

Beirut, 10 July 2018

Statement of Continued Support

To our stakeholders:

I am pleased to confirm that BLC bank reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Nadim Kassar
Chairman & General Manager

BLC Bank COP

Human Rights Principles

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2 – Businesses should make sure they are not complicit in human rights abuses.

Assessment, Policy & Goals

BLC Bank considers as its corporate responsibility to respect all human rights and to enforce their application on a daily basis. In this vein, the Bank has established a set of policies related to the respect of human rights that concern all of its stakeholders, whether people in its direct employment (through Code of conduct, Grievance Mechanism, Whistle blowing Policy, and Net Promoter Score- NPS) or through its supply chain (Credit & Procurement Policies).

As a responsible financial institution, the Bank believes it has a pivotal role to play in fighting poverty and insuring the financial inclusion of all, notably working on helping women access finance, markets and knowledge through the WE Initiative, its program dedicated to women economic empowerment.

Implementation

Upon joining BLC Bank, all new recruits are handed the Bank's code of conduct, which mainly tackles ethics & compliance issues. Throughout the duration of their employment, the Grievance Mechanism, Whistle blowing Policy and NPS give any employee the right to communicate to higher management any of their concerns in a discreet way, a practice that aims to insure a safe and healthy working environment, which is one of the targets outlined in SDG 8.

Moreover, the Bank's credit policy includes an exclusion list gathering all the people or entities that do not abide by human rights, such as those practicing child labor or non-environment friendly businesses. Also, the Bank's procurement policy does not allow the Bank to deal with suppliers that do not respect human rights.

In its effort to play its part in the fulfilment of SDG 1 and 8, which are inherent to the nature of its work as a financial service provider, BLC Bank works on raising financial awareness and inclusion. The Bank has thus continuously been expanding its network of branches in rural areas, with its network undergoing a full retrofit in order to become more accessible, sustainable, and safer as outlined in one of SDG 10's targets.

As a strong advocate for SDG 4, BLC Bank also strives to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all by promoting financial education through online content on our websites and social media platforms as well as during roadshows, conferences, and the Business Power Sessions- trainings organized by the Bank for entrepreneurs. BLC Bank also provides student loans subsidized by the Central Bank of Lebanon to give everyone access to education and loans to our employees at very low cost as well as study leaves so that they can take their career to the next level.

In direct alignment with SDG 5, BLC Bank's WE Initiative targets all women be they entrepreneurs, professionals, executives or mothers seeking solutions to their challenges and concerns and aiming to unleash their potential and enhance their professional and personal lives. Launched in 2012, the Initiative offers a unique customer value proposition that comprises exhaustive financial and non-financial services, ranging from learning and development to market exposure and consultancy.

Measurement of Outcomes

BLC Bank makes sure that the above policies are strictly abided by. Their implementation is followed-up by relevant committees (HR Committee, Credit Committee, and Purchasing Committee). As a result, we do not note any legal disputes or any acts of violations of human rights.

As a flagship institution in the momentum aiming to reach gender equality, BLC Bank was the first bank from MENA region to sign the UN WEPs and to join its leadership group. It was also the first bank from the region to join the Global Banking Alliance for Women and to chair it (2015-2018). It has been playing an active role in the Alliance by participating in its numerous working groups and mentoring programs as well as by being invited as an instructor during many editions of its All-Stars Academy, GBA's knowledge-building immersion program aiming to increase the capabilities of the financial services community to target women as a distinct market.

The Bank has also joined the Business for Inclusion Action Platform in order to further contribute to achieving the goals set out in the 2030 Agenda for Sustainable Development. It was also invited to join the WEPs Leadership Group and was among the members that piloted and consulted on the GAP Analysis Tool (an online platform that assesses a company's progress in advancing gender equality).

In numbers:

- 700+ entrepreneurs reached through the Business Power Sessions
- 8000+ reached through road shows in rural areas
- More than 50 mentorships
- More than 50 international banks reached through GBA

Labor Principles

Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5 – Businesses should uphold the effective abolition of child labor.

Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Assessment, Policy & Goals

BLC Bank makes sure that it is not involved in activities that harm, induce forms of forced labor, or lead to discriminatory practices. The Bank's policy for recruitment is therefore clear and the Bank fully abides by the Lebanese labor law that prohibits child labor and employment before the age of 18. The Bank also refuses any practice that prevents employees from exercising their rights of association and collective bargaining.

BLC Bank is an equal opportunity employer. Employees are recruited based on their capability to perform the job, skills and capabilities, with no discrimination to gender, religion, race, or ability...

Implementation

BLC Bank is a member of the Association of Banks in Lebanon, where it is part of the institution's effort to develop an industry wide approach to address labor-related principles.

BLC Bank is governed by the Collective Labor Agreement, which is common for all banks in the country. The bank considers this agreement as the minimum benefits that employees are eligible for. All employees have compensated work contracts with the bank and are enrolled in the National Social Security Fund (NSSF). And because we believe in the importance of granting our employees benefits related to their health and well-being as outlined in SDG 3, we offer them private insurance for them and their family as well as meal allowances for themselves and tuition allowances for their kids.... The Bank makes available employment contracts to all employees stating the terms and conditions of service, the voluntary nature of employment, the freedom to leave, including the appropriate procedures and any penalties that may be associated with their departure.

The Bank has an active syndicate of 7 members that are elected by the Bank employees every three years. The syndicate has open dialogue with the Bank's General Management in order to discuss employee-related issues and reach agreements that are acceptable by the employees and management.

Moreover, BLC Bank was the first institution in Lebanon to implement a full Emergency Response Plan (ERP) to better ensure the health and safety of all its employees in the workplace with wardens on each floor who received first rescue trainings and very detailed security policies.

Through all these measures, the Bank strives to provide its employees with a safe and productive working environment as outlined in SDG 8.

Moreover, the We Initiative has shaped the way BLC Bank deals with female employees. The Bank aims to reach gender equality in top management by 2020, with Trainings to all on becoming more gender sensitive and removing unconscious bias as well as a Nursing schedule for mothers returning from maternity leave (2 months of part-time schedule with full pay).

Measurement of Outcomes

We at BLC Bank, in addition to the benefits specified in the Collective Labor Agreement, provide eligible employees with health insurance for them and their depending relatives, where 1922 employees and their families currently benefit from insurance coverage. Regarding the tuition allowance for employees' children, we provide an additional average of 16% on the set amounts for schools and universities. In addition, the Bank offers preferential rates on all creditor & debtor accounts to its employees.

As a result of the implementation of the We Initiative, women in upper management reached 45%. As of December 2017, 51% of BLC Bank's employees were women.

Moreover, the Bank has extended its efforts to provide the adequate trainings to its employees, as part of its commitment to developing the human resources' competencies and skills.

Year	2016	2017	Difference 2016 vs. 2017
# of Trainings	138.00	151.00	↑ 13
Internal	27	18	↓ -9
% of total trainings	20%	12%	
External	104	120	↑ 16
% of total trainings	75%	79%	
Abroad	7	13	↑ 6
% of total trainings	5%	9%	

Since 2016, in the second phase of the ERP, the project was extended to all of BLC Bank premises:
The Bank was the first to establish an Emergency Response Plan based on the standard requirements followed by Oil and Gas industry.

Environmental Principles

Principle 7 – Businesses should support a precautionary approach to environmental challenges.

Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy & Goals

BLC Bank developed a public Corporate Environmental Policy and a code of conduct for its operations that confirm the Bank's commitment to care for the environment, and added an additional value to its existing ones: "We are Responsible Corporate Citizens".

BLC Bank also included green preferences in its Procurement Policy and Corporate Lending Policy in order to have a bigger environmental impact on all its stakeholders.

In addition to that, the Bank supports green initiatives and NGOs that contribute to sustainable development and the safeguard of the environment

Implementation

In order to implement this green policy, which falls directly under SDG 12, BLC Bank adopted the 3R's approach: Reduce (reduce unnecessary consumption), Reuse (reuse material instead of throwing it away), Recycle (sort and recycle) and added a 4th one: Rethink (rethink our procedures and activities). This strategy was implemented for 4 categories: paper, energy, water, waste and pollution. As a result, BLC Bank headquarters was the first operational building in Lebanon to receive the ARZ green certificate. It is the result of the collaboration between BLC Bank and IFC (International Finance Corporation) and LGBC (Lebanese Green Building Council). This environmental approach is strategic and embedded in all new procedures issued and in daily activities. The Bank also holds regular trainings for its employees to

inform them of the current environmental issues and encourage them to adopt greener habits. In addition to these sessions, 100% of new recruits attend BLC Bank's induction program, which aims to familiarize the staff with our values and activities, among which our green initiatives and goals.

By modifying its Procurement Policy to include green requirements and by signing Lebanon Opportunities Green Pledge, BLC Bank demonstrates its will to involve its suppliers in its environmental initiatives. In fact, BLC Bank commits to:

- Introducing green criteria in its tender specifications. For example, all purchased paper must be PEFC (or equivalent) certified as sourced from sustainably managed forests.
- Giving preference to products and services that are certified as eco-friendly by governmental or other widely recognized authorities like products with Energy Star Label.
- Giving priority to local suppliers with established Corporate Social Responsibility policies.
- Encouraging all its suppliers to adopt greener behaviors and to reduce their environmental footprint.

Moreover, BLC Bank encourages the development of eco-friendly technologies and products whenever possible and provides its clientele with eco-friendly loans that give the Lebanese community access to clean and sustainable energy, which makes it align with the main objective of SDG 7. BLC Bank also supports the work of local NGOs such as Jouzour Loubnan which works on the reforestation of Lebanon, thus playing a part in the fulfillment of SDG 15.

A paperless project was implemented to reduce paper consumption: implementation of electronic pay slips for employees, reports and communication online, printing of customer statements on demand, generalization of double-sided printing and photocopying practices.

BLC Bank is also committed to develop and encourage environmentally friendly products and eco-loans, thus playing its part in the fulfillment of SDG 7. Banking products for sustainable programs have been released, reflecting BLC Bank's commitment and making it easier for the Lebanese community to lead a greener life. These products cover a wide range of domains among which: water heating, solar energy generation, pollution abatement, solid waste and waste water treatment, and recycling, landscaping, eco-tourism.

Eco-friendly loans are also offered to both individuals and businesses. To name a few products: Solar Water Heater Loan, Small Energy Loan, Non-Subsidized Energy and Non-Energy Related Eco-Loans, BDL Subsidized Energy and Non-Energy Related Eco-Loans, Green Kafalat Loans: Kafalat Energy A, Kafalat Energy B, Kafalat Energy C, Kafalat Trees and Kafalat Small Farmers

Measurement of Outcomes

More than 10500 trees planted thanks to BLC Bank's contribution to Jouzour Loubnan.

Green Products / Loans	2014	2015	2016	2017	% increase 2015-2016	% increase 2016-2017
ECO FRIENDLY LOAN	\$13,419	\$40,251	\$43,665	\$50,212	8.48%	15.0%
KAFALAT TREE AND ENERGY	\$4,921	\$8,551	\$11,416	\$13,635	33.5%	19.4%
SOLAR WATER HEATING SYSTEM	\$932	\$1,167	\$1,243	\$1,263	6.51%	1.60%
TOTAL	\$19,272	\$49,969	\$56,324	\$65,110	12.7%	15.6%

Anticorruption Principle

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy & Goals

Effective Corporate Governance is an essential part of the Bank's identity. It is mainly related to the internal means by which the Bank is operated and controlled. The Bank's Corporate Governance guidelines/code, together with the Bank's By-Laws and the Charters of the Board Committees are key elements of the structure by which our Bank is governed. The Code of Compliance and Ethics provides the framework for maintaining the highest standards of professional conduct among all employees, management and directors.

BLC Bank's corporate governance is designated to reinforce the confidence of the stakeholders by optimizing the system by which the Bank is directed and controlled, the overall risk management practices, the reporting transparency and the quality of cooperation between Shareholders, Board of Directors and Management of the Bank.

BLC Bank deals with customers regardless of their profile and social class, transparently, fairly and professionally throughout the relationship. The Bank is promoting this culture among all its employees and aims to be a reference in Quality of Service and Customer Advocacy.

Implementation

BLC Bank conducts continuous trainings and awareness sessions for its employees to train them on fighting all forms of corruption. The Bank's management is very strict when it comes to fighting fraud

and corruption. Special controls are set to fight money laundering, and anti-money-laundering procedures, trainings, guidelines and audits are performed to protect the Bank and all its stakeholders.

BLC Bank was one of the first banks operating in Lebanon to implement the requirements of the Central Bank of Lebanon (BDL) and the Banking Control Commission circulars 134 and 281 on Business Ethics and Customer Protection by adopting the below :

- Full transparency in operations and transactions
- Rights and Duties for customers
- Efficient Complaints Management and reporting
- Customers Education

Measurement of Outcomes

In its strive to combat corruption in all of its forms, BLC Bank has established 24 management committees that are dedicated to the upholding of this principle, insuring a balanced approach to running the institution all the while avoiding excessive concentration of power in individuals or functions. This is in addition to the 7 board committees, ranging from audit, risk management, remuneration, credit and corporate governance.

In 2017, 258 complaints were received and solved.