providing top-notch financial services to its customers through innovation, cutting-edge benefits and value added banking services and financial solutions.

## Mission

The Group is committed to:

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

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**Adnan & Adel Kassar**

## MESSAGE FROM THE CHAIRMEN

Fransabank has been, for quite a while, committed to helping local economies and communities grow and prosper through its responsible work, as we believe that a vibrant banking sector is the main pillar for social development and economic progress.

The foundation for Corporate Social Responsibility is in how we manage and conduct our business. It means being responsive to our stakeholders, including supporting and respecting our employees, and being fair and transparent with our customers. It also means operating, with full integrity, in all that we do as well as having a strong corporate governance and a robust control environment.

After becoming an active participant in the United Nations Global Compact (UNGC) in 2013, we have raised the challenge of communicating, for the second year, our journey towards responsible business. Then again in 2014, we decided to go a step further and sign the Business for Peace Statement of Support as we deem our role to be constructive in fostering development, stability and peace in the communities where we operate.

Indeed, all of our actions, from the way we run our business to how we use our resources, align with our purpose. Our priority is to connect our skills to help our customers reach their goals, introduce companies to capital to stimulate economic growth, and bond communities to the tools they need to blossom.

We have always wanted to go further and faster on our Corporate Social Responsibility commitments by implementing an overall integrated approach involving all the business lines and cultures of the various entities of our Group. It is not a question of artificially bolting CSR on to our activities, rather integrating it as a core component of the Group so that it permeates all our practices to the very core. Clearly, this requires a strong commitment on the part of the Groups' different entities' management and employees.

Our goal for Fransabank is to be a leader in driving economic development and social prosperity, and we realize there is much to be done. We shall be engaging in meaningful, long-term and sustainable initiatives that are of value to our shareholders, customers, employees and society at large.

We thank our great team of Fransabank executives who help us, every day, serve our values and keep our focus on Corporate Social Responsibility. Their continued commitment and hard work is the cornerstone of our success.

Sincerely,

Adel Kassar  
Deputy Chairman

Adnan Kassar  
Chairman



# OUR SUPPORTS TO THE BUSINESS FOR PEACE PLATFORM BY THE UNITED NATIONS GLOBAL COMPACT

Recognizing that business cannot thrive in societies that fail, and that peace and stability provide a key foundation for economic development, the Business for Peace platform expands and deepens private sector actions in support of peace - in the workplace, marketplace and local communities. Fransabank believes that business can be a powerful agent of change that promotes peace and development especially in the conflict-affected and high-risk area in which we operate.

Through the Bank's voluntary support to this platform, we are committed to support multi-stakeholder dialogue, enhance corporate engagement in priority areas and of course help implementing the UNGC Ten Principles when possible. In this context, Chairman Adnan Kassar, who was the first chairman of a Lebanese Bank to endorse the UN Global Compact (UNGC) and its principles as an integral part of the Bank's strategy, went a step further and signed the Business for Peace Statement of Support in June 2014.

To complement the signature of the Business for Peace initiative, Fransabank attended the Inaugural Business for Peace (B4P) event held in Istanbul in September 2014. The main objectives of the event were to assist companies in implementing responsible business practices aligned with the United Nations Global Compact ten principles in conflict-affected and high-risk areas and catalyze action to advance peace.

**“We, at Fransabank, are committed to implement responsible business practices and to play a constructive role in fostering development stability and peace in the communities where we operate.”**

*Mr. Adnan Kassar, Chairman - Fransabank*

It's worth noting that in May 2014, Chairman Kassar received the Business for Peace Award in Oslo from the "Business for Peace Foundation", which made him the First Lebanese Business Leader to receive this highest form of recognition due to his ceaseless dedication and endeavors for promoting the peace process in Lebanon and in the Arab world.

Accordingly, at Fransabank, we hold great importance to halting corruption, as well as boosting the economy through long-term financial performance that contributes to peace triumph and development in high-risk /conflicted affected areas of the world.

## THE UN GLOBAL COMPACT (UNGC)



*A strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. As social, political and economic challenges or opportunities affect business more than ever before, many companies recognize the need to collaborate and partner with governments, civil society, labour and the United Nations. With over 13,000 corporate participants and other stakeholders from over 145 countries, it is the largest voluntary corporate responsibility initiative in the world. Endorsed by chief executives, the Global Compact works toward the vision of a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets.*

## BUSINESS FOR PEACE (B4P)



Business for Peace

*A business leadership platform that aims to expand and deepen private sector action in support of peace - in the workplace, marketplace and local communities. It assists companies in implementing responsible business practices aligned with the Global Compact ten principles in conflict-affected and high-risk areas and catalyze action to advance peace.*

# OUR STAKEHOLDER DIALOGUE AND ENGAGEMENT ACTIVITIES

Our business works on the basis of trust. Our success as a Bank depends largely on our ability to build and maintain good relations with our stakeholders.

Fransabank engages with a wide array of stakeholders, including our shareholders, employees, customers, suppliers, regulators, non-profit organizations and members of the communities where we operate.

One of the ways we inspire trust in our stakeholders is by knowing what they expect from us and how their expectations are changing. We, therefore, regularly engage in a dialogue with our main stakeholders, whereby we gain an understanding of their needs and interests through discussions and by conducting surveys or participating in events, as well as through our involvement in initiatives, forums and associations. Individual groups of stakeholders have different – and sometimes conflicting – interests and consequently have their own specific expectations of us as a Bank.

By exchanging our views with these stakeholders, we gain a more detailed understanding of our responsibilities in our core business of banking, as well as our responsibilities toward our employees, society and the environment. At the same time, this dialogue enables us to identify potential issues at an early stage, and help develop solutions to current challenges wherever possible.

We have adopted mechanisms for engaging and communicating with our main stakeholders, and in 2014, we took a variety of actions to take a more strategic approach to engaging with specific stakeholders as such:

- Dedicated a comprehensive presentation of our CSR strategy and initiates to the Bank's **Board of Directors, Senior Management and the Corporate Governance Committee**. These sessions included questions and answers from the different members with regards to benchmarking our Key Performance Indicators (KPI's) with the sector. The allocated time for each session was extended, and we came out with encouraging feedback from the Board members especially with regards to the case studies that involved the integration of our employees in the Bank's Corporate Social Responsibility initiatives.
- Carried out a **marketing research study** targeting the Bank's existing and potential customers to better understand the local community's expectations and position to our brand health. The brand equity research included **700 one-to-one interviews** revealing the strength and weakness of Fransabank brand in comparison to competition, the evaluation of our customer service, among others.
- **Engaged select employees** in internal discussions to better integrate the entire staff in our CSR aspirations and plans. Their feedback was of help in planning CSR projects that goes in-line with the Bank's culture. This approach was most challenging as involving more employees and getting them to embrace our full CSR approach is a long-term process which we are still working on.

Our stakeholders' engagement specific approaches are described here below:



Our engagement with all these groups is ongoing, open and transparent.

Fransabank Corporate Social Responsibility Report 2014 includes five main priority areas: **corporate governance, customers, employees, environment and communities.**

**Governance** is the first step in establishing a strong CSR culture. In the governance chapter, we describe the policies and processes that ensure our business practices are always ethical. Governance describes the impact of Fransabank's values, day-to-day business practices and policies such as managing risk for shareholders, employees, customers, and other stakeholders.

Promoting **financial inclusion and economic progress**: we look to provide financial opportunities, access, knowledge and support for underserved communities and individuals worldwide. We strive to treat our customers fairly and support them in times of financial difficulty, as embodied in our commitment to responsible finance.

**The employer** chapter discusses our practices to encourage a corporate culture that embraces team spirit, career development and merit-based advancement for people, while always striving to ensure their job satisfaction and individual growth. In addition, we included case studies on our internal stakeholder – our employees' engagement in the Bank's CSR initiatives.

**The environment** chapter discourses our major agreements with international organizations as for the International Finance Corporation (IFC) and European Investment Bank (EIB), to finance energy related technologies and make profitable investments in sustainable development; in addition to our eco-loans for individuals and businesses to finance renewable and energy efficient projects. Not to forget, our employees' efforts to reduce the Bank's environmental impact.

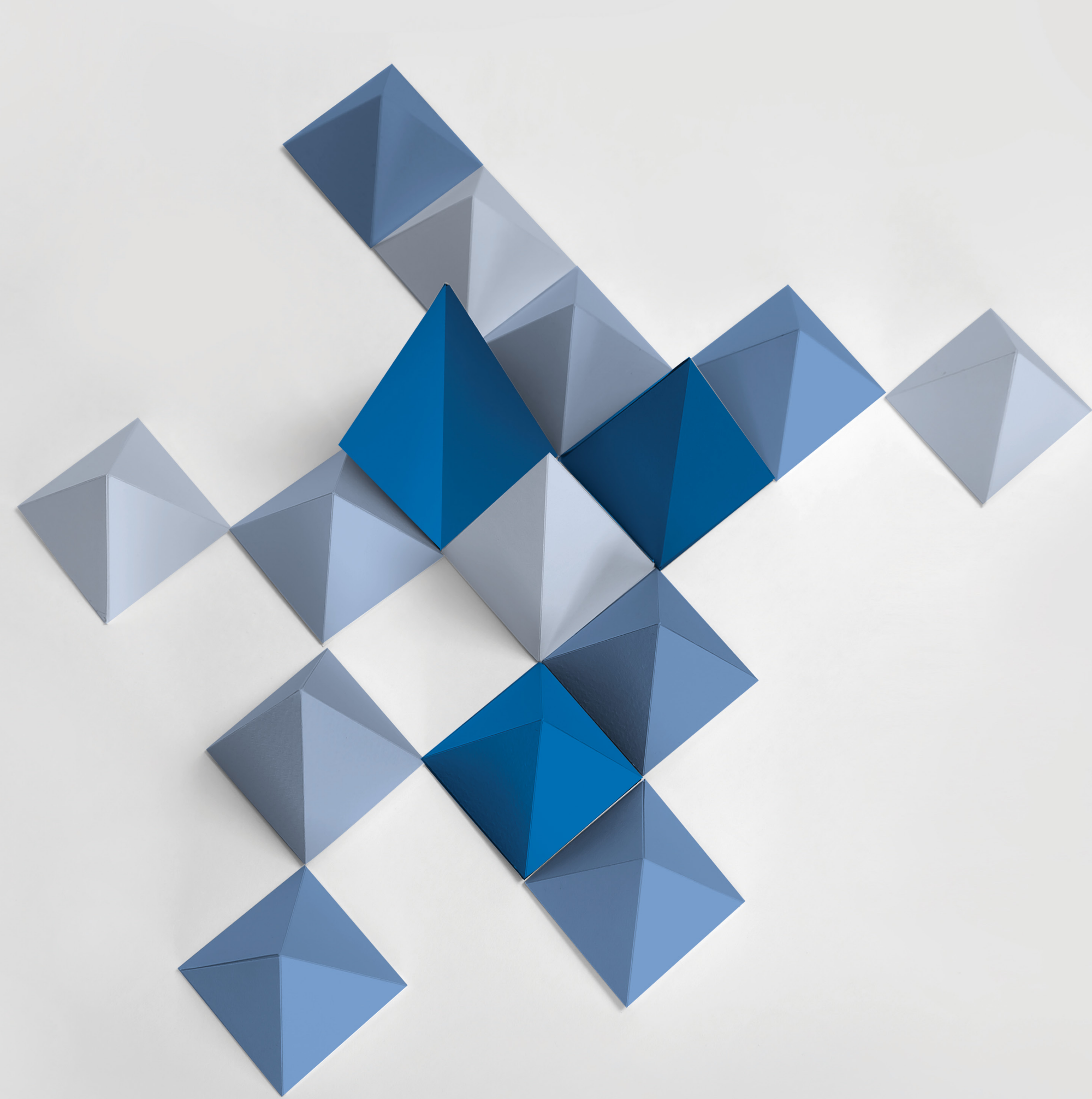
**The communities'** chapter presents our efforts to help communities where our customers and employees live; Fransabank makes a social impact in its philanthropic giving and the social investments in communities.

Fransabank's Corporate Social Responsibility Report complements the Bank's Annual Report and is a high-level summary of the Bank's CSR strategy, priorities and activities. The Bank's web site, [fransabank.com](http://fransabank.com), provides an access to the Bank's Annual Report 2014 and Corporate Social Responsibility Report 2014.

This Report portrays more about our work at the Parent company, Fransabank SAL, excluding Fransabank Group overseas entities, and the progress we have made so far on issues that are important to our partners at the Bank and in our communities.

This Report also meets the Bank's commitment to submit a Communication on Progress (COP) to the United Nations Global Compact (UNGC) to showcase how the Bank is working towards the implementation of the UNGC 10 principles.





A solid foundation of good corporate governance, integrity, accountability and strong risk management culture has positioned Fransabank well in the challenging economic environment of the past few years. It has helped to build and maintain strong, enduring relationships with customers and other stakeholders in the communities where we operate.

## OUR RESPONSIBILITY IN BANKING

## Corporate governance principles

- TRANSPARENCY
- RESPONSIBILITY
- ACCOUNTABILITY
- FAIRNESS

Strongly comply by

**ANTI-MONEY LAUNDERING  
LAWS & REGULATIONS**

**COMBATting FINANCING  
OF TERRORISM**

**FOREIGN ACCOUNT TAX  
COMPLIANCE ACT**

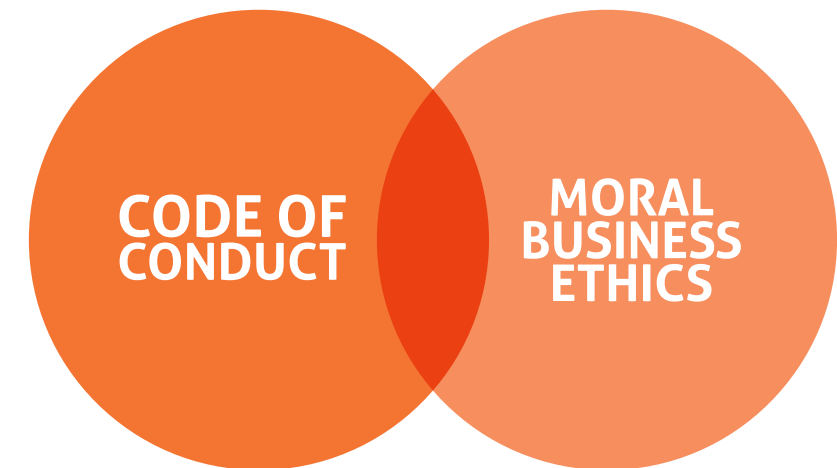


**(AML)**

**(CFT)**

**(FATCA)**

Our **CODE OF CONDUCT**  
is in harmony with our  
**MORAL BUSINESS ETHICS**



**INFORMATION SECURITY**  
is at the core of our infrastructure



# CORPORATE GOVERNANCE

Corporate Social Responsibility focuses on Corporate Governance as a tool for incorporating the social, environmental and ethical practices into the business decision making process, thus benefiting all related stakeholders. Corporate Governance is a set of rules that aim to promote fair and transparent relationship between the Bank’s management, its Board of Directors, its shareholders and other stakeholders. Transparency, disclosure, sustainability and ethical behavior are its main features.

At Fransabank, we are always committed to implement sound Corporate Governance practices, which focus on the main guiding principles of transparency, accountability, responsibility and fairness in the treatment of all related parties.



## CHALLENGES

- To abide by the AML/CFT and FATCA requirements while still protecting Lebanon’s banking secrecy law.
- To establish bank wide Compliance culture.
- To minimize non Compliance risks related to doing business on a national, regional and international level.
- To promote a transparency and cooperation attitude with regulators and correspondent banks.

### Corporate Governance Framework

Fransabank Corporate Governance framework comprises essentially the Corporate Governance Code that was adopted by the Board of Directors in line with the regulatory requirements and international best practices, in addition to a set of governance related policies & charters and a Code of Conduct & Ethics.

The Bank’s governance structure includes the General Assembly (shareholders); the Board of Directors; the various committees; the Chairman; the Deputy Chairman; control functions; the external auditors; senior management and the business and support functions.

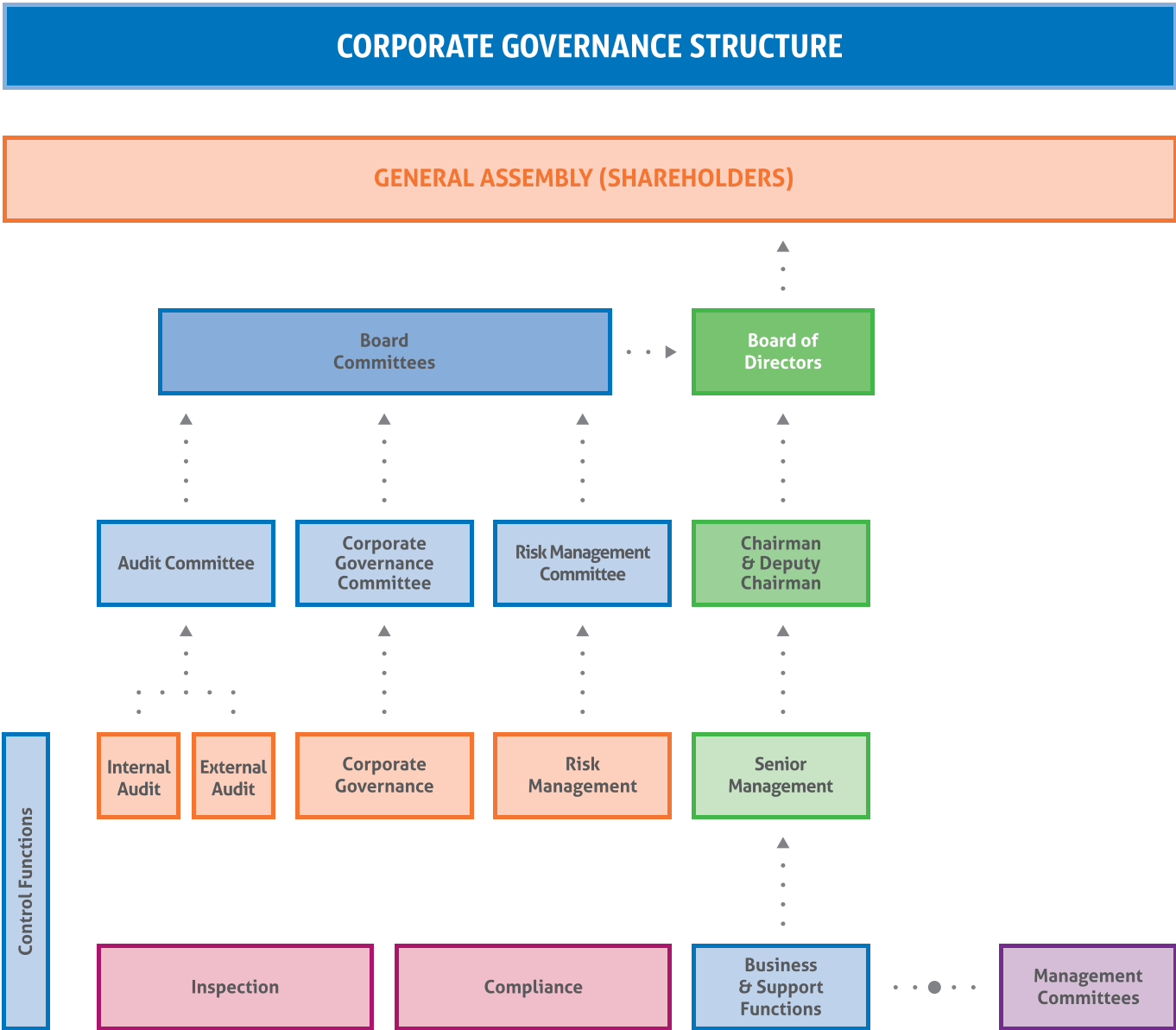
Fransabank Corporate Governance framework promotes the commitment of the Bank to the highest level of transparency, integrity and accountability and helps in disseminating a strong governance culture within the Bank.

Fransabank Board of Directors consists in its majority of non-executive members. This composition aims to

Fransabank’s strategy remains to standardize the governance practices across its entities and to strengthen its governance and control culture.

safeguard the governance and effectiveness of the Board and to ensure the objective of adding value to all shareholders, investors, clients and community in the short, medium and long terms. In carrying out its oversight duties, the Board is supported by the Corporate Governance Committee, the Risk Management Committee and the Audit Committee.

“ Sound corporate governance represents the system by which our business is regulated. It is a basic factor in sustaining the integrity and efficiency of the Bank. ”  
*Mr. Adel Kassar, Deputy Chairman - Fransabank*



# BUSINESS ETHICS

At Fransabank, we see responsible behavior as a precondition for creating long-term value in our business. We have several policies to ensure that we conduct business in accordance with the laws and regulations of the countries where we operate and that we follow international guidelines and recognized principles for ethical behavior.

## Anti-Corruption, Anti-Money Laundering, and Foreign Account Tax Compliance Act (FATCA)

Fransabank’s anti-money laundering policy includes procedures for customer due diligence, reporting, record keeping, internal controls, risk management and communications that are intended to prevent illegal activities. It is not just the duty of the anti-money laundering department to monitor these activities, but also part of every manager’s duty as they are obliged to take organizational measures to ensure the compliance requirement is respected within their areas of responsibility. We have specific policies on dealing with corruption and preventing money laundering. As such, we reiterate the obligation of all employees to strictly comply with Anti-Money Laundering (AML), Combatting Financing of Terrorism (CFT) and Foreign Account Tax Compliance Act (FATCA) procedures in force as for:

- Conducting a periodic review of the AML/CFT, sanctions and FATCA Policies and Procedures to ensure compliance with the updated related requirements.
- Making sure that appropriate Know Your Customer (KYC) and FATCA due diligence procedures are applied at the onset of the relationship with the customer and renewed at every material change in related data.

- Undertaking a close monitoring on accounts’ movements and daily executed transactions to ensure their consistency with the customers’ net-worth situation and their economic activity reflected in the KYC form.
- Performing a daily screening of the customers’ names against local watch and sanctions lists published by the Special Investigation Commission as well as those published by international bodies including UN, OFAC, EU, HM Treasury, and Interpol.
- Applying strict control measures on wire transfers prior to processing them to make sure that the payment is not directly or indirectly in relation with sanctioned countries, individuals, entities and goods.
- Conducting an Enhanced Due Diligence (EDD) on high risk customers, such as:
  - Politically Exposed Persons (PEP),
  - Off-Shore companies,
  - Non-Profits Organizations,
  - Precious stone dealers,
  - Used car dealers,
  - Exchange companies,
  - High cash income professions,
  - Nationals of sanctioned countries,
  - Income directly or indirectly related to sanctioned countries.

## Code of Conduct

The Code of Conduct helps Fransabank employees make decisions about customers, suppliers and the authorities. It sets forth general guidelines on how to behave in a number of areas, including inside information and conflicts of interest. The Bank’s Code of Conduct defines the behavior that is expected from all members of the Bank and includes the following:

- Respect and protection of confidential information,
- Behavior based on mutual respect,
- Equal opportunity employer,
- Prevention of conflict of interest,
- Legal compliance,
- Behavior with respect to bribes,
- Gifts and favors,
- Occupational safety and health,
- Environment,
- Corporate Social Responsibility, and
- Fulfillment of obligations.

The objective of Fransabank Code of Conduct is to ensure that all employees have the same high level of knowledge about the rules and regulations that apply to our business. It is a mandatory conduct for all employees at the branches and departments / divisions and at other Fransabank Group local and overseas entities.

All Fransabank employees are obligated by our Code of Conduct to report any suspicion or knowledge of breaches of the Group’s policies or any other unethical or unlawful behavior to the head of the Compliance.

## Protecting the Bank’s Information through Cyber Security

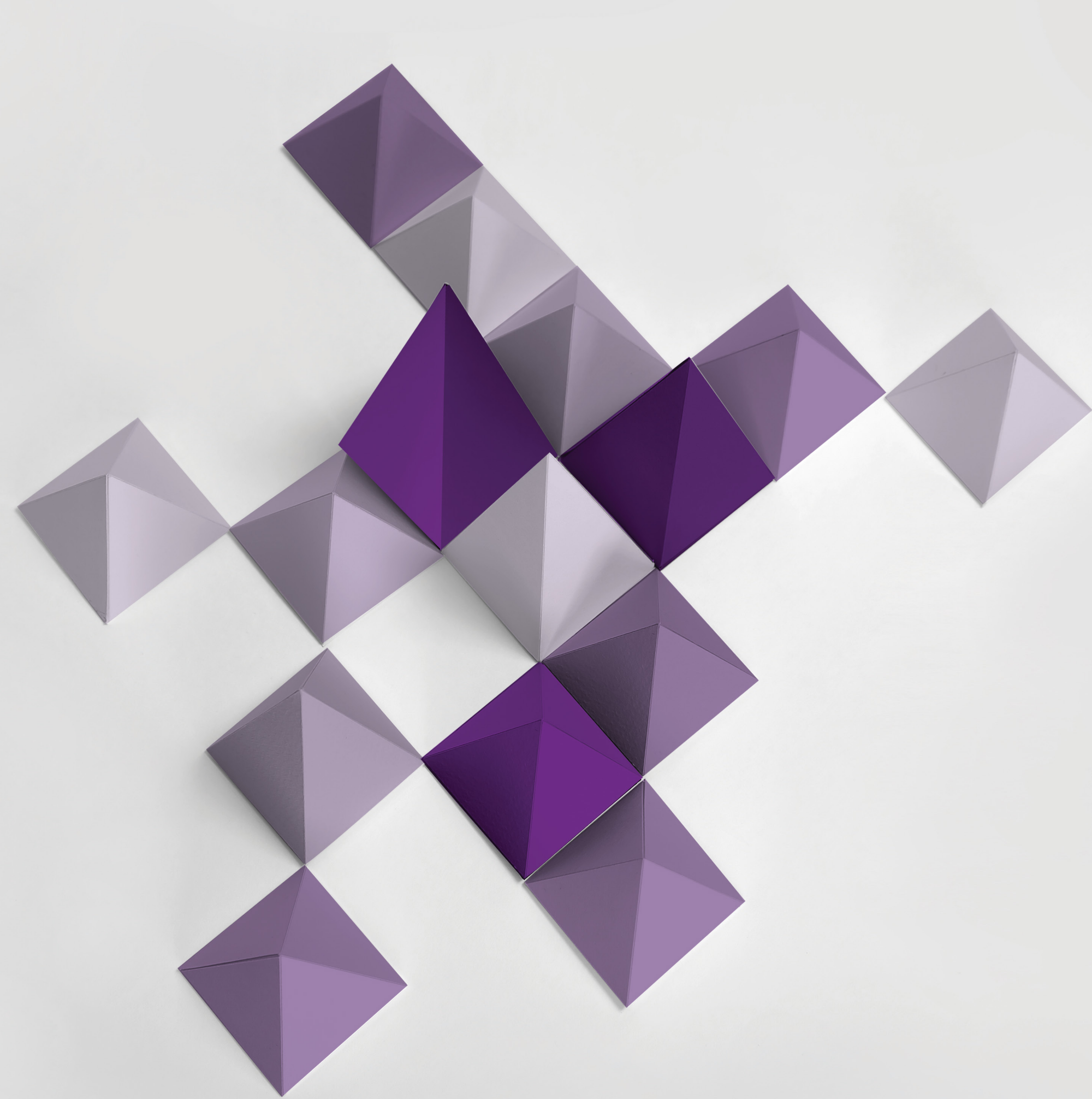
Fransabank considers information security to be a very important part of its strong governance framework. Our security awareness program is mandatory for all employees since our business is based upon trust. Digital information is valuable and must be protected.

A full review of the security policies adopted by the Bank has been conducted, while mapped to the ISO 27002 new standards. Security systems were deployed to provide more protection for the data, preventing leakage and ensuring accessibility and better reactivity to incidents. From another perspective, and in order to complete the whole image of security, a drastic enhancement of the physical security systems – camera surveillance, fire protection and fighting, electromechanical infrastructure monitoring - using advanced technological platforms has been carried out. Such a leap in physical security will provide the proper security for the IT systems, and ensure better availability of the banking services. The Bank made a big leap in the PCI DSS compliance project reaching a very high level of conformity to the injunctions of the said standard.

On the business continuity plan, the design phase of a new Business Continuity and Disaster site to be built according to the Tier III availability standard is in the final stage. This datacenter is one of the most technologically advanced centers in the region using the best proactive monitoring and advanced technologies from the world leaders in this field. The datacenter is fully designed to be maintained and upgraded without any downtime or service interruption due to its multiple redundancies.

In order to safeguard the Bank’s customers’ information, as well as assess the confidentiality, integrity and availability of information, we are continuously focused on the development of our human capital, which is composed of a large team of technology specialists, functional and business analysts and experts, senior developers and administrators. Moreover, all initiatives and projects are running in the direction of compliance to the ISO 20000 Standard.



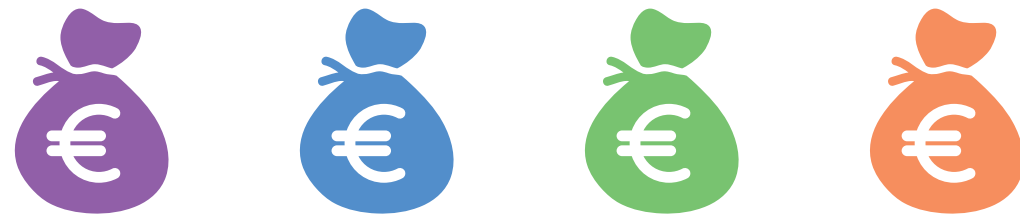


Promoting financial inclusion and economic progress is a main pillar in our Bank's Corporate Social Responsibility by providing financial opportunities, access, knowledge and support for underserved communities and individuals. We strive to treat our customers fairly and support them in times of financial difficulty, as embodied in our commitment to responsible finance.

As a Bank, we play a fundamental role in society: to support economic growth and stability and to inspire confidence in the financial system.

## OUR RESPONSIBILITY FOR THE ECONOMY

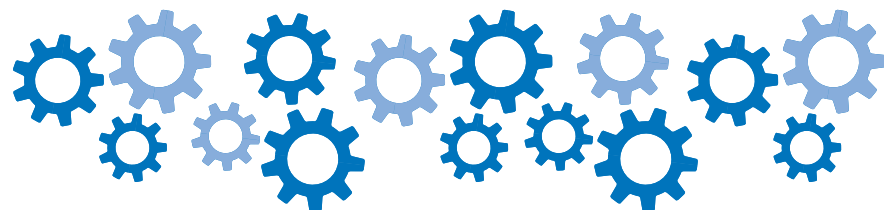




**EURO 45 MILLION**  
for **SME financing** from the  
**EUROPEAN INVESTMENT BANK**  
(EIB)

Total outstanding amount  
for **SME financing**  
**USD 595.74 MILLION**  
as end of 2014

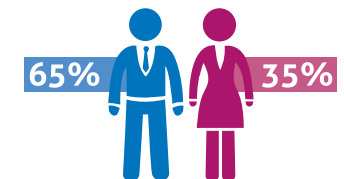
We embrace the Central Bank of Lebanon  
**CIRCULAR 331**  
into our strategic business activities



A TOTAL OF  
**USD 19,575,590**  
was invested from 1997 until end of 2014 in over  
**10,129 entrepreneurs**  
as part of our  
**micro financing strategy**

Total outstanding amount  
of **micro credits** at end of 2014 was  
**USD 2,499,695**  
(an increase of 18.17% from 2013)

Micro credits  
beneficiaries:



Micro credits distribution by sector



**USD 25,000**  
grant to 25 micro credit beneficiaries

We carried out a Brand Equity research with  
**700 ONE-TO-ONE INTERVIEWS**  
to evaluate the satisfaction, brand health  
and perception of the Bank in the minds of the consumers.

# RESPONSIBLE LENDING

Lending money to individuals and businesses is a fundamental activity for banks. We provide capital that serves as a catalyst for economic growth and social prosperity. To an increasing degree, banks are expected to share accountability for customers’ use of their products; but also consider the purpose for which the products are used and assess possible Environmental, Social and Ethical (ESE) risks associated with it. These factors are central to our Principles for Responsible Lending.

At Fransabank, we acknowledge that the impact of our business on the environment and society extends beyond our own activities. We, therefore, insist that our customers behave responsibly and adhere to commonly accepted principles of sustainable business conduct. We endeavor to prevent credit facilities from being used in violation of internationally recognized standards in the areas of human rights, labour rights, the environment and anti-corruption. We grant loans and credit facilities on the basis of a professional credit assessment. It is in both the Group’s and the customer’s interest that facilities are granted only when the obligations and risks are understood by the customer and match the customer’s needs and ability to repay. We, therefore, undertake a thorough assessment of the customer’s needs and financial situation.

## Sustainable Products and Services

In our products and services development process, we take account of today’s social and environmental concerns. Accordingly, Fransabank launched a first-of-its-kind initiative, signing with the International Finance Corporation (IFC), and in collaboration with the Government of Canada, two credit lines of USD 40 million, promoting the financing of sustainable energy in Lebanon through which businesses can adopt clean energy and energy efficient technology, save money, and combat climate change. Through this long-term partnership, we are giving businesses the chance to embrace renewable energy, invest

in the future of Lebanon, and reduce the effects of climate change.

The key success and growth factor of Fransabank is its strategic focus on Corporate Social Responsibilities activities that are playing a major role in the economic growth of the country’s environment, community well-being and the development of the infrastructure and utilities services which are mainly achieved through Sustainable Energy Financing (SEF).

*Additional details on this partnership are discussed in environment section of this report, page 49.*

# CHALLENGES

- Continuing to improve opportunities for small businesses to create jobs in a difficult economic environment.
- Further expanding microfinance opportunities across Lebanon.
- Broadening access to financial services locally and improving understanding of their appropriate uses.
- Breaking the barriers of the next stage of growth and the high risk of long-term sustainability.
- Continuing to support affordable home ownership in difficult economic conditions.

# FINANCIAL INCLUSION

One of the most important initiatives to finance entrepreneurship is micro-credits.

Fransabank has developed a strategy of Corporate Social Responsibility based on responsible actions and economic efficiency, with the willing commitment to the socioeconomic development of the people and the region. Promoting the entrepreneurship spirit and individual initiative is the best way to bring about economic growth and community development. This is why one of the priorities of Fransabank’s management policies is to support viable entrepreneurial initiatives.

## CASE STUDY Access to improved financial services through microfinance

Fransabank considers microfinance as an effective means to support the achievement of the UN Millennium Development Goals, such as the eradication of poverty and the provision of universal primary education. Investments in microfinance are designed to provide economically disadvantaged people – especially those in rural areas – with access to financial services in the form of small / micro loans, thus helping them to build small businesses and establish a basic livelihood. Small businesses are an engine of economic opportunity, but their development often is hindered by lack of access to capital, talent, networks, supply chains or facilities. Fransabank, with the partnership of Vitas, helps its small business customers address many challenges, but we want to do even more to support business development while making sure that applicants’ businesses do not contravene with the environmental and social requirements, such as pollution, and child labor.

We have invested to date,  
**USD 19,575,590**  
in microfinance program

& helped  
**over 10,129**  
micro-entrepreneurs to grow  
or improve their enterprises

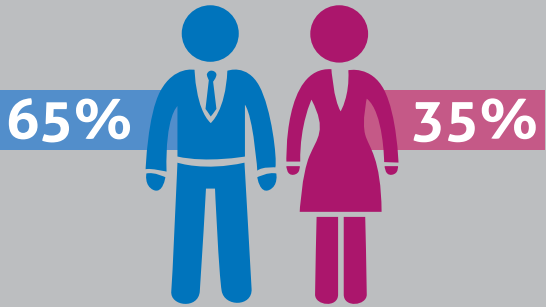
Fransabank does help small businesses acquire the capital, expertise and other resources they need in order to grow. But, for that to happen we assess the business viability, the repayment capacity in light of the family expenses, the applicant age, loan purpose/use, and guarantor(s) as per the requested amount in addition to other required documents.

Small businesses are the cornerstone of local communities, creating jobs and spurring innovation. With a commitment to microfinance that dates back to 1997 till end of year 2014, we have invested to date, USD 19,575,590 in microfinance program and helped over 10,129 micro-entrepreneurs to grow or improve their enterprises.

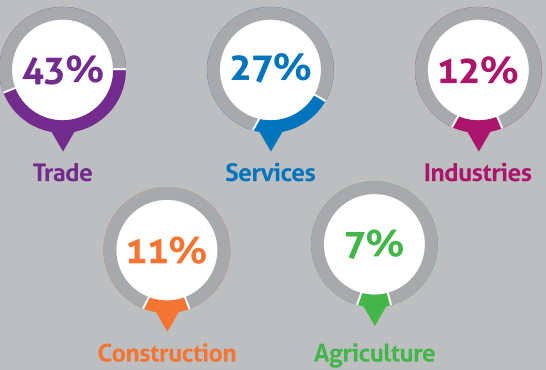
Micro-Credits Highlights for the Year 2014

- The number of beneficiaries increased remarkably from 1,257 in 2013 to **1,776 in 2014**, constituting a percentage increase of **41.3%**.
- **266 jobs** were created through our micro lending activities.
- The outstanding amount of micro-credits reached **USD 2,499,695** as end of December 2014, an increase of 18.17% as compared to USD 2,115,328 as end of December 2013.
- **1,159 male and 617 female beneficiaries** were granted loans, i.e. 65.26% of this year's beneficiaries were men and 34.74% were women.
- As for the age distribution of beneficiaries in 2014, **USD 1,060,150 were disbursed to individuals between the ages of 18 and 35**, USD 967,585 for individuals between the ages of 36 and 50, and USD 421,960 for individuals over 50 years of age. In line with this distribution, 43.28% of beneficiaries belong to the age bracket of 18 to 35, 39.50% to the bracket of 36 to 50, and 17.22% are beneficiaries over 50.
- **The non-performing loan ratio is 1.81%** for the year of 2014.

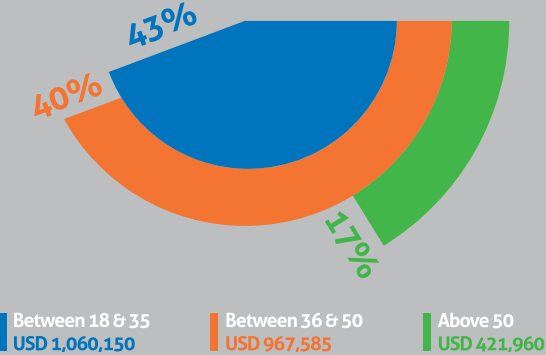
2014 Beneficiaries Male Vs. Female



Micro-credits beneficiaries' sectors distribution in 2014



Amounts disbursed in 2014 as per age brackets in USD



In addition, with the objectives to reward our loyal micro-credit customers and to enrich women empowerment, we have selected **25 small businesses across Lebanon based on well-studied Key Performance Indicators (KPIs)** and rewarded each one with a **USD 1,000 grant** that resulted in a total granted amount of **USD 25,000**.

The Key Performance Indicators for our micro-credit beneficiaries of the USD 25,000 grant were:

- Sustainability of their business, minimum five years in the business
- Growth and profitability
- Expansion of their business activities
- Empowerment of female entrepreneurs, whereby the selection process of the winners was based on having more women than men
- Covering all Lebanese regions (North, South, Mount Lebanon, Bekaa, and Chouf).

Based on the above KPI's, **13 women benefited from the USD 1,000 grant, i.e. 52% were women and 48% were men**. The winners spanned sectors ranging from manufacturing and construction to health, wellness, food, and hospitality.

USD 25,000

granted to 25 well performing micro-credit beneficiaries

VITAS SAL

Vitas is the first Lebanese microfinance company to be registered with the Central Bank of Lebanon as a non-banking financial institution. It provides financial products and services that respond to its clients' needs and foster the long-term sustainable development of individuals, their businesses, their families and the communities in which they live. Its aim is to commercialize its operations in development finance, and to grow through socially responsible investment. Vitas has been serving the Lebanese market for the past fifteen years with the outmost dedication to high quality service and transparency towards its clients. This dedication enabled Vitas to serve thousands of clients and expand its outreach over the years to cover the entire Lebanese territories.

# EQUITY INVESTMENTS IN START-UPS - CENTRAL BANK OF LEBANON / CIRCULAR 331

The Central Bank of Lebanon launched its Intermediate Circular 331 specifically designed to offer funding support to young entrepreneurs. For the first time in Lebanon, the Central Bank allowed, through the Circular 331, Lebanese banks to make equity investments in start-ups, accelerators, incubators and venture capital funds, enabling them to expand their business scope and open up new horizons for entrepreneurs, innovators and investors. Furthermore, Circular 331 aims to reach Lebanese expatriates as well as foreign entrepreneurs to establish innovative ventures using Lebanon as a launching platform.

In view of that, Fransabank was among the leading banks to embrace the Central Bank of Lebanon Circular 331 into the Bank’s strategic business activities and **has taken a participation in the Impact Fund by the Middle East Venture Partners (MEVP) Holding SAL**. The Impact Fund size currently stands at about USD 63 million and has set an investment period of four years, and a divestment period of three years. Likewise, Fransabank is in the process of finalizing participations in two similar funds, while still considering potential direct participations in start-ups.

# SMALL AND MEDIUM SIZE ENTERPRISES (SME’s) LENDING

Fransabank supports companies of all sizes - especially SME’s - in Lebanon by operating a fair and reliable lending policy. Despite the evolving market conditions witnessed in recent years, our lending practices have remained essentially unchanged. We determine risk premiums and pricing based on the same set of qualitative and quantitative criteria, which take account of aspects such as the borrower’s business model and potential for growth, the quality of its management team, the risks involved for the lender and the client relationship as a whole.

## Funding SME’s and Start-Ups

Supporting Lebanese small and medium-sized enterprises (SME’s) actively contribute to the increase of employment opportunities and to the development of the private sector in Lebanon. For that reason, Fransabank sustained its efforts in assisting SME’s which are the engine of Lebanon’s economy; constituting 97% of the total formal enterprises, employing more than 51% of the working population.  
*(Source: International Finance Corporation Case Study on Women and Youth Employment in SME’s, March 2013).*

Acknowledging the difficulties faced by smaller businesses in accessing affordable and continuous finance, Fransabank and the European Investment Bank (EIB) renewed support for SME’s in Lebanon with a credit line of Euro 45 million to finance the investment projects of SME’s. The EIB funds will be earmarked for financing projects in the sectors of industry and agro-industry, health, education, high knowledge and services. This is the EIB’s fifth transaction with Fransabank under its policy of supporting the economic development of small and medium-sized companies in order to foster economic recovery and job creation in Lebanon.

“ Economic growth led by private sector development remains the cornerstone of any equitable strategy and job creation in the Mediterranean region. ”  
It is also fully in line with the European Neighborhood, which encourages investment and private global trade.

Mr. Philippe de Fontaine Vive, Vice-President - European Investment Bank



The total outstanding amount of Small and Medium Size enterprises financing reached around **USD 595.74 million** as end of December 2014 and was allocated to **3,838 SME's**

SME Seminars and Workshops

Fransabank’s core purpose is to be the best at helping customers become financially better off. Achieving this requires more than simply the right products and services, it also means offering education, resources and advice and help people make informed financial decisions. The intense small and medium size loans and economic development initiatives launched by Fransabank are regularly complemented by series of SME’s workshops and seminars, providing consultancy services to our existing and potential customers and following and monitoring the financing outcome.

The objectives of these seminars are to:

- Provide clients with basic information and powerful strategies and skills in banking
- Comprehend the market-based pricing for SME products and services
- Understand how financial products are customized to create financial solutions
- Open platform for any consultancy services
- Explore the Bank’s diverse SME’s products and services.

Designed to be motivating, empowering and interactive, SME’s quality seminars and workshops are formatted in duration and content to suit the individual needs of our customers. The SME’s seminars have tackled Kafalat Loans, Subsidized Loans, Incentive Loans, Energy Loans, and Green Loans.

The workshops are a success and have always received excellent feedback from all attendees. Fransabank will continue to replicate these programs of the Bank, in order to increase its customers’ knowledge of the industry and to build up sustainable business relationship with them.

At the local scene, Fransabank sponsored Lebanon Economic Forum that aimed to divulge a conviction of the need for a determined and equitable development of the national economy based on the principle of promoting and protecting private initiative. This would be achieved by the development of work opportunities and to provide safeguards for Lebanese manpower which would help limit its immigration and enable it play a constructive role within the framework of a liberal economy.

BTA-FRANSABANK RETAIL INDEX

*In collaboration with Beirut Traders Association, Fransabank launched the first retail index in Lebanon in 2012, the “Beirut Traders Association – Fransabank Retail Index”, providing the Lebanese economy with an index that is indicative of the retail trade sector in Lebanon in general, as well as, its constituent Beirut traders in particular.*

*This retail index is announced on a quarterly basis and is based on scientific research on the micro and macroeconomics, as well as social studies, which had been lacking in a comprehensive manner in the market and is practically inexistent in some other sectors.*

*“Beirut Traders Association – Fransabank Retail Index” objective is to contribute in improving the traders’ decision-making competencies, which can now be based on thorough scientific studies; it would inevitably enhance traders’ competitiveness in the market and add value to the national economy as well as the consumer.*

SUPPORTING CUSTOMERS

We focus on quality profits, not quarterly profits.

Quality to us means good clients; excellent products; constant innovation; state-of-the-art systems; and dedicated, capable, and well-trained employees who care about the customers we serve. It means building consistently, not overreacting to short-term factors, and being trusted and respected by our clients in all the communities where we do business.

At Fransabank, we know that continually working to strengthen the ways we serve these stakeholders is essential to maintaining their loyalty and confidence. In 2014, we continued to exert efforts to make our product disclosures clearer and more transparent, listen and respond to customer complaints, and develop products and services that help meet the unique needs of our different customers.

Measuring Customer Satisfaction

We conduct research across all our lines of business, customers and interaction channels, and key product areas to help assess overall satisfaction. Various methodologies are employed, including quantitative surveys via personal interviews and qualitative focus groups. Results are shared with executives across the Bank, and are combined with the launch of proposed corrective actions, so that they are consistent with corporate strategies, better address our customer needs, and enhance customer experience.

In 2014, we carried out a **Brand Equity research with 700 one-to-one interviews** with existing and potential customers to evaluate Fransabank brand health and perception in the minds of the consumers in general. The research focused on the overall brand equity standing of Fransabank versus other key competitors, the strength

and weakness of the brands in comparison to competition, and the evaluation of our campaigns and the public feedback on media.

Fransabank **scored the highest among its competitors in terms of meaningfulness**, a category which is also the key driver for brand power, whereby our customers feel an affinity to the brand and the Bank’s diverse products and services met their banking needs and wants. It revealed our strength in banking fundamentals, positively endorsing banking essentials such as accessibility, advocacy and simplicity of banking services. Yet, we still have an opportunity to further enhance our banking essentials perceptions and deliver more emotions to our customers.

Customer Complaints

As part of how Fransabank does business every day, customer service and successful resolution of complaints are tracked. Customer satisfaction is critical to the Bank’s success, and customer loyalty and satisfaction are key performance indicators.

Fransabank has established a complaints resolution process; they are dealt with by special units, each covering a specific scope of responsibility. All complaints are followed-up and, as part of a continuous improvement in processes, complaints are held in association with the **business line managers, where necessary, in quick, timely, clear and transparent information.**

Complaints were categorized into two main aspects: operational complaints and customer service complaints. Under the operational complaints, we covered the aspects on difficulty in accessing the internet banking service, activating passwords, checking prepaid cards balance online, money transfer, among others; whereas under the customer service complaints, we included complaints on the slow service in some branches, ATMs out of service and unavailability of parking space in front of branches, among others.

As end of year 2014, **we received 88 complaints, of which 75% were operational complaints, versus 25% customer service complaints.** If compared with the year 2013, we had 65% operational complaints as compared to 35% customer service complaints for almost the same number of complaints as 2014.

Customer Privacy

Keeping personal information private and secure is critical to maintaining trust. We work to comply with laws governing privacy and security. As we train our employees in the proper handling of personal information, we also require from companies, that provide services on our behalf, to contractually protect the confidentiality of personal information they receive.

We invest time, energy and resources to maintain high levels of security and continue to follow stringent and changing regulatory requirements concerning the security of our consumers’ personal information and how they can access it.

Supporting Homeownership

For many people, a home is their biggest and most important asset. Homeownership can help build wealth, enable individual progress and support the development of stable, prosperous communities. Fransabank’s diverse housing loans support consumers in all stages of homeownership. Our range of affordable and flexible housing loans helps families for whom home-ownership might otherwise be out of reach. We assist borrowers at risk of default, providing outreach and advisory services. Wherever possible, we provide mortgage modifications or other arrangements to struggling homeowners.

The total outstanding amount of Housing Loans reached around **USD 572.27 million** as end of December 2014

and was allocated to **6,516 customers**

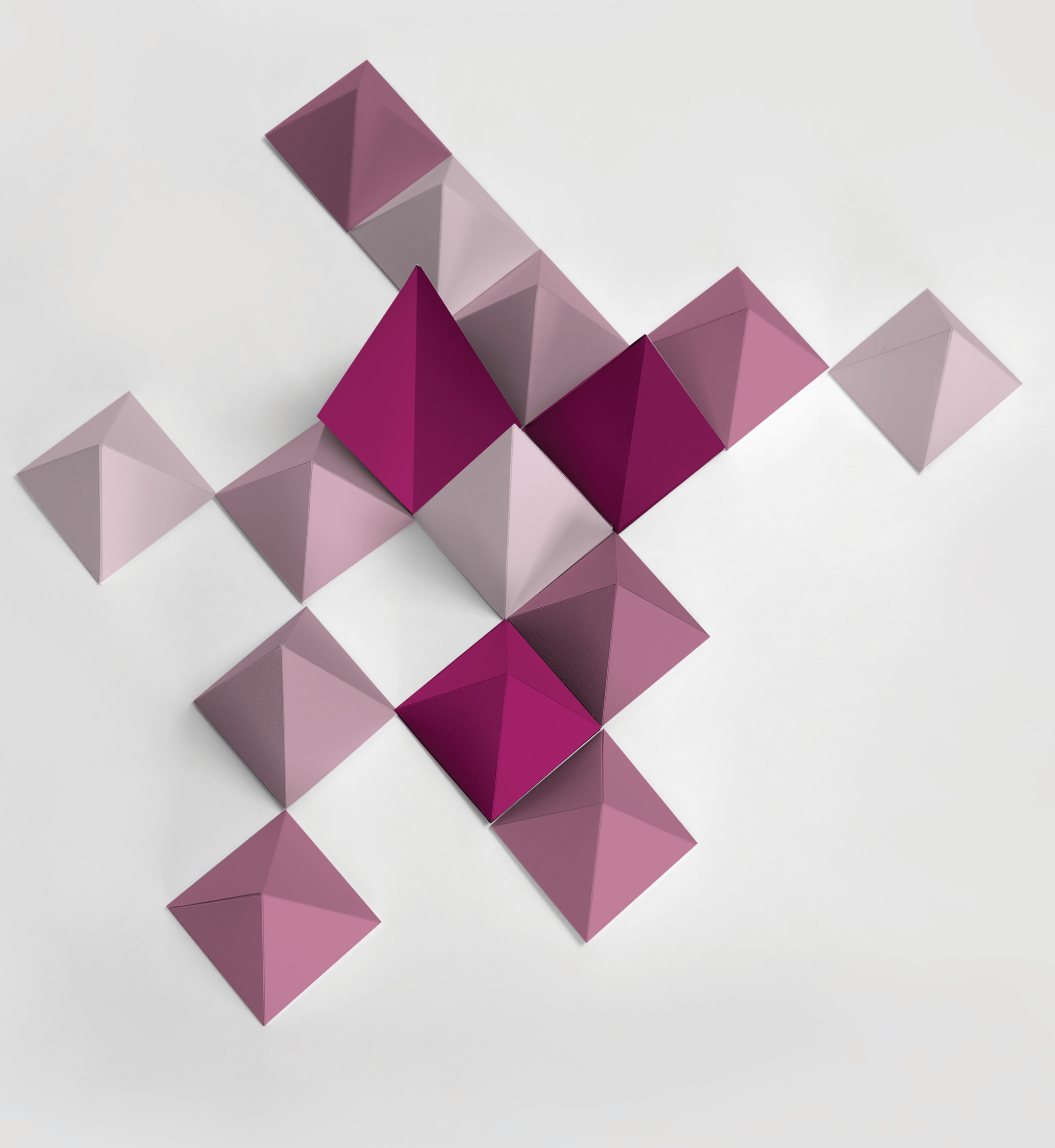
Responsible Marketing Communication

We seek to fairly represent our products and services and to communicate with clients in a straightforward way that is jargon-free and transparent.

Internet and Social Media

The social media revolution has already happened, transforming not only our customers’ daily behavior but their expectations of us as their financial partner. We have been learning more about our customers, listening when they speak, understanding and valuing their evolving demands and high expectations especially with the digitally-savvy young generation.

As more and more of our people utilize social media, they are increasingly expecting services and communication via these platforms; this motivated us to gradually increase our interaction with our customers via Facebook, Instagram, Twitter, and Hadzup, to stay connected and allow our consumers to contact us by text message from their smartphone. Out of these platforms, we are increasingly interacting with our customers sharing the latest Corporate Social Responsibility initiatives, news, products & services, tips, activities, greetings, among others, concerning the Bank and the financial market in general.

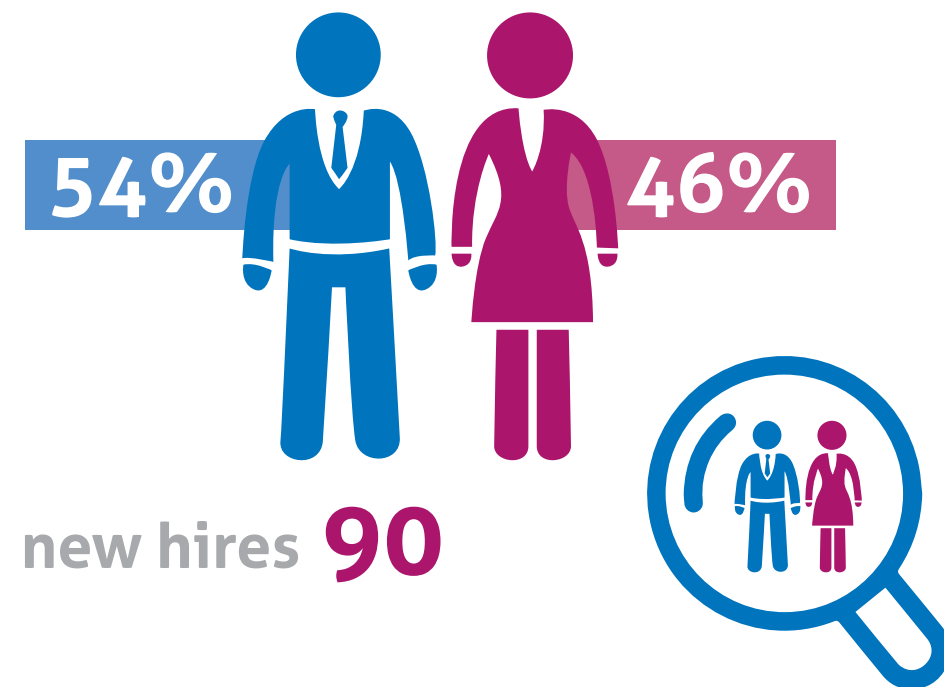


Diversity is both a business imperative and a management priority at Fransabank. Our policies and practices encourage a corporate culture that embraces difference, teamwork and meritocracy.

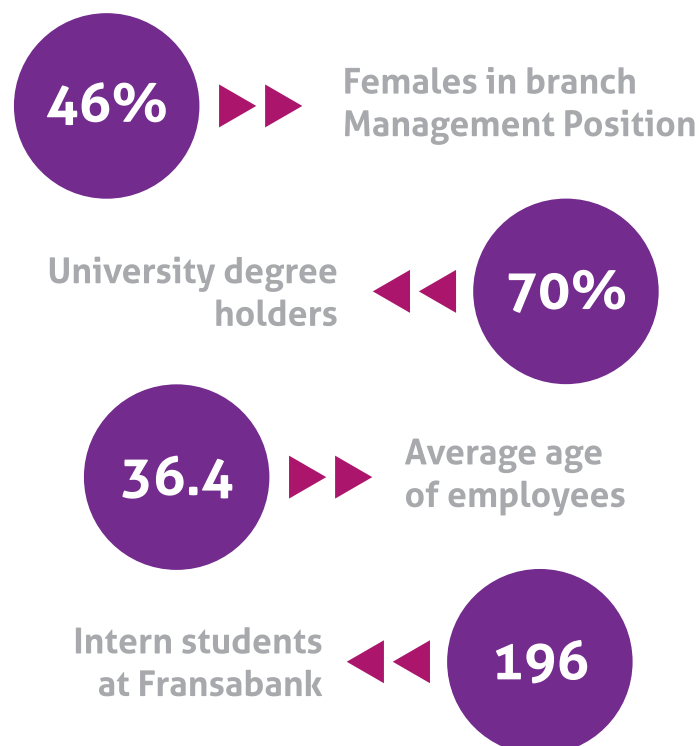
## OUR RESPONSIBILITY AS AN EMPLOYER



### Population distribution



### IN 2014



as end of 2014

**785**

**employees** participated in the "Today's Readers are Tomorrow's Elites" campaign launched for the Children of the Lebanese Army Martyrs.

**407**

**employees** enrolled in Partner in Life Program by the Children Cancer Center of Lebanon from 1997 till end of 2014

**360**

**employees** enrolled at Fransabank Amicale

we have invested in total **71,455 HOURS** of training in **1,137 EMPLOYEES**, as of end 2014, securing better opportunities to grow and develop at the Bank.

Average training hours per employee:

**47 HOURS**

HR Development Programs include:

- Talent Management
- Polyvalence Enhancement
- Potentials Development
- Succession Planning



# FOSTERING DIVERSITY

Diversity is a cornerstone of Fransabank’s culture. Our commitment to diversity is reflected in our efforts to actively recruit and hire employees from a broad range of backgrounds and experience, while also providing them with opportunities to develop their skills and advance their careers. Training programs range from broad leadership and management courses to marketing and selling skills and information technology. Closely tied to our training and development efforts is our focus on promoting internal mobility. We want to ensure that employees have the opportunity to use the skills they develop to advance their career within Fransabank.

Gender diversity is a major driver of performance, improved management practices and innovation; it helps to make the Bank more attractive and improves employees’ motivation. Fransabank Group’s gender equality goal is set out in action plans in the various Fransabank Group entities. These plans aim to guarantee equality in recruitment, training, promotion and compensation.

Women are integral to Fransabank’s success with 46% of our workforce being female, including also an equal share of 46% in female managerial positions at our branches - being either Branch Managers or Deputy Branch Managers.



## CHALLENGE

To find people with the right skills who are qualified for the available positions has become challenging due to the brain drain Lebanon is currently experiencing.

## Engaging Unions

It is important to both customers and employees that Fransabank is committed to human rights in its Parent company and overseas entities. Since the workplace is where demonstration of human rights becomes more tangible, Fransabank respects all applicable human rights and non-discrimination laws in the jurisdictions in which

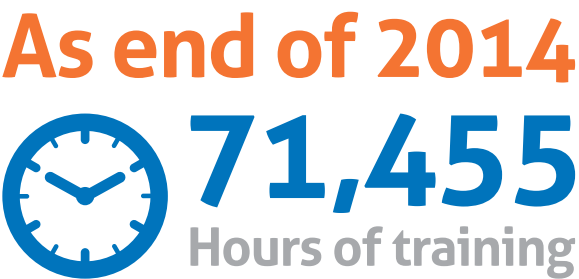
it operates - with due regard to the spirit and intent of international human rights treaties and agreements. Fransabank’s Statement on Human Rights supports employee rights to freedom of association and collective bargaining as expressed in the International Labor Organization’s core conventions.

# COMPETENCY DEVELOPMENT

Our employee training and development programs ensure that we can continuously enhance the quality of our services and advisory offering and adapt our business to new market requirements and opportunities. Fransabank is uniquely positioned to identify and develop talent from a tremendous pool of potentials across the Bank. We mainly use four programs to identify and encourage leaders:

- **The Talents Management** consists of selecting “High Profile” employees, with Fransabank experience varying from 0 to 3 years. These employees are selected based on a combination of personal skills, educational background, and banking knowledge, to be subsequently enrolled in a Fast Track program to determine whether they can undergo Vertical or Horizontal Development, or both. During 2014, Fransabank has targeted 119 individuals, compared with 105 individuals in 2013.
- **The Polyvalence Enhancement** is a concept that focuses on the employees’ ability to handle multiple functions. In 2014, 408 employees at branches became polyvalent compared with 330 employees in 2013.
- **The Potentials Development** prepares competent employees for potentially occupying higher positions, thus, a total number of 398 potentials were identified in 2014, compared with 399 potentials in 2013.
- **The Succession Planning**, which initiates employees into future organizational requirements, has contributed to the development of 204 potential successors in 2014, compared with 200 successors in 2013.

The Bank has taken several measures to support the professional development of its employees, including a new orientation program, whose main objectives, are to increase employee effectiveness, boost their self-confidence and job satisfaction, improve both personal and professional well-being, and enhance their commitment towards the Bank, in addition to the launch of career committees and career management interviews.



Including 45,412 hours targeted for the Orientation Programs



This is the effective number of participants as many employees were cross trained in different seminars and workshops.



546  
employees  
attended FATCA  
training sessions  
as end of 2014

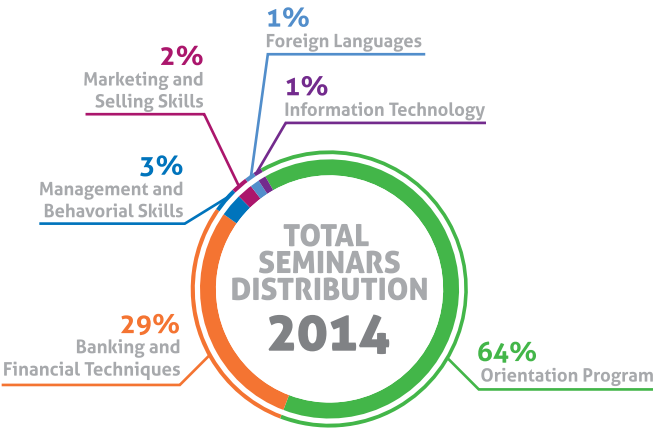
# RECOGNIZING PERFORMANCE

Fransabank recognizes that competitive compensation, regular feedback and promotion prospects help keep our employees engaged and loyal.

Effective performance management is also critical to maintaining industry leadership and maximizing employee potential. We evaluate all employees, including executives, at year’s end, and also hold mid-year development conversations. To promote meritocracy and strong risk management, we assess employees both on results and on the achievement of business goals. Managers provide comprehensive feedback that guides employee expectations, informs pay and promotion decisions and highlights individuals’ strengths and challenges. Our employees’ performance objectives are aligned with the Bank’s strategy. In particular, they are expected to place our clients at the center of all that they do. We measure our employees’ performance based on the nature and scale of their contribution to the achievement of our business goals.

The compliance department, in association with the business lines, has developed **training modules dealing with fraud prevention, anti-money laundering and terrorist financing, professional secrecy, conflicts of interest and ethics**. Other entities have focused their efforts on knowledge of the customer and his interest, in order to improve customer protection and satisfaction.

We expect our employees to remain informed about the continuing changes in regulatory requirements and to act responsibly and in accordance with the applicable laws and rules at all times. To ensure that they are always up to date in this area, we have developed study modules and tests relating to legal and compliance issues that must be completed by specific groups of employees or by Fransabank’s entire workforce. The completion of training modules on topics such as the prevention of money laundering, trading sanctions, records management and IT risks is mandatory for all employees. For example, FATCA training sessions for the year 2014 included 546 employees being regional managers, branch managers, deputy branch managers, commercial controllers and customer service representatives.



## Internships and Programs for Career Starters

As much as we give importance to our staff training and career development, we consider that internships are a win-win practice. They open many doors for students who would gain in return an insider’s view to the professional world and more networking opportunities. In addition to being a pipeline for hiring,

young interns assist our employees and provide them with innovative ideas. And so, a total of **196 university students** took part in our Summer Internship Program in 2014. The internship programs were specially designed to provide students with the maximum amount of experience in the minimum amount of time, for a period lasting from 4 to 8 weeks on average.

FRANSABANK SAL HUMAN RESOURCES KEY PERFORMANCE INDICATORS			
	2012	2013	2014
COMPOSITION OF STAFF			
POPULATION	1,487	1,509	1,516
GENDER DISTRIBUTION	♂ 54% ♀ 46%	♂ 54% ♀ 46%	♂ 54% ♀ 46%
NUMBER OF HIRES	97	84	90
PERCENTAGE OF UNIVERSITY DEGREE HOLDERS	66%	69%	70%
AVERAGE AGE OF EMPLOYEES	37	34.5	36.4
TRAINING DISTRIBUTION			
TOTAL EMPLOYEE TRAINING HOURS	25,279	42,123	71,455
EFFECTIVE NUMBER OF PARTICIPANTS	1,187	1,839	1,137
AVERAGE TRAINING HOURS PER EMPLOYEE	17	29	47
ORIENTATION PROGRAMS (HOURS)	12,191	22,571	45,412
TRAINERS POPULATION	15	33	32
INTERNAL DEVELOPMENT PROGRAMS			
INDUCTION PROGRAMS (NEW HIRES)	146	66	86
EMPLOYEES’ ON ROTATION	20	100	122
INTERNAL PROMOTIONS	30	45	51
POTENTIALS	229	399	398
TALENTS	82	105	119
POLYVALENCE ENHANCEMENTS (BRANCHES)	249	330	408

# INTEGRATING EMPLOYEES

Before engaging the external stakeholders, it is essential to start with the internal stakeholders: our employees. The employees form the cultural essence of the Bank and that's why their engagement is an integral component of Fransabank's corporate culture. Through the commitment of each individual, Social Responsibility becomes closely interconnected to the Bank's thoughts and actions. We enable our employees, in turn, to help individuals, families and communities to make social and economic progress.

CASE STUDY  
**Celebrating the Joy of Reading: "Today's Readers are Tomorrow's Elites"**



785

FRANSABANK EMPLOYEES PARTICIPATED IN THIS CSR INITIATIVE

Fransabank launched an internal reading campaign under the title of "Today's Readers are Tomorrow's Elites," motivating employees' individual contribution for greeting the Children of the Lebanese Army Martyrs either by donating a book/story or by donating cash amount. This initiative reflected the Bank's Corporate Social Responsibility, which, in essence, promotes the spirit of individual participation in serving communities.

**The Objectives**

- Donating to the Children of the Lebanese Army Martyrs
- Interconnecting Corporate Social Responsibility to the employees' thoughts and actions
- Strengthening their pride and loyalty towards the Bank.

**The Outcome**

- **785** Fransabank employees from departments, branches and the Bank's local subsidiaries participated in this Corporate Social Responsibility initiative either by donating books or cash, out of which 738 employees donated cash and 47 employees donated books.
- **76%** of Fransabank branches participated in this campaign.
- **60%** of the employees at departments contributed to this campaign. Almost all departments participated in this campaign with a participation rate ranging from 100% for all employees per department to a participation rate as low as 10%.
- **88%** of the employees at Fransa Invest Bank (Fransabank's investment arm), the Lebanese Leasing Company (Fransabank leasing arm) and Sogefon (Fransabank real-estate arm) participated as well in this initiative.
- The total number of books collected is 105 books, targeted to different age groups and in three languages Arabic, English and French.
- The cash amounts donated per employee ranged from the lowest cash amount of LBP 5,000 or c/v USD 3.5 up to the highest of LBP 150,000 c/v USD 100.
- The massive participation of Fransabank employees resulted in the collection of LBP 15,300,000, or c/v USD 10,200 exceeding the expected set target. For every Lebanese pounds amount donated, the Bank equally donated the same amount and that resulted in a total of **LBP 30,600,000, or c/v USD 20,400, a symbolic gift to 460 children of the Lebanese Army martyrs.**
- Each child received a book or a story and the extra money collected was donated to the martyr's families on Fransabank prepaid cards.

The individual contribution of each and every one of Fransabank employees has been small in size, but certainly significant and precious in its contribution, promoting the concept of "Individual Corporate Responsibility" which is what really counts.

THE BANK EQUALLY DONATED THE SAME AMOUNT AND THAT RESULTED IN THE COLLECTION OF

USD 20,400





USD 225,528

Fransabank's employees' contribution to the CCCL from November 2005 till end of year 2014

407 Fransabank Employees Enrolled in “Partner in Life Employee Giving Program” with the Children Cancer Center of Lebanon (CCCL)

Partner in Life is the program whereby companies can reflect that they are caring corporate citizens. Through the support of the corporate community, CCCL can better serve the mission of saving young lives. Patients are the children of institution employees, and this is why it is natural to establish a guardian relation between the corporate community and the Children’s Cancer Center of Lebanon. Being Partners in Life, Fransabank addressed its employees to make voluntary monthly donations through a direct payroll deduction program and that resulted in the collection of USD 225,528 for 407 Fransabank’s employees enrolled in the program as end of December 2014.

Fransabank Amicale Club Activities

At Fransabank, we believe that taking breaks is useful, not wasteful. The Amicale Club at Fransabank takes care of providing recreational activities for the Bank’s staff ranging from small gathering, brunches, night outs, or even organizing trips. Through its social and cultural activities, it tries to break the work routine by getting colleagues together in a different context to strengthen Fransabank family spirit.

Supporting everyone’s need for vacation from time to time, the Amicale Club planned, in the summer of 2014 a trip for Fransabank’s staff and families to Spain. Prices were well studied to encourage our employees to take a time off-work and enjoy some quality time with their families and friends while experiencing different cultures and discovering new horizons. This annual event proved to have many benefits on the staff performance as we believe that people who take vacations have lower stress, less risk of heart disease, a better outlook on life, and more motivation to achieve goals.

As for the local events, the Amicale Club also designs weekend lunches and dinners, amongst which was a lunch, to a versatile, sustainable, green yearlong venue – Tanit, located in Mount Lebanon. The employees enjoyed with their colleagues and families indoor and outdoor activities and spent a beautiful Sunday. Even then, their commitment to giving back to society was translated by their personal initiative to donate the considerable amount of remaining food to Société Saint Vincent de Paul, a local NGO that provides assistance and help to the poor and supply them with their most urgent needs.

FRANSABANK AMICALE

*The Fransabank Amicale was created 1960's, to give Fransabank Family members the opportunity to meet outside the office, thus bringing them closer together and effectively strengthening the ties between employees, their coworkers, their families and their friends. **Fransabank Amicale counts 360 members as end of December 2014**, who often meet and enjoy numerous activities together, such as dancing dinners, beach outings, trips abroad, hikes, as well as other events. Another main advantage of the Amicale is that the members can obtain benefits and discounted prices on a series of events once they register to the Alumni.*

*The Fransabank Amicale is managed by a Committee composed of nine members:*

- The Committee President
- The Committee Vice President
- The Treasurer
- The Committee Secretary
- Five Regional Committee Managers



At Fransabank, we believe that we have an opportunity to affect the climate agenda by the investment we make and the credits we grant. We strive to incorporate concern for the climate and environment in our products and seek to conduct our business in a way that minimizes our footprint.

## OUR RESPONSIBILITY FOR THE ENVIRONMENT

As part of Fransabank  
**GO GREEN STRATEGY,**  
we received  
**USD 40 MILLION**  
from the



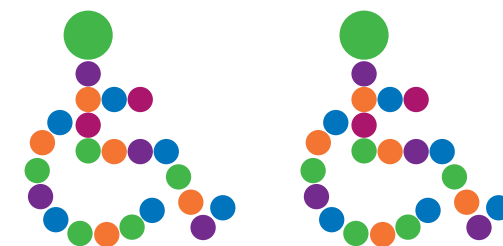
Total amount of granted loans for the financing of  
**stable developments projects** is in circa  
**USD 2,254,000** as end of 2014

we offered  
**interest FREE solar heater loans**  
with every house loan applicant

**DIGITAL BANKING SERVICES**  
had a profound impact on the  
reduction of paper consumption:

**35,619**  
registered users  
to Fransabank **INTERNET BANKING**  
**13,550**  
users to Fransabank **MOBILE BANKING**

At Fransabank, **1 TON**  
of plastic bottle caps equaled  
**TWO WHEELCHAIRS,**  
in 2014



**137 TONS**  
of recycled papers  
at the Bank at end of 2014





Fransabank leverages its capabilities in investment banking and lending, to assist companies seeking to deploy technologies that help them use energy more efficiently, reduce greenhouse gas emissions and generate clean energy.

The total amount of granted loans for the financing of energy or sustainable development projects is in circa of

USD 2,254,000 as end of December 2014.

# INVESTING RESPONSIBLY

According to the International Finance Corporation (IFC), there has never been a better time for banks that finance energy related technologies to make profitable investments in sustainable development. In the same perspective, Fransabank believes that access to energy is central to human well-being and a key factor in poverty reduction. This shared recognition, forged the way for the introduction of sustainable energy finance into Fransabank SME, corporate, and leasing activities as the essence of our “Go Green Strategy”, as it allows the Bank to expand its market share through new business lines, target new market segments, improve the risk profile of its portfolio, and enhance its social and environmental impacts.

## CHALLENGES

- Navigating frequent changes in financial regulations, which require ongoing adjustments to the way we do business, including environmental finance initiatives.
- Measuring and communicating the environmental impact of our products.
- Monitoring / researching more on our clients and suppliers business environment impact.
- Instilling in our employees and customers’ culture and actions, the impact of climate and environmental changes.

Consequently, Fransabank concluded with the IFC in November 2013 a Services Agreement by virtue of which they provided to our Bank Advisory Services to implement the needed know-how and structure for Sustainable Energy Finance (SEF). In parallel, **Fransabank Group (Fransabank SAL and its leasing arm, Lebanese Leasing Company - LLC) signed with the IFC and with the Government of Canada in May 2014, two Sustainable Energy Finance (SEF) credit lines for USD 13 million (out of a global envelope for USD 40 million: USD 30 million favor Fransabank SAL and USD 10 million favor LLC).**

These lines aim to promote the financing of sustainable energy in Lebanon, thus allowing businesses to adopt clean energy and energy efficient technology, save money, and combat climate change. Furthermore, the Government of Canada’s instrumental contribution to the IFC-Canada Climate Change Program has helped make this financing package viable. In total, Canada has provided USD 276.6 million to the program to support climate change investments that generate environmental and economic benefits in developing countries.

## Enviromental and Social Management System (ESMS)

Fransabank is in the process of establishing the Environmental and Social Management System (ESMS) action plan consisting of the following:

- Establishing an Environmental and Social Management System (ESMS) procedure for Fransabank’s credit portfolio.
- Providing training for staff members responsible for environmental and social risk management.
- Preparing a standard operating procedure for Life and Fire Safety and Emergence Response
- Providing ESMS implementation reports.

The ESMS procedure consists in assigning an Environmental Risk category to each small and medium size or corporate project to be financed by our Bank. This is to be achieved after an on-site visit to the project and collection of all the necessary information/ documents requested for the credit review and after filling an Environmental and Social Due Diligence checklist (ESDD) on the project. The ESDD checklist includes among others questions concerning the management systems in place, including labor, international certificates as ISO, waste management, efficiency of resources, among others.

Through this long-term partnership, we are giving businesses the chance to embrace renewable energy, invest in the future of Lebanon, and reduce the effects of climate change. In addition, we promote the development of financing for projects in a manner that is socially responsible and consistent with sound environmental management practices.

CASE STUDY  
Moving Toward Power Saving

The below case study covers the business of a Lebanese family owned company, operating in the trade of agricultural products. Subject exploit agricultural lands owned and rented in different areas of the Bekaa valley, where they have installed a new irrigation system, in addition to artesian wells, power stations and warehouses.

Due to the lack of surface water in the region, irrigation depends on water pumping from deep wells and from distanced surface water sources. The energy required for the pumping is supplied from two Electricité Du Liban (EDL) stations and from three generators which are diesel consuming.

The new project describes the improvement of the farms with photovoltaic (PV) panels for local electric power generation. The proposed system

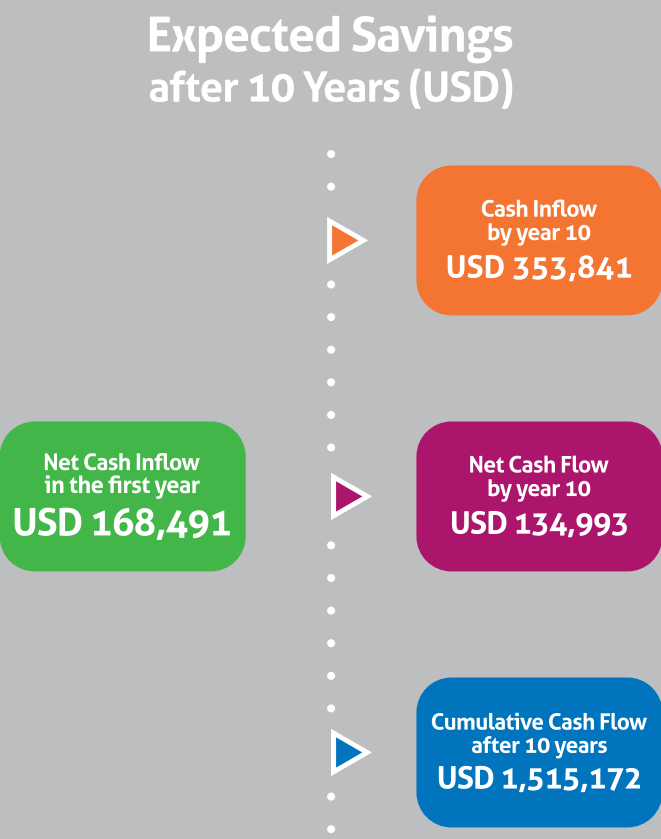
is designed to support the electric power needs, and make savings on diesel consumption and EDL bill. Due to the fact that the power needs is during both day and night and due to shortage in utility grid (EDL), the PV system could not balance all the power needs. However, the system size is devised to balance all the day need of energy. In the months, where there is no need for irrigation, the PV system will make savings using net metering with utility grid.

The power generated from PV will be used on site most of the time, to provide savings except from November to March where the energy solar output is bigger than local consumption. Using net metering with EDL, extra power generated during the winter season will be fed into the grid to increase savings.

Here below a summary of the proposed system technical and financial parameters:

DESCRIPTION	UNIT	VALUE
ESTIMATED INSTALLED COST OF PV SYSTEM	USD	2,089,560
TOTAL ENERGY NEEDS (estimated to use by subjects on site)	KWh/year	2,376,000
TOTAL ENERGY PROVIDED BY PV SYSTEM (annual output)	KWh/year	1,438,806
ESTIMATED ANNUAL ENERGY SAVING FROM PV INSTALLATION	KWh/year	1,438,806
NET CASH INFLOW FOR THE FIRST YEAR	USD/year	168,491
PAYBACK PERIOD	years	5.88

The proposed system will generate savings during the first ten years as summarized below:



CHALLENGES

As environmental sustainability financing is still a new concept in Lebanon, it is not easy to point out the efficiency and necessity of adhering to this new practice. Fransabank has to direct its customers toward long-term goals and benefits for their company to better prosper while still considering surrounding environment. At the outset, the price of acquiring improved technologies that care for the environment may seem costly when thinking short-term, but the borrower, eventually, gets assured that it would lead to longstanding values for his business, his operating cost, and obviously the natural environment.

Fransabank also offers its customers - whether companies or SMEs, **eco-business loans** at subsidized interest rates, to support and invest in renewable energy projects. Fransabank aims through these loans to contribute in reducing energy costs on the economy - amounting to five billion dollars, as well as reducing business expenses related to power generation through the use of: solar energy, wind, hydro, waste to energy, as well as energy-saving projects, and those related to decreasing energy consumption: replacement of machines or equipment: efficient lighting system, insulation of boilers and pipes, double glazing, and window replacement.

Besides, Fransabank encourages households as well to opt for green energy. As a result, the **"Eco-Home Loan"** product was launched targeting all Lebanese individuals with very attractive and competitive conditions. It was designed to finance renewable and energy efficient projects for houses such as lighting energy efficient solutions, solar water heaters, double glazing roof and wall insulation, biological water treatment systems, among others. Moreover, to boost this initiative, and in the view of supporting the new applicants for housing loans, Fransabank offered an **interest free Solar Heater loan** as part of its 2014 Summer Housing Loan Campaign.

At the local scene, the Bank supported the fifth edition of Beirut Energy Forum, the specialized event in Lebanon that is dedicated to energy efficiency, renewable energy, and green buildings. Fransabank was actively present, whereby a press conference was held in order to present the Bank's latest achievements and products in the field of energy, which have successively proven its commitment and contribution in the future energy, environmental and social fields in Lebanon.

The Bank also sponsored the Green Arab Economy Forum; bringing together leading experts and strategic leaders in the sustainable energy industry to explore and share ideas on sound sustainable business strategies. This funding came in light of the Bank's efforts to support sustainability as it has emerged as the most important global issue for many, including business, industry, and government.

# ENGAGING EMPLOYEES

To achieve continual progress in sustainability, environmental concerns should not only be implanted into our operations but also in our corporate culture.

### CASE STUDY

**One ton of plastic bottle caps equal a wheelchair**

Within the framework of Fransabank's Corporate Social Responsibility strategy and arcenciel's environmental program, the "Bouchons Roulants" project was launched aiming at raising public awareness to the importance of recycling and the protection of the environment. This project contains a double objective: on one hand to educate Fransabank's employees on the importance of sorting and recycling trash from the source in order to preserve the environment, and on the other hand, to provide the bestowment of wheelchairs.

Arcenciel sells the plastics collected to a recycling company in order to provide with that respective value, a wheelchair to a person with special needs. **Every 1 ton of recyclable plastic bottles and caps collected and sold endows arcenciel with a wheelchair.**

Fransabank called its employees at the entire Bank's Headquarters departments and Hamra main branch for the collection of plastic caps and bottles. The project started in March 2014 and up to the mid of December 2014, the one ton of recyclable plastics was reached.

In this aspect, a small gathering with arcenciel representatives and Fransabank's management and employees was held on December 22, 2014 at the Headquarters, whereby **two wheelchairs were donated on this occasion; one wheelchair resulting from Fransabank family efforts, and another one from the**



**Bank's management as an equal contribution to the staff's effort.**

**The two wheelchairs were donated afterwards to a direct family member of two Fransabank employees.**

This project has resulted in very satisfying results and will continue for the coming years.

### ARCENCIEL

*Arcenciel is a non-profit, apolitical and non-confessional association that was established in 1985, in the midst of Lebanon's civil war. At that time, arcenciel decided to work differently than the status quo of the time by creating a structure that serves all without discrimination. For this reason, the name arcenciel ("rainbow" in French) was chosen. It represents the whole color spectrum, and appears equally to all. arcenciel thus works with and for all people facing difficulties, without discrimination based on age, gender, sexual orientation, religion, culture, socio-economic status, race or nationality. arcenciel's mission is to participate in the sustainable development of society by supporting vulnerable individuals and integrating marginalized communities. It is an equal opportunities association, based on a system which derives its strength from people's weaknesses.*

# LIMITING AND REDUCING OUR ECOLOGICAL FOOTPRINTS

Fransabank is working to minimize the environmental impacts of its physical operations. We strive to manage our corporate offices and branches in an efficient and sustainable manner, and we continue to work on improving our operational resource management, including greenhouse gas emissions, paper, water, and waste as per such:

- Digital banking services have a profound impact on the reduction of paper consumption. We had around **35,619** registered users on Fransabank internet banking and **13,550** users in Fransabank mobile banking by end of December 2014.
- Numbers of print reduction initiatives, including shared printers and double-sided printing have been introduced across the Bank's departments / divisions and branches as well as the local entities to help reduce paper consumption, with a more widespread use of certified paper for the Bank's publications.
- Recycling initiative within the Bank's Headquarters and branches is being managed responsibly by its employees. We have made considerable progress in reducing paper waste, surpassing the 80 tons of recycled papers reached in 2013, and attaining **137 tons in 2014**. This accomplishment is a significant indicator of the changes in our corporate culture which is leaning towards an environment friendly workplace.
- Expansion of the replacement of standard light bulbs with highly efficient Led bulbs to the offices, renovated and new branches.

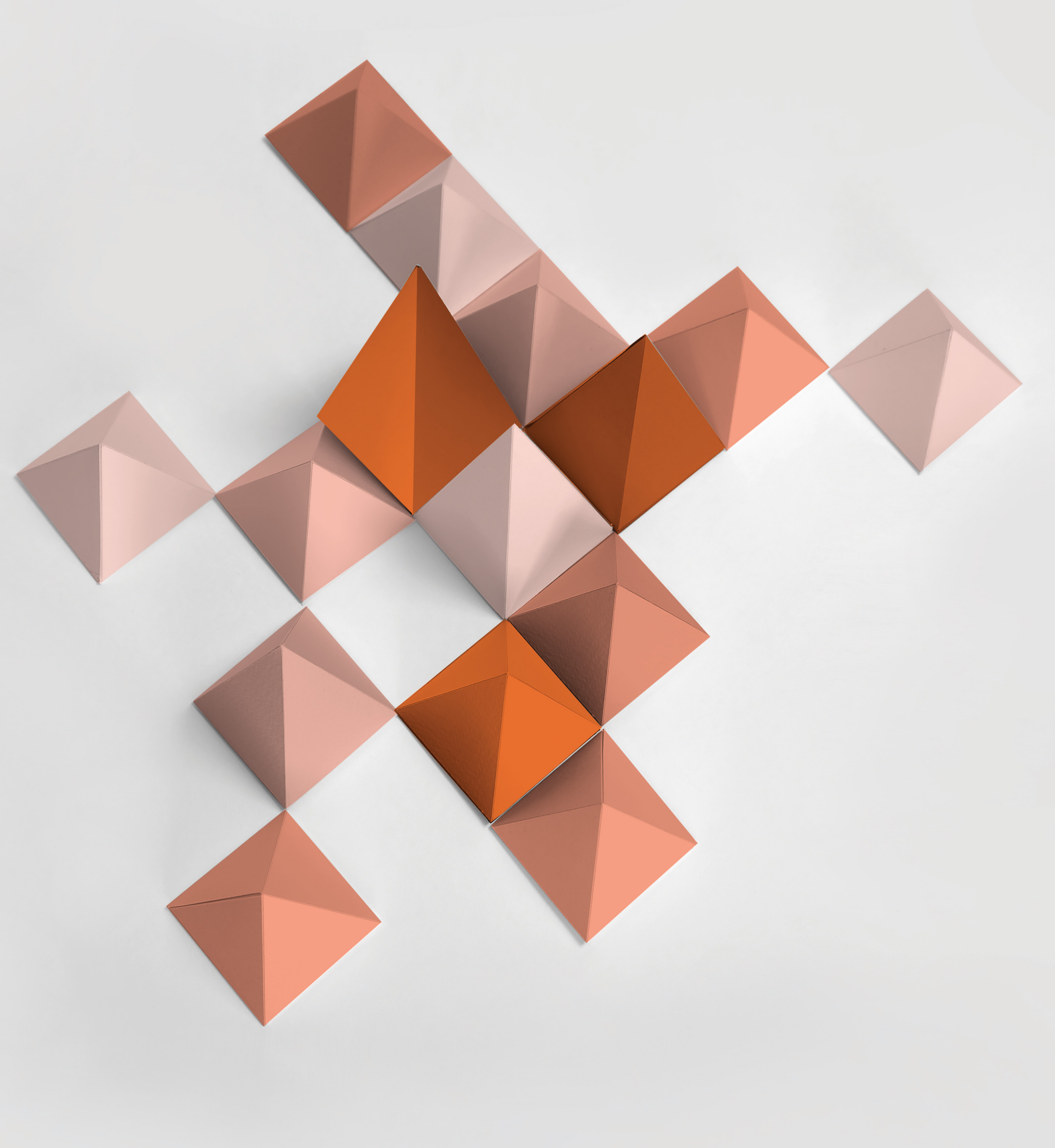
1,000 cedar trees planted



### Other Eco-Initiatives

With the aim to conserve the biodiversity and preserve the cultural heritage, Fransabank collaborates on a yearly basis with local communities to achieve environmental sustainable development. **Jabal Moussa Mountain** and its villages, once again received Fransabank Group support for the protection of this outstanding Biosphere Reserve located in Keserwan-Jbeil area in Lebanon. It was designated in 2009 as the 3<sup>rd</sup> biosphere reserve in Lebanon as part of the UNESCO Network of Biosphere Reserves under Man & Biosphere (MAB) program. Furthermore, Fransabank took part of the initiative launched by the National Commission for Lebanese Women, which consisted of **planting 1,000 cedar trees** in a 30,000 square meter area in the casa of Bsharri, North Lebanon, leading to the afforestation of the Bsharri Cedars Reserve. This initiative was dear to us as Cedar forests of Lebanon are the oldest documented forests in history besides being the emblem of the country.

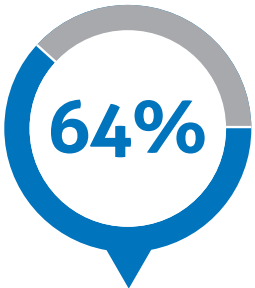




We see through discretionary philanthropy and tactical partnerships a way to foster innovative programs that have the potential to create positive impact on our communities. The funds we invest are used strategically to benefit the widest scope of the society while covering art, culture, communities, health, and education.

**OUR RESPONSIBILITY  
FOR THE COMMUNITIES**

We invested in our communities  
a total amount of  
**USD 1.4 MILLION**  
in 2014  
distributed among:



Social & Health



Art & Culture



Education

**JABAL** – young Lebanese artist exhibition –  
organized its 10<sup>th</sup> edition for the year 2014.  
attracted **2,800 VISITORS**  
**35 ARTISTS** participated,  
**more than 20 sold all their work of art**  
**9 artists were spotted**  
by local, regional, and international galleries



For the second year in a row,  
**USD 60,000**  
was distributed among  
**14 LEBANESE STUDENTS** enrolled at the  
Lebanese American University as part of the  
**"ADNAN KASSAR ANNUAL SCHOLARSHIP"**

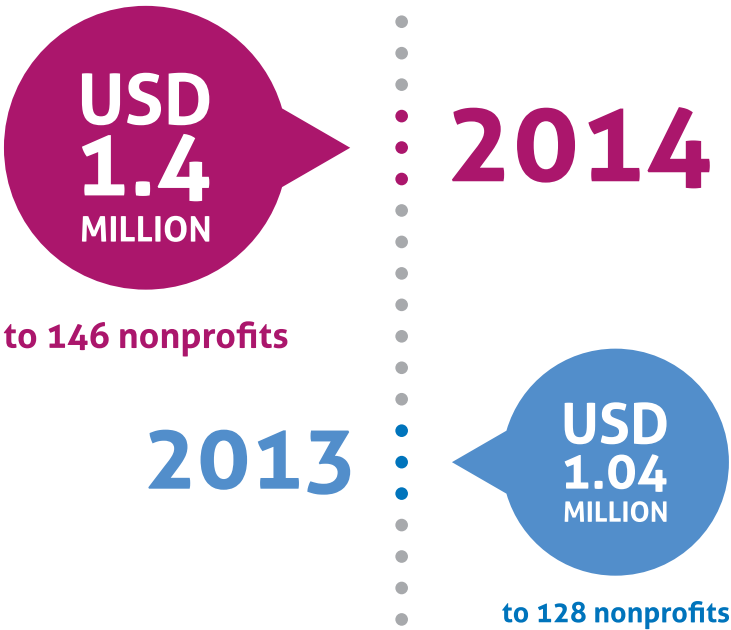


Fransabank granted **969 EDUCATIONAL LOANS**  
and the total outstanding amount reached around  
**USD 13.80 MILLION**  
as end of 2014

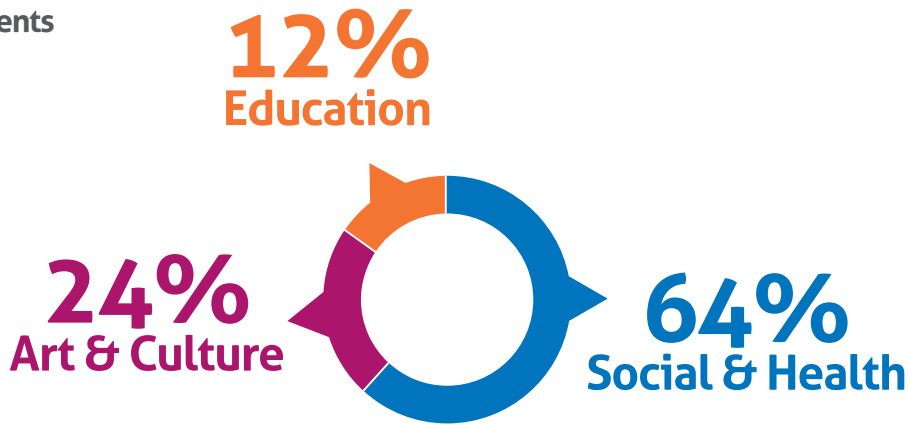
**82 FEMALE EMPLOYEES**  
attended cardiovascular diseases awareness sessions  
organized in collaboration with  
**YADUNA**

# CREATING VALUE THROUGH PARTNERSHIPS

In 2014, Fransabank contributed USD 1.4 million in corporate giving to charitable nonprofits working in community development, art and culture, education, health and social services.



Allocation of Community Investments



## CHALLENGES

- Convey the real meaning of Corporate Social Responsibility (CSR) and shed light on the difference between CSR and philanthropy / sponsorship.
- Better reach all segments of the Lebanese communities through our social programs.
- Help communities face the challenges rising from the harsh economic situation controlling the region.

# ART & CULTURE ENTHUSIASTS

Our willingness and endeavor to open up opportunities to the various members of the society remain the same as the in the previous years. The Bank’s cultural initiatives aim to bring art, music, theater or humanities to all types of public. Most of these programs were undertaken in the different regions of Lebanon from the Bekaa to the Chouf area and from Mount Lebanon to North of Lebanon.

### CASE STUDY JABAL 2014 Young Lebanese Artists Exhibition

JABAL (Jeunes Artistes des Beaux Arts du Liban) is an annual art exhibition, which hosts and showcases the talent of dozens of artists who never previously had the opportunity to display their work to the public. Fransabank patronage of this annual event is achieved entirely through preparing, organizing and supporting these exhibitions.

#### The Objectives

JABAL exhibitions aimed at:

- Reflecting the diversity and vitality of the emerging Lebanese contemporary art creativity.
- Promoting new Lebanese contemporary art by young artists from different Lebanese regions.
- Hosting and showcasing the talent of dozens of artists who never previously had the opportunity to display their works to the public.
- Creating a cultural exchange platform between art professionals, artists and the visitors.
- Boosting the country’s artistic heritage.

Since its inception in 1998, JABAL exhibitions launched over 300 young artists from different Lebanese regions. Around 70% of the exhibited artwork was sold and 30% of the participating artists were contacted by galleries. In addition, a significant number of these artists exhibit today in galleries across Lebanon, United Arab Emirates and even in Europe and USA.

Fransabank acquires, as an encouragement, art pieces and works from these artists which decorate the walls of the Bank’s Headquarters and branches spread across Lebanon.

JABAL 2014, in its 10<sup>th</sup> edition, received more than a hundred thirty portfolios of painters, photographers, sculptures and other designers. Among all applicants, 35 finalists were selected for JABAL 10<sup>th</sup> edition. Their artworks represented the artistic tendencies of this new generation and attracted a large audience.



The Outcome

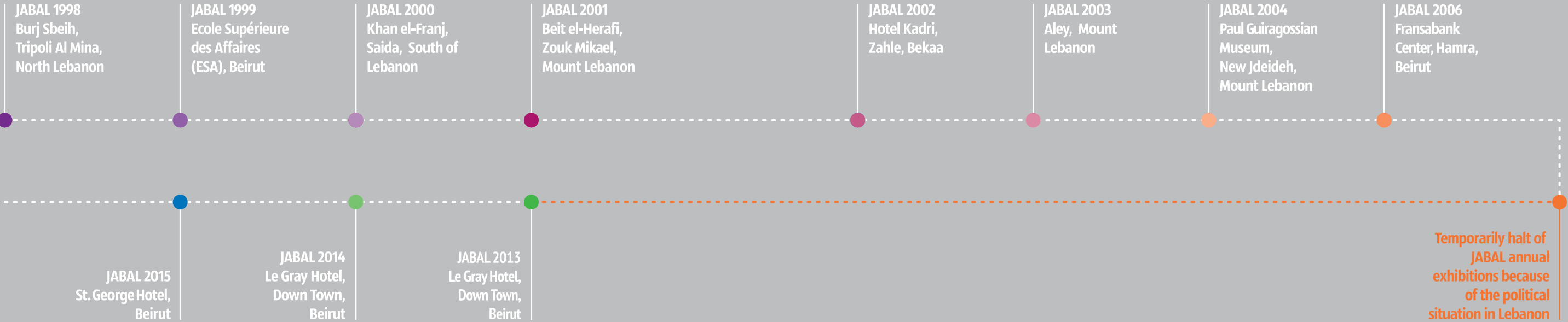
More than 2,800 visitors attended the exhibition to discover the work of the artists from well-known Lebanese and foreign art collectors, to gallery owners as well as art lovers and key figures from the business, economy and media sectors. Among the 35 artists, more than 20 sold all their work of art; and nine artists were spotted by gallery owners from Lebanon, UAE, France, England and USA.

The success of this 10<sup>th</sup> edition of JABAL revealed once again Fransabank’s commitment to promote these young talents in Lebanon by offering them a platform to exhibit their works and to contribute to the effervescence of the contemporary creation year after year.

A SUCCESS STORY

Ayman Baalbaki is a Lebanese artist, living and working in Beirut. He studied Fine Arts in Beirut and at the École Nationale Supérieure des Arts Decoratifs in Paris. Born during the Lebanese civil war in the 1970s, Baalbaki draws most of his inspiration from this subject matter. In 1998, Baalbaki was part of the first edition of JABAL which was held in Tripoli, North of Lebanon. This exhibition was followed by many others until he reached the international scene. Most recently, his work was auctioned at Christie’s, Dubai, where his marvelous expressionist painting of the Tower of Babel hit records and was sold at the second highest auctioned price. Not only that, another poignant and intriguing painting entitled “Al-Mulatham” was sold at double its estimation price at Sotheby’s Contemporary Art auction, in Doha.

JABAL Exhibitions Milestones





Kobra Building

Fransabank played a pioneering role in corporate philanthropy in Lebanon, as early as 1980. It was the pioneer Bank to believe that heritage was a valuable resource for the cultural and economic developments of local regions. The Bank broadened the concept of heritage to encompass natural sites, museums and monuments renovation, old trades and crafts, rural buildings, etc. The latest of which was the restoration of Al Kobra Building in Ehden, North of Lebanon and the official inauguration was held in July 2014.

Al Kobra Building was given its name from the Arabic language, meaning “large”. It was built three centuries ago and it is one of Ehden’s largest edifices, which makes it, a real artistic, cultural and historical values.

The Bank always believed in its institutional role to serve the country and to contribute to heritage revival. And of course, Al Kobra Building represents a great legacy in Ehden’s memory as well as the national economy.

“Heritage preservation is a sacred duty, heritage is the past, present and future, and if someone loses or abandons his legacy, he has certainly lost his values and his history.”

Mr. Adnan Kassar. Chairman - Fransabank

Fransabank at the Heart of Summer’s Festivals

Committed to its cultural responsibility, Fransabank is keen on staying close to the communities it serves by supporting its art activities. That’s why we dedicate an important part of our social investments to cultural and artistic festivals. We believe that through our continuous support, we expand financial inclusion to different areas and benefiteres across the country.

In this context, Fransabank was proud to be the major partner in Baalbek International Festival for the third year in a row. Having always been a model of consistency and perseverance, coping up with difficult circumstances, the Festival has, and for more than fifty years, brought the world to Lebanon, by hosting an elite selection of the most famous artists and stars.

In addition, we sponsored Beiteddine, Bustan, Batroun, Ehmej Festivals, conveying their universal messages as an act of faith in Lebanon’s cultural role, an embodiment of ingenuity, a call for peace and a mirror of the Lebanese prosperous history.

ADVOCATES FOR EDUCATION

As part of the Bank’s firm commitment to Corporate Social Responsibility, its solid belief that the human is the real capital in Lebanon, and that education plays a major role in establishing the citizenship spirit, Fransabank has granted **969 educational loans** and the total outstanding amount reached around **USD 13.80 million as end of December 2014.**



The educational and research programs promote academic excellence and equal opportunities through their study scholarships for different groups. For the second year in a row, the “**Adnan Kassar Annual Scholarship**” was awarded to **14 Lebanese students enrolled at the Lebanese American University (LAU)**. This annual scholarship is aligned with our vision of supporting both outstanding higher education institutions as well as needy and deserving students in Lebanon. Furthermore, it is an opportunity for us to commend all the Lebanese youth to remain in their home country and work together to build a solid nation. Through this scholarship, Lebanese students at the LAU School of Business could complete their studies at prestigious institution as a prelude to a successful career. **The yearly amount granted is USD 60,000.**



“Receiving the “Adnan Kassar Annual Scholarship” was a great motivation in the pursuit of my degree. Thank you for believing in the Lebanese youth potential.”

LAU Student

Furthermore, Fransabank partnered for the fifth consecutive year with L’Ecole Nationale D’Administration (ENA), the French Embassy in Beirut, and Bassel Fleihan Institute of Finance for a joint education program, to support Lebanon’s public sector key senior officials with key leadership and managerial skills, under this year’s theme of “Public Leadership in Times of Economic and Financial Crisis.”

This initiative contributes to the establishment of the citizenship spirit, putting all our efforts for the sake of strengthening the public institutions performance to activate the Lebanese Government’s role. These meetings and workshops seek to keep pace with general managers and senior staffs in the departments and public institutions, in order to exchange experiences, and to set the basics of corporate governance, and improve overall performance.

Over 20 leaders from the public sector, judges and directors general of various public institutions and ministries, participate in this program in which high caliber professors and experts from ENA share their knowledge in building the capacity of civil servants, developing their skills and performance.

# SOCIALLY COMMITTED

We believe that few events in life can be as difficult as having a child with special needs. Yet with proper diagnosis, education, and follow-up, many children can have their potential unleashed and grow to become effective members of our society, contributing to the productivity, general well-being, and health diversity of our community.

As such, Fransabank supported “OpenMinds”, a fund established in Lebanon by concerned parents, to enable the American University of Beirut Medical Center’s Special Kids Clinic to conduct research, empower the community through education and awareness, and aid needy families.

Being all concerned with road safety, Fransabank helped “Roads for Life” provide road victims the optimal support for post-trauma care, and promote road safety through strategic campaigns to raise awareness and empower young people to be safe on roads. It resulted with a successful joint initiative that shared responsibility to improve road safety and reducing eventually the forecast level of road deaths. Moreover, Fransabank employees ran for Roads for Life in Banque du Liban Beirut Marathon 2014.

As we also encourage adopting responsible business practices in the areas of human rights, Fransabank embarked on a strong push to address human rights obligations of private finance and sponsored “Human Rights Watch” annual dinner, one of the world’s leading independent organizations dedicated to defending and protecting human rights.

This was not all, as, throughout the year 2014, the Bank has supported several causes covering a wide scope of non-profit organizations which are relevant to the local communities’ welfares. These include Al Tanmia, Chronic Care Center, Oum El Nour, Salim el Hoss Bioethics & Professionalism Program at AUB, Himaya, La France à Beyrouth, Beirut Marathon Association, Rotary Club, The Neonate Fund, Skoun, Braveheart, Austism Assoication for Social Integration, Tell Chiha Hospital, Un Coeur pour Philippe, Ashrafieh 2020, MUBS, among others. Fransabank Group’s donations to these NGOs reflect the Bank’s contribution in increasing community awareness, expanding access to clinical services for eligible families to empower them and propel their children to a more promising future.

A special effort was dedicated, in 2014, to women in general, and to our female employees in particular through our collaboration with Yaduna Foundation.

## Fransabank Boosts Support for Women’s Cardiovascular Health with Yaduna Foundation

Heart disease is the number one killer of women, and is more deadly than all forms of cancer combined (*Ref: Go Red for women*).

At Fransabank, we believe that when women and girls have the “health” to shape their own future, they will advance development for all. It is within this perspective that we have committed ourselves to promote health and wellness for the sake of both our employees and business - equipping our employees to better help our customers.

Fransabank’s commitment to humanitarian causes had already shown itself in sponsoring several health related institutions. One of them is Yaduna Foundation to which the Bank established strategic and long-term commitment in 2014.

An internal campaign to raise awareness of cardiovascular disease in women was held at the Headquarters through an interactive workshop with cardiologists from prominent local hospitals, American University of Beirut Medical Center and Hotel Dieu de France.

### The Target

Women staff, above 40 years old, working at the Headquarters and the Beirut area branches.

### The Outcome

- The workshop lasted for two days with interactive Q&A sessions.
- A total of **82 women** participated in these interactive workshops.

Arising from this initiative’s success, and to better reach all of our staff at other branches, a special edition of our internal magazine Zapping was dedicated to women’s heart health, including recommendations for a healthier heart and better lifestyle as well as facts and statistics.

Participants described the workshop as a practical learning experience. Among their comments:

“ Will recommend more similar awareness campaigns which I feel are strongly required for one and all ”





# IMPLEMENTATION OF THE UNITED NATIONS GLOBAL COMPACT 10 PRINCIPLES



UNGC 10 PRINCIPLES	IMPLEMENTATIONS AT FRANSABANK
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## Human Rights

<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Principle 2:</b> make sure that they are not complicit in human rights abuses.</p>	<p>Fransabank implements sound Corporate Governance practices, focusing on transparency, accountability, responsibility and fairness in the treatment of all related parties. Our business values, code of conduct, and employment are aligned with international human rights standards.</p> <p>No human rights abuses happen at the Bank whether with business partners or customers, and abide by the international best practices, in addition to a set of governance related policies &amp; charters and a Code of Conduct &amp; Ethics.</p> <p>Fransabank informed the local community, media and public authorities of its endorsement of the Business for Peace Platform, in addition to being an active participant in the UNGC since 2013.</p>
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## Labour

<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4:</b> the elimination of all forms of forced and compulsory labour.</p> <p><b>Principle 5:</b> the effective abolition of child labour.</p> <p><b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</p>	<p>Fransabank employees are free to join the Bank’s employees’ union.</p> <p>All forms of forced labour are prohibited including child employment.</p> <p>Fransabank keeps its employees dedicated to the organization through competitive compensation, promotions, and regular feedback from all sides and levels of management. Employees follow a yearly performance evaluation through an objective appraisal review. This in turn, offers opportunities for employees to progress within the organization.</p> <p>Recruitments, trainings, promotions, and development programs are on the run all year long; and new comers are recruited based on merit insuring diversity and inclusion, and follows the Bank’s Code of Conduct.</p> <p>We measure our employees’ performance based on the nature and scale of their contribution to the achievement of our business goals, putting aside all forms of discrimination or criteria that seem irrelevant to the organization’s workflow.</p>
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## Environment

<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility.</p> <p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Fransabank uses clean energy technologies in its operations at all new premises, while working to limit its ecological footprints in the entire organization. Operational resource management, including greenhouse gas emissions, paper, water, and waste are being managed in an efficient manner encouraging digital banking services, print reduction initiatives, the use of certified recyclable paper, reducing paper waste, and increase waste recycling.</p> <p>Fransabank offers sustainable products and services to its customers to promote the sustainable energy in Lebanon as described in both chapters on “Our Responsibility for the Economy” and “Our Responsibility for the Environment”.</p> <p>Environmental sustainability is not only implanted into Fransabank operations but also in the corporate culture, promoting individual contribution to the protection of the environment and the launch of periodic internal stakeholders CSR eco-initiatives.</p>
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## Anti-Corruption

<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Fransabank procedures are always updated with new local or international requirements and regulations to guarantee a full compliance to anti-corruption laws. It is part of every manager’s duty to ensure compliance with Anti-Money Laundering policies, Combatting Financing of Terrorism and Foreign Account Tax Compliance Act procedures.</p> <p>Fransabank emphasizes on the ethical practices, whereby transparency and disclosure, sustainability are constantly shared with the Bank’s Management, its Board of Directors, its Shareholders and other Stakeholders.</p> <p>Fransabank considers information security to be a very important part of its strong governance framework. All employees conform to the banking secrecy law and digital information is by all means safeguarded.</p>
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We have supported the UN Global Compact since 2013 and have reported on our progress, including a commitment to uphold and protect human rights, labour, environment and anti-corruption standards through business practices. Fransabank Corporate Social Responsibility Report 2014 and Fransabank Corporate Social Responsibility Report 2013 are uploaded on the UN Global Compact web site.



# CODE OF CONDUCT

Employee Behavior	<ul style="list-style-type: none"> <li>• General employee conduct</li> <li>• Physical appearance and dress code                             Dress code policy for women                              Dress code policy for men                         </li> <li>• Non-smoking policy                             Non-smoking areas                              Sign requirements                              Implementation of the non-smoking law                         </li> <li>• Working hours, attendance, and punctuality</li> <li>• Gossips and rumors</li> <li>• Bank property</li> <li>• Social media and bank image                             Personal social media                              Business social media                         </li> </ul>
Reporting Illegal or Unethical Behavior	<ul style="list-style-type: none"> <li>• Incident reporting</li> <li>• Accounting complaints</li> </ul>

## PROFESSIONAL ETHICS

Conflict of Interest	<ul style="list-style-type: none"> <li>• Outside employment</li> <li>• Improper personal benefits</li> <li>• Service on boards and committees</li> </ul>
Accepting gifts, meals, and entertainment from customers, suppliers, and others doing business with Fransabank (entities and/or persons)	-
Fraudulent or Illegal Acts	-
Theft	-
Customers Relations	<ul style="list-style-type: none"> <li>• Clarity of information</li> <li>• Confidential information and banking secrecy</li> <li>• Quality of service</li> <li>• Anti-Money Laundering (AML)</li> <li>• Politics</li> </ul>
Relations with other Banks	<ul style="list-style-type: none"> <li>• Exchange of information</li> <li>• Competition</li> <li>• Announcements and advertisements</li> </ul>

# INFORMATION SECURITY

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

Email Usage	Email is a communication tool and is allowed for business purposes only. Everyone is held responsible for his/her email account.
Computer Security	All computer devices should be properly protected by restricting access to it. Similar devices include sensitive information that must be restricted to authorized personnel only. Employees using Fransabank computers shall consider the sensitivity of the information and use them responsibly.
Clean Desk	Fransabank employees should protect paper documents, mass storage devices, optical media by locking them away while leaving for prolonged period of time.
Removable Media	Only Fransabank owned removable media devices are allowed for usage and that to prevent the transfer of any virus to Fransabank network.
Media Destruction	Proper media disposal is necessary to prevent unauthorized use after removal from service. Hard copy materials should be shredded on daily basis while electronic devices should be destructed as per Fransabank Electronic Media Destruction Procedure.
Software Installation	Software installation is the sole responsibility of the Information and Communication Technology Division.
Internet Usage	Fransabank restricts internet access usage for employees who need it in their daily operations. Non-work related websites are blocked by default.
Laptop Acceptable Use	Portable devices should be properly protected while in use. Those devices should not be left unattended.
User Password Management Policy	User ID and password is granted to employees for accessing systems owned by Fransabank. It is expected to properly protect credentials and keep them away from unauthorized individuals. Complex passwords should be used and changed as per Bank policy.

