



Communication On Progress 2020



ABOUT BLOM BANK

Established in 1951, BLOM BANK's founders started Banque du Liban et d'Outre-Mer s.a.l. with a vision that has transformed the Bank today into a leading Lebanese bank.

BLOM Bank offers universal services and solutions across a network of banking and financial units, both directly and through subsidiaries. We take pride in the way we conduct our business by assisting our clients in fulfilling their goals. Our operations are aligned with our defined strategies, and we aim to drive economic growth and enrich the society in which we operate by conducting business in a responsible, sustainable, and inclusive manner.

In fact, our Sustainability strategy conforms to the Bank's purpose and mission, and has been put in place in alignment with our Environmental and Social Management System. Our Sustainability Committee acts as an advisor to the Board of Directors and assists it in monitoring and evaluating the Bank's social responsibility performance, making sure it reflects core values of Prudence, Professionalism, Integrity, Improvement, Performance and Stewardship.

For further information:

<http://www.blombank.com/english/Profile>



ABOUT THIS REPORT

On 26 December 2014, BLOM BANK became an official signatory to the UN Global Compact, thus committing to respect its ten principles, integrate them into our strategies and operations and annually report their progress to our stakeholders through an annual Communication on Progress (COP).

In this report, we aim at highlighting the progress achieved based on our past commitments with respect to the ten UN Global Compact principles. We will also show how our activities align with the United Nations Sustainable Development Goals.



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

OUR CHAIRMAN'S LETTER OF COMMITMENT

2020 was a year like none before. Starting with the unfolding of events of the last quarter of 2019, COVID-19 pandemic, the Port explosion and the exceptional political and economic environments in Lebanon have kept a firm grip on our world, our country, our bank and us as people.



Unforeseen crises of this magnitude do not come with a “manual” and are a test of the character of an organization. I am extremely proud of how our staff and colleagues rose to the occasion and am particularly proud that we stayed true to our roots and committed to serving our customers in the best way we can.

Always paramount is our employees’ health and safety. We had many of our teams working tirelessly to turn our branches and offices into “COVID-safe” environment in a matter of days.

Equally important was our commitment to serve our customers during the many lockdowns and closures. Despite all the challenges, we were able to provide essential services to our consumers even during the peak of the pandemic, including filling the ATMs and keeping an open call center all over the Lebanese territory.

We also stepped up in serving our local communities after the dreadful explosion of the 4th of August. In partnership with UNHCR, we were awarded the tender for “Cash Assistance Programme for Shelter” where we dedicated a station from our head office to assist affected people, in addition to other initiatives that are discussed in this report.

As we walk through this long journey, I would like to reiterate BLOM BANK’s commitment and support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption; and to play a major role in the United Nation’s Global Compact Network Lebanon. We, as ever, also commit to publicly and transparently share this information with our stakeholders using our primary channels of communication.

Sincerely,

Saad Azhari
Chairman and General Manager



HUMAN RIGHTS

The statistics used cover the timeline between January 1, 2020 and December 31, 2020.

BLOM BANK believes in being an active aider to the 2030 Agenda for Sustainable Development which envisions “a world of universal respect for human rights and human dignity, the rule of law, justice, equality and non-discrimination”. As we strive to create a culture that thrives on prudence, professionalism, integrity, improvement, performance and stewardship, we have integrated new measures to sustain a harmonious dynamic in the workplace - ones that harbor basic human rights.

“Peace of Heart”: In 2020, BLOM BANK promoted well-being and mental health by conducting the “Peace of Heart” initiative, which main objective is to look after the wellbeing and emotional health of our employees following a very difficult year that passed and affected our colleagues and their families. This initiative includes awareness webinars, confidential assessment surveys and private emotional reinforcement group sessions as well as one-to-one private sessions for the employees and their children. These sessions are led by professional psychologists and financially covered by the bank. The aim of this initiative is to advise our employees on what to do to overcome insecurities and help them cope with the emotional burdens of these difficult times. As signatory of the UN Global Compact, this programme is committing to one of the ten principles of the compact, being Human Rights. Under this pillar, the bank is extending support to protect its employees’ emotional and psychological wellbeing.

Pandemic: During the pandemic period in this year, BLOM Bank made sure to safeguard the health of the employees, their families and the community as a whole. All safety measures were put in place: social distancing in common areas, separators between desks, mandatory masks, hand sanitizers were placed in different spots in every floor, water bottles were distributed instead of the common water dispensers, temperature check at all our buildings' entrances, awareness campaign, etc. Employees were also distributed across different worksites (including our back-up sites) to limit their exposure to COVID-19. Moreover, and since the beginning of the pandemic, all 78 branches were temporarily closed. Head office employees were advised to work from home; only the urgent internal operations were functional on a rotation basis and meetings were conducted virtually. All premises were constantly undergoing regular sanitizing measures.

Also, PCR tests were periodically administered to all employees and covered by the bank, to ensure that no one is infected and to protect their own families and their colleagues' families. Any employee infected with COVID-19 is granted a paid quarantine leave along with paid PCR test(s).

In our fight against the spread of COVID-19, the bank has set a workplace vaccination program to increase vaccine uptake among its employees firstly and then their spouses. The bank's closest aim is to vaccinate all of the employees in the shortest time span to protect themselves, each other's and their families.

Working mums; work-life balance: Through these times, our working schedule has been reduced so employees and especially women have time to be alongside their kids and family. We have additionally adopted a casual dress code to ensure that employees felt comfortable in attending their few in-office shifts and in taking all the necessary safety measures to protect themselves and their families.

BLOM also sponsors the tuitions of 60 employees who chose to pursue a post-graduate degree and invested in their banking career path. Moreover, 57 employees who earned their higher education degrees or certificates and maintained high levels of performance were given an extra allowance to their salary. The bank rewarded as well 35 employees' children who obtained high academic achievements.





BLOM BANK considers education as one of the foundations of its sustainability strategy, as providing educational opportunities can make a difference in the lives of millions of people, pulling them out of poverty and developing children to their full potential. Under this vision, the Bank continues to lead several programs and initiatives in the education field focusing on needs-based assessment.



BLOM shabeb: to ensure that children and youth make accurate decisions in their academic and professional paths, BLOM BANK has created BLOM shabeb - a CSR program that guides them as they transition into adulthood. Since 2010, more than 417,000 students have benefited from the BLOM shabeb program. However and due to the critical situation in 2020, the program's activities have been suspended.

Protect Ed Program: Protect Ed is a Canadian program supported by BLOM BANK since its launch in Lebanon in 2013. It is adapted to meet Lebanon's specific cultural and safety needs, and offers kids preventative, proactive and innovative safety education on bullying, child abuse, predation, racism, discrimination and negative social media influence in order to build confidence, reduce risk and protect the future of our children.

From January 2020 up until March 2021, Protect Ed Program switched 64 books to digital content. All schools

enrolled within this program benefitted from free teacher access to the digital content, free teacher trainings programs (2,291 attendees), parents seminars and webinars (536 attendees), and free family therapy services. Additionally, a 3-day global event targeted 209 Lebanese schools principals was organized to equip teachers and learners on how to emerge stronger post COVID-19.

Lastly, an instructional guidebook for educators in Lebanon was massively distributed in private schools, whether they are enrolled in the program or not, to support them in times of pandemic, crisis and E-Learning.

Virtual Stock Exchange (VSE): The Virtual Stock Exchange Competition has been developed by BLOMINVEST BANK to provide a framework of hands-on education for young adults, matching knowledge with experience and theory with practice. More specifically, it allows the Bank to contribute towards the promotion of application-based experience in taught finance curriculums, and to strengthen their capabilities for future jobs and professional work.

In 2020, and to address the novel COVID-19 pandemic, the bank developed an online version of the program, where all phases of the program were completed virtually. The competition launched across 14 universities, reaching out to more than 20,000 students. The winners from each university will be competing for the 4th VSE National Edition in 2021.

2020 also witnessed a new collaboration with the CMA (Capital Markets Authority), who is on board the program now to deliver workshops for each university and introduce students to the role and the importance of the CMA in the Lebanese Market. Alongside the CMA workshops, experts from BLOMINVEST also trained students at all participating universities.

On a final note, in 2020, the winners from 10 universities across Lebanon participated in the 3rd national edition of the VSE competition. As a result, 5 finalists won grand prizes.





LABOR

Our corporate culture is cultivated on objective recruitment and selection processes and equal opportunities for all, regardless of age, gender or background. Accountability, fairness, transparency, and responsibility are all values that are an integral part of the bank's normative protocols:

- BLOM BANK's efficiency and corporate environment feeds off its overall diversity where 47.5% of employees are women and 52.5% are men. It is worth mentioning that more than 50% of the employees, excluding the clerical functions, are females.
- Employees also belong to different generational groups: 4 belong to the Silent Generation (≤ 1945), 207 are Baby Boomers (1946-1964), 487 belong to Generation X (1965-1979), 1593 are Millennials (1980-1994) and 72 belong to Generation Z (≥ 1995). The employment average age is 38.01; employee tenure is around 13 years and the retention rate is 93.84%.

The above indicators prove that the bank not only attracts the young generation but also engages them into becoming experienced and knowledgeable professionals.

- In 2020, the human resources prepared 2 assessment centers with the purpose of gathering significant information to understand individuals' capabilities in performing managerial positions. Assessment centers insure that judgments made are reliable, bias-free and

can leading to employee promotions and career advancements, trainings after identification of needs or career path changes.

- Due to the pandemic crisis in 2020, the bank's learning activities have been switched from in-person trainings to virtual classrooms. The trainings conducted were not only limited to technical skills but included soft skills as well to better identify and develop our employees' interpersonal skills.

Development is done across all divisions and functions using different techniques such as assessment centers, coaching and mentoring, etc. Transfer of knowledge is highly encouraged and rewarded through fostering a culture of continuous learning and improvement.

Aligned with human rights, all employees work at BLOM at their own volition.

It is worth mentioning that over the past 5 years, 719 people have been recruited and 100% of the branch managers along with 66.67% of the heads of divisions and departments at BLOM BANK were promoted internally.



Protecting our customers: 7 key branches were selected to operate for any commercial activity such as food/medical import, payroll, incoming/processing/clearing transfers or any specific need. Clients were advised to take an appointment prior to visiting the branch so as to limit the number of clients entering at the same time; and only clients who were wearing face masks and cleared after a digital thermometer temperature check were permitted to enter. Once lockdown was lifted, premises were constantly undergoing regular sanitizing measures. Employees' temperatures were checked through a remotely placed infrared camera and a digital thermometer prior to entering the branch or building.

Supporting our customers: For the Bank's SME clients, the Bank reversed all monthly fees related to POS terminals and online payment gateways for the months of March, April and May 2020 (the lockdown period). BLOM Bank also offered all existing merchants in the field of food supply, groceries, pharmaceuticals, etc. the option to launch their e-commerce websites without any initial setup fees in order to encourage them to generate income from online sales to protect their employees and their customers. In order to limit the physical contact and reduce the risk of contamination, several initiatives were launched to change the customer's behavior and shift it towards digital channels, such as increasing local internet limits on the cards in order to provide clients with a higher flexibility to use their cards for online shopping.

In terms of ATM cash withdrawal limits, daily and monthly limits were doubled in order to provide customers with more liquidity and reduce their ATM visits and hence their exposure.

BBQ King
得記飯店

영
아이엘츠
YOUNG IELTS 3F
OET / PTE / 雅思

Party
PARTY
BECOME FRIENDS

Young Party
Hotel



Covid-19 Awareness Campaign: BLOM Bank's famous character Tante Wadad featured in a TV commercial on all local TV stations aimed to create awareness and help in changing customers' banking lifestyle to reduce the risk of virus transmission in a banking environment. For instance, Tante Wadad was advising clients on how to take necessary safety precautions such as social distancing at the branch, safe cash withdrawals from ATMs, using contactless features on BLOM cards instead of swiping the card, and the easiness of shopping online using BLOM cards.

Loans and Credit Card Exemptions: In terms of retail loans, all late payment fees were waived during the period of March through August 2020. Additionally, about 3,000 clients were granted special loans at 0% interest rate to settle their dues from March till June 2020. All late credit card payments between the months of March and October 2020 were also reversed.

Port of Beirut Blast Response: UNHCR Cash Assistance Program: Following the Beirut blast that happened on August 4, 2020, BLOM Bank was awarded the tender for "Cash Assistance Programme for Shelter" by UNHCR in order to transfer cash assistance to individuals who were affected by the blast. The programme provided one-time cash payments to help individuals repair damages to their homes or repay some of the costs that may have been incurred due to the blast. A dedicated station for the programme was developed at the Head Office in Zeytouna, chosen due to its proximity to the location of the blast, while ensuring the safety, privacy and smoothness of the experience.



Supporting the Community: BLOM Bank implemented Law 152 issued by BDL aiming at providing loan facilities to clients that have been impacted by the blast, and currently have outstanding housing loans at the bank. The new housing loan was offered with no interest (0%) with maximum loan amount of US\$50,000 aimed at repairing the damages incurred from the August 4 blast.

BLOM Bank partnered with the USAID to develop an initiative whereby clients were refunded the value of their purchased food basket. A control level was put in place to make sure this initiative reaches the targeted segment, by giving away the value of the basket to those whose monthly income is less than US\$600.

Supporting NGOs: BLOM Bank made it a priority to support NGOs working towards assisting the families impacted by the Port of Beirut blast. Facilities were made towards NGOs requesting to establish an online donation's link on their website via BLOM's e-commerce solution.

Moreover, BLOM Bank assisted in the development of several TV commercials for NGOs, but also dedicated its airtime on prime TV slots to run the NGO's commercials for the purpose of gathering funds and assisting as many affected families as possible such as an initiative launched by the UN Global Compact Network to fight hunger and poverty with the World Food Bank and in association with the Ministry of Social Affairs, to support families affected by the COVID19 pandemic.



ENVIRONMENT

Paper Recycling and Reduction: In 2020, BLOM Bank delivered 72.65 tons of paper to a leading national paper recycling facility, and the proceeds were donated to associations that provide assistance to challenged children.

Moreover, 21.6 tons of shredded papers were handed out to “Association l’Écoute” in order to support their main mission of supplying earpieces to needy hearing-impaired individuals.

Carbon Footprint Calculation and Assessment: BLOM Bank appointed V4 Advisors to conduct a Greenhouse Gas (GHG) audit for its Head Offices, branches and warehouses in Lebanon from 2016 to 2018. The assessment for 2019 and 2020 is currently under progress due to the extraordinary events that took place in 2020; results for both years will be published in the next reporting period.

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ANTI-CORRUPTION AND CORPORATE GOVERNANCE

Corporate Governance: The Bank recognizes the paramount importance of Corporate Governance for its proper functioning and for the creation of an optimal operational environment.

The Bank's Board of Directors views the ongoing development of Corporate Governance as a matter of great importance and necessity in enhancing its competitive position by continuing to further raise its standards vis-à-vis internal organization and services to clients and working against any form of unethical behavior including corruption, extortion, bribery, deception, insider dealing and conflict of interest.

The Board of Directors is the body ultimately responsible for ensuring the best practices of Corporate Governance at BLOM BANK and exercises some of its duties and authorities through six specialized Board Committees.

In order to ensure an ethical environment within the Bank and a fair treatment to all stakeholders, the Board of Directors has put in place a system of internal control that aims to identify control requirements, develop and implement controls, enforce compliance and review existing controls. Sound internal control shall be reflected in the organization and procedures of the Bank's operations and is ensured through sound management of the following systems: controls, duties, authorities, limits, organization Chart.

Also advancing an ethical environment, the Group Customers Advocacy Department approved by the Board of Directors is responsible for implementing the policy for the principles of banking and financial operations with clients. The Department receives customers' complaints, follows up on received complaints in a timely manner and informs clients about the appropriate measures taken to provide them comfort in their dealings with the Bank while safeguarding the Bank's reputation. The Department also reports quarterly to the General Manager and the Board of Directors about all complaints received and handled and those still pending.

As part of its commitment to transparency, accountability, integrity, and protection of shareholders' rights, the Bank discloses on its Website, the Corporate Governance Code, the Board Committees' Charters, its Fraud Policy and Code of Conduct, its Remuneration Policy and other information about the Board of Directors and Senior Management.

Environmental and Social Management System (ESMS): the bank is preparing the grounds to launch the ESMS in the next period. The ESMS is a framework of associated responsibilities and procedures required to integrate environmental and social considerations and objectives into the ongoing management decision-making processes and operations of the bank, aiming to alleviate environmental and social impacts.

