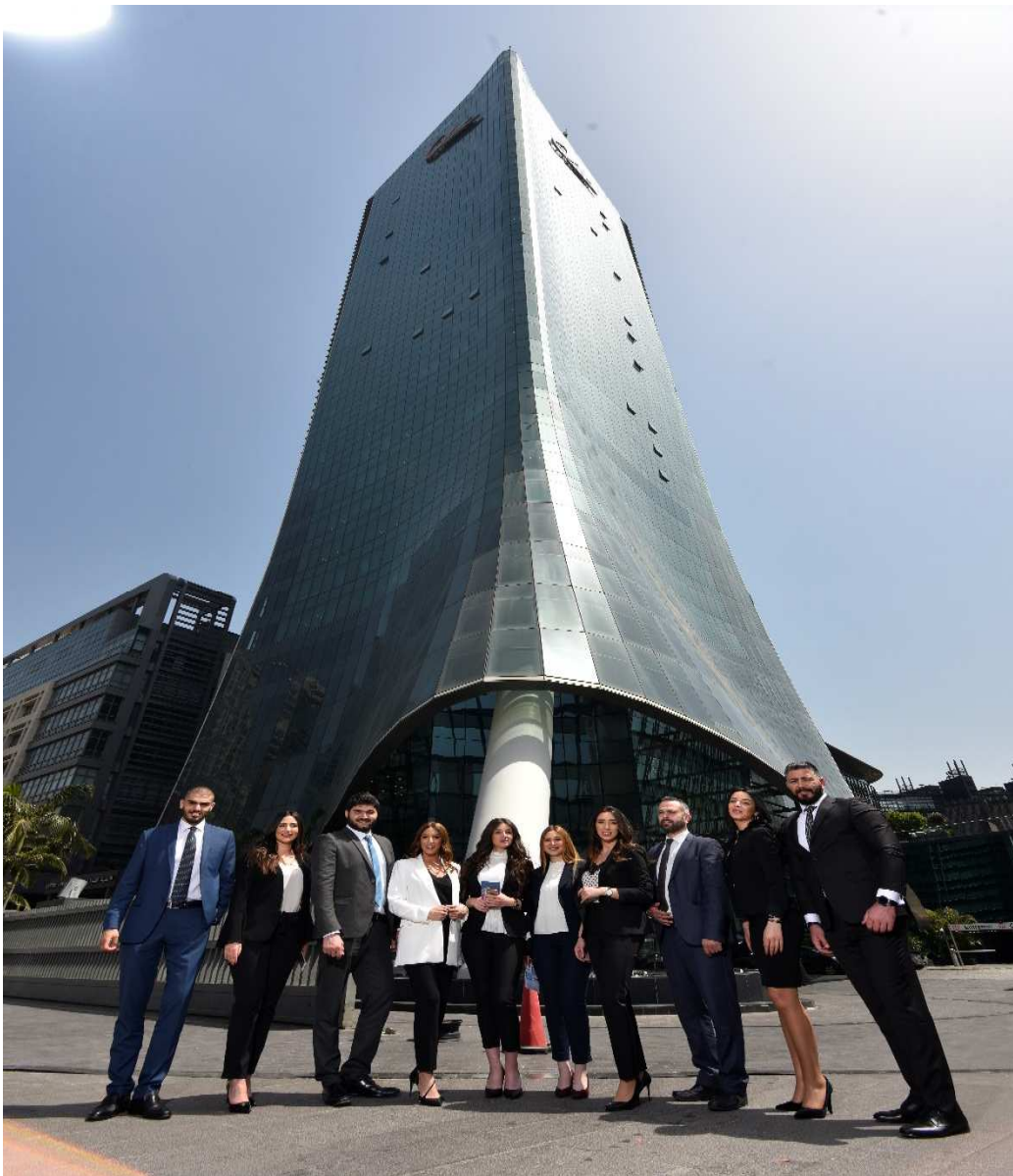


Communication on Progress UNGC

November 2021



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Statement of the Chairman General Manager



الاعتماد اللبناني
CREDIT LIBANAIS

رأس المال: ٤٠٠ ٠٠٠ ٠٠٠ ل.ل. مدفوع بالكامل لائحة المصارف رقم ٥٣ سجل تجاري بيروت ١٠٧٤٢
CAPITAL: 268 400 000 000 LBP FULLY PAID LIST OF BANKS No. 53 C.R.: BEIRUT 10742

HEAD OFFICE

الإدارة العامة

Ref: Div/4/2021
Beirut, November 2, 2021

To our stakeholders:

I am pleased to confirm that Credit Libanais reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, 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 sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Dr. Joseph Torbey
Chairman General Manager
Credit Libanais Group

PAP 12 R2 10,000 (2/2019)


كورنيش النهر - مستديرة المدلية - ص.ب. ١٦-٦٧٢٩ الأشرافية ٢٨١١ ١١٠٠ بيروت - لبنان - هاتف: ٦٠٨٠٠٠ (٠١) - فاكس: ٦٠٨١٢٦ (٠١) - سويفت: CLIBLBXX
Corniche El Nahr, Adlieh Roundabout - P.O.Box: 16-6729 Ashrafieh 1100 2811 Beirut - Lebanon - Tel: (01) 608000 - Fax: (01) 608126 - SWIFT: CLIBLBXX - www.creditlibanais.com


Overview of Credit Libanais Group


Established in 1961, Credit Libanais remains deeply rooted in the country with an established network of international correspondents around the globe.


The Bank provides its customers, alongside key classical banking activities, sophisticated digital banking services, E-commerce activities, Smart Cards, Points of Sale, ATM networks and e-banking secure services. CL e-outreach encompasses 9064 electronic point-of-sale, 90 ATMs, 165,000 banking cards distributed, 24/7 secure online banking services, an advanced customer service center, e-bank applications, to name but a few.


Since 2015, the Bank is an official member of the UN Global Compact Network, the world's largest corporate responsibility initiative with 14.251 participants in 162 countries including Lebanon.


**Website:** www.creditlibanais.com

**Facebook:**
Link: www.facebook.com/CreditLibanaisGroup
Page : Credit Libanais

**Twitter:**
Link: www.twitter.com/CreditLibanais
Account: [@CreditLibanais](https://twitter.com/CreditLibanais)

**LinkedIn:**
Link: www.linkedin.com/company/credit-libanais
Page : Credit Libanais

**Instagram :**
Link: www.instagram.com/creditlibanais
Account: @creditlibanais

**YouTube:**
Link: www.youtube.com/user/CreditLibanaisGroup

Credit Libanais' Identity and Business Principles

Credit Libanais' Identity

Vision
Credit Libanais' purpose is to enhance shareholder, customer and employee value.

Core Values
Credit Libanais' core values are customer focus, innovation, teamwork, ethics, transparency and integrity as well as reward for performance.

Mission
Credit Libanais is the preferred bank in Lebanon for customers and employees.

Credit Libanais is primarily a retail bank and serves selected corporate customers.

Credit Libanais' Business Principles



UNGC Ten Principles

In 2015, Credit Libanais officially joins the UN Global Compact

On November 6, 2015, Credit Libanais officially joins the United Nations Global Compact, the world's largest corporate responsibility initiative with 14.251 participants in 162 countries.

The UN Global Compact Ten Principles encompass the following areas that touch the day-to-day operations.

The UN Global Compact's ten principles



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.



LABOUR

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

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

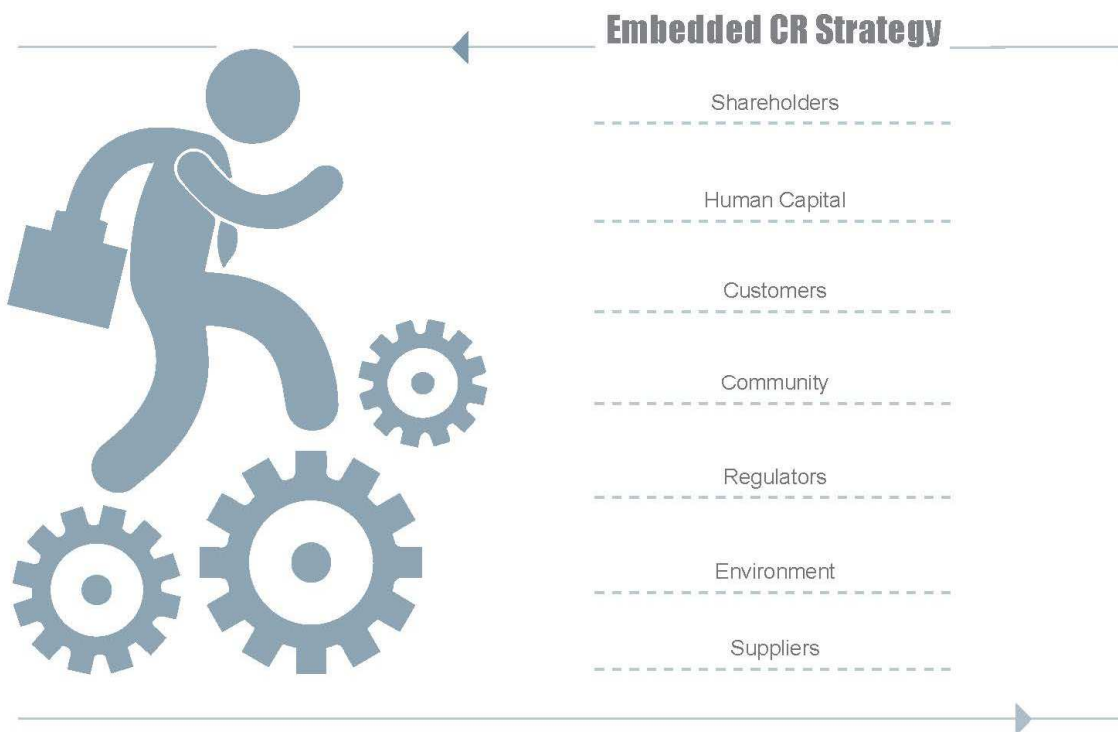
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

CL Sustainability Strategy

We are conscious of our important role in the communities where we operate, and are committed to creating value to all our stakeholders, despite all adverse circumstances the country has been undergoing over the past 2 years or so.

Our long-term corporate responsibility relies on balancing the needs of people, planet and profits to ensure the continued success and sustainability of the Group.

Our Core Values are defined by high standards of ethics, integrity and transparency, and are based on a solid compliance with national and international banking regulations and best practices.



CL Sustainable Development Goals (SDGs)

On September 25, 2015, all 193-member states of the United Nations adopted 17 new Sustainable Development Goals (SDGs) as a plan to tackle the economic, social, environmental and governance-related challenges by 2030.



Against all odds, we remain committed to safeguarding the interests of all stakeholders and have corporate responsibility and sustainability embedded in the greater part of our work, ever since the beginning of operations in 1961.

Prior to the national crisis that started in October 2019, the global pandemic that paralyzed the world in 2020 and the catastrophic Beirut port blast that halted all activities and initiatives, the Bank was undertaking many CSR initiatives mainly focusing on the following goals:

Goal 4 – Quality Education to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, namely our employees and their children;

Goal 9: Industry, Innovation and Infrastructure, for the modernization of Lebanon.

These two Goals as well as others remain in our action plans and strategy to the extent allowed by the circumstances.

Goal 4: Quality Education



- ❖ Our employees benefit from school and college tuition allowances for their children. We provide advancement education and training programs for our employees through a diversified learning platform.
- ❖ CL employees are encouraged to enroll and successfully complete the Banking and Financial Qualifications certifications in Lebanese Financial Regulations, CAMS, Combating Financial Crime, Investments and Risks, Financial Derivatives, Risk in Financial Services, Global Securities and International Introduction to Investment as per BDL 103 and other regulatory requirements.

❖ Educational and Academic Events*

We constantly contribute to university and school events that aim at offering professional guidance and presenting different employers to students.

❖ Professional Conferences *

Conferences were sponsored over the course of the year, encompassing a variety of sectors such as banking, economic, medical, social, financial and many other aspects of the Lebanese dynamic communities.

❖ Cultural and Heritage Events *

CL supported music and cultural festivals organized in various Lebanese cities and towns throughout the seasons, in view of encouraging arts, reviving traditions and preserving our unique heritage.

❖ Philanthropy *

Our selected contributions to professional, educational, sports, cultural and social activities have positively impacted the communities we work in and by the same token, boosted CL's image in various Lebanese regions and towns.

**** Most CSR activities were suspended due to the national political and financial crisis that started in October 2019, the global pandemic that paralyzed the world in 2020 and the catastrophic Beirut port blast that halted all activities and initiatives.***

Goal 9: Industry, Innovation and Infrastructure



CL and the Modernization of Lebanon

CL constantly undertakes initiatives that lead towards the country's modernization. By pioneering the launching of e-payment services related to some agencies and bodies, such as paying taxes and memberships online, we contribute to our country's transformation thus rendering services to customers more efficient and less time consuming.

CL pioneered the launching of the e-payment services related to the following bodies:

- ♦ Beirut Bar Association: for the online settlement of lawyers' annual subscription fees on www.bba.org.lb
- ♦ Order of Engineers and Architects in Beirut: for the online settlement of annual subscription and insurance fees on www.oea.org.lb
- ♦ Order of Pharmacists in Lebanon: for the online settlement of annual subscription fees on www.opl.org.lb
- ♦ Establishment of the Water of Beirut and Mount Lebanon: for the online settlement of water bills on www.ebml.gov.lb
- ♦ General Directorate of Land Registry and Cadastre: for viewing and printing the title register and pay related fees through www.lrc.gov.lb
- ♦ Ministry of Finance: for the online settlement of built property taxes through www.finance.gov.lb
- ♦ “[Baladiyat Online](http://www.baladiyat.org.lb)” service, which allows citizens to pay their bills, fees and municipal taxes online through an electronic payment platform, or via electronic payment machines, in a fast, efficient and secure manner. This service aims to facilitate the cashless payment process via electronic cards, and also provides flexibility and ease of payment from anywhere in the world at any time, in addition to enhancing transparency, fighting corruption and avoiding bureaucracy.



All payments are made in a highly secure manner through the Group subsidiaries, NetCommerce payment gateway or the Credit Card Management (CCM).

To this end, the Bank partnered with numerous local, regional and international agencies to make the financing of very small businesses also possible within the Lebanese economy. CL also maintains a considerable number of partnerships with international bodies and benefits from long-term financing and risk sharing schemes with institutions such as:

- ❖ The International Finance Corporation (IFC)
- ❖ The European Bank for Reconstruction and Development (EBRD)
- ❖ The European Investment Bank (EIB)
- ❖ The Arab Trade Financing Program (ATFP)

CL and Corporate Governance



Credit Libanais Group is committed to safeguarding the interests of all stakeholders and recognizes the importance of good Corporate Governance for its sustainable success. In this respect, CL Group reviewed its Code of Corporate Governance aiming at complying with the changing local and international Corporate Governance standards. The Code is disseminated to all staff and made available on the Bank's website.

The Board of Directors oversees the implementation of the Bank's governance framework and periodically reviews that it remains appropriate, in the light of any material changes to the Bank's size, complexity, geographical footprint, business strategy, markets and regulatory requirements.

As part of the overall corporate governance framework, the Board and Senior Executive Management establish and make decisions related to the Bank's strategy and risk approach, articulate and monitor adherence to risk appetite and risk limits, capital and financial plans and remuneration policy, and identify, measure, manage and control risks.

CL and People Capital Optimization



Employees

CL Group employees' composition by gender and seniority (as at 30.09.2021)

Years of experience	Male	Female	Total
0-10	243	175	
11-20	311	259	
21-30	126	125	
Above 30	95	46	
Total	775	605	1380

CL Group total number of women in senior management position according to their group distribution (as at 30.09.2021)

Age	<30	30-50	>50
	0	0	2

CL Group total number of woman in middle management position (as at 30.09.2021)

Age	<30	30-50	>50
	0	62	33

Total number of employees who took maternal leave(as at 30.09.2021)	Total number of employees who returned to work after maternal leave (as at 30.09.2021)
23	13

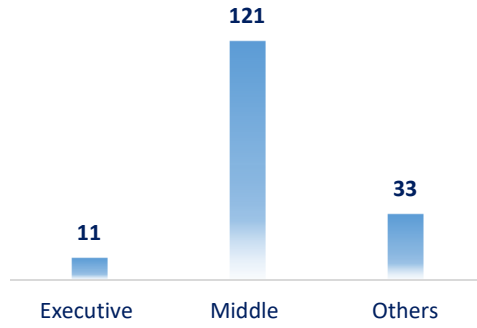
Learning and Development

While the Covid-19 outbreak has significantly affected the working and the learning environment, it has also opened a window of opportunity to be creative, gain insights and know how people learn.

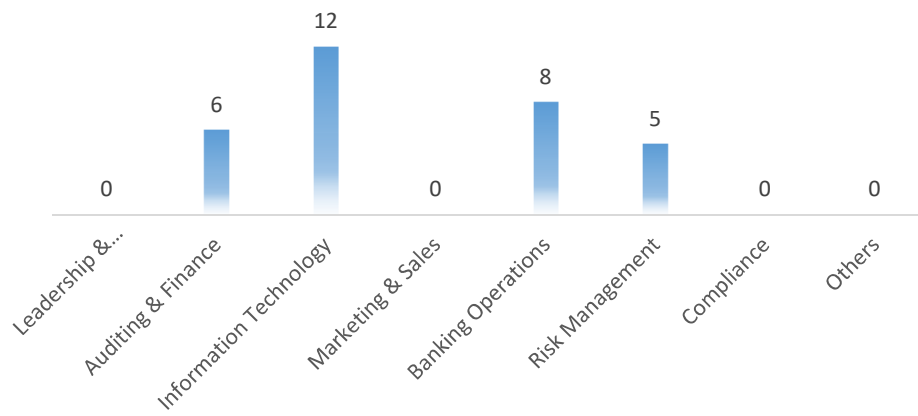
Many training methods and practices became obsolete in 2020 thus giving us the chance to rethink the whole process and create new experiences.

In 2020, we continued to deliver e-learning services and we mainly focused on AML courses such as “A prudent navigation into the sanction universe” and Central Bank circulars n.530 & n. 535. Excel workshops were also included this year for various levels.

Number of Trained Staff



Number of Training Hours by Field



CL and Responsible Inclusive Financing



Credit Libanais Group always seeks sustainable investments in view of maximizing financial returns while achieving social and environmental good. We remain committed to regularly reviewing our credit facilities granting processes in view of securing profitable incentives for the Bank while alleviating our footprint and that of our customers and/or communities.

Focused Public Sector Initiatives

Credit Libanais continues to strongly support the public sector and further build on the financial inclusion endeavors in this respect.

Throughout the years, we launched many CR initiatives, targeting the Lebanese Army and Special Forces; these included:

- Restoration of two buildings in Bchamoun dedicated to sports events at the Institute of Internal Security Forces
- Acquisition of motorcycles for the Internal Security Forces
- Sponsoring the ISF Annual Marathon
- Sponsoring of ISF anti-drugs campaigns
- Co-funding a fire-fighting helicopter
- Funding a dental clinic for the Lebanese Army
- Funding a training center for the ISF women recruits
- In view of supporting the families of the Army and the ISF martyrs of Lebanon, special co-branded cards were designed, whereby a profit sharing scheme funds the Army Martyrs Families Foundation, the ISF Martyrs Families and the ISF anti-drugs operations respectively.

Preventing Financial Crime

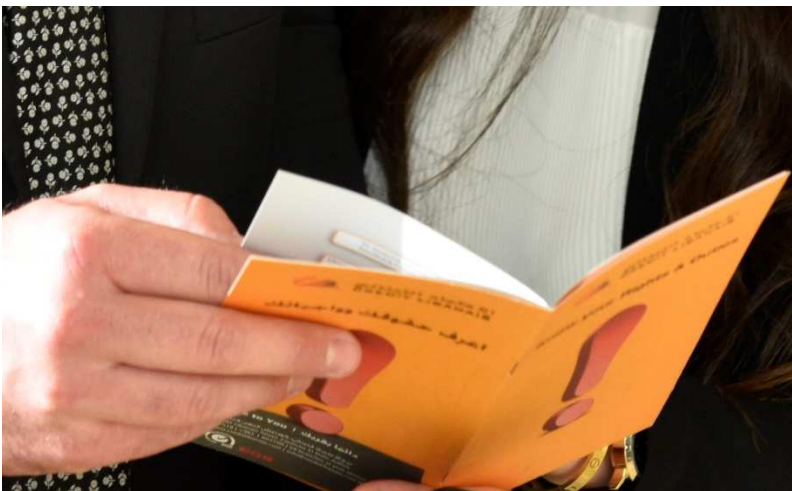
Credit Libanais is firmly committed to fighting crimes of money laundering and financing terrorism in accordance with national and international rules and regulations. We believe that financial crime prevention is not only the responsibility of the Group's dedicated compliance officers, but also the duty of every staff member in each area of activity. We have clear policies, procedures and rules of good conduct in place, to prevent money

laundering and the financing of terrorism in all jurisdictions where the Bank operates, to protect our reputation.

Fighting Corruption

CL Group strives to be an open and honest business and values the free flow of information. As stated in CL’s Employee Handbook, the Bank encourages all stakeholders to report any dishonest or illegal activity (violation of a law, rule, regulation, fraud and corruption) occurring at the Bank. CL prohibits retaliation of any kind against individuals who made reports in good faith or complaints of violation of the business ethics and conduct or other known or suspected illegal or unethical conduct.

Consumer Financial Protection



The Consumer Financial Protection is a fully independent function from the operations and business lines of the Bank. In accordance with BDL Circular 134 and related BCC Circular 281, Consumer Financial Protection covers all branches of the Bank in Lebanon, directly reports to the Chairman - General Manager, and sends its reports to Senior Executive Management and the Board of Directors in matters related to the implementation of the Policy, Charter, and Action Plan, and puts forth suggestions for improvements of the Principles of Banking and Financial Operations with customers as per regulatory requirements in place, to promote a better customer experience.

In 2020, within the framework of the Bank’s “Financial and Disabled Inclusion” strategy, we sustained our efforts to make the vast majority of our branches inclusive to all customers. Special measures were adopted at branches for banking processes to make them more easily accessible to people with special needs, including the visually impaired.

Moreover, some of CL ATMs are equipped with special functionalities to cater to customers with special needs at selected branches. Access ramps have been made available at some of our branches for the physically challenged people in view of facilitating their access to conduct banking transactions with the Bank.

At Credit Libanais, we support BDL efforts in spreading financial inclusion among various categories of customers, including those with special needs.

CL and Community Development



Credit Libanais believes in its fundamental role in creating long-term value for all stakeholders. Safeguarding our culture and protecting our heritage and family values is vital to maintaining our unique identity.

In 2020, the global pandemic and the Beirut port blast halted all activities and initiatives.

- ❖ Educational and Academic Events
- ❖ Professional Conferences
- ❖ Sports and Recreational events
- ❖ Cultural and Heritage Festivals

Until better days prevail, we are committed to continuing to serve our customers and cater to the needs of our staff and communities, to the best way we can.

Corporate Responsibility and the Environment



Credit Libanais weighs the importance of regularly reviewing and updating its lending strategies to align them with industry standards in terms of Social and Responsible Investment (SRI).

In this context, the Bank developed the Social and Environmental Management System (SEMS) with the basic objective of ensuring that the environmental and social implications of a potential customer are identified and assessed early in the Bank's planning and decision-making process and that these environmental considerations are incorporated into the preparation and approval of facilities. Moreover, the Bank is directed by its agreement with IFC to adhere to sound banking principles and promote the full range of activities in environmentally and socially reliable developments.

In conformity with the SDG 13 calling for climate action, our strategy centers around two priorities:

- ✓ Reducing the intensity of our environmental footprint.
- ✓ Promoting environmentally responsible business activities.

Internally, Credit Libanais also implemented a plan to reduce the Bank's carbon footprint. In fact, CL departments and branches became greener with reduced paper consumption and responsible recycling of electronic consumables and others.

Additionally, the daily "E-branch reports" are implemented in line with our mission of being environmental friendly by moving toward paperless and digital processing. Special care is also given to eliminate the

Last year, some 61 tons of papers were sent to a local recycling factory. In this perspective, Credit Libanais is extending support to local NGOs who benefit from the recycled material to finance awareness campaigns or acquire medical support equipment for patients across Lebanon. These initiatives contribute towards cultivating a greener culture throughout CL Group. Moreover, some 152 IT equipments (PCs, Screens, Scanners, Printers, Servers) were sent to a local NGO.

printing of unnecessary e-mails exchanged among various parties. In addition, the majority of the printers have been upgraded to print on both sides to reduce paper consumption, and therefore CL's carbon footprint.

At CL Group Head Office Tower, special attention has been given to using environmentally friendly construction materials, taking into account the use of renewable energy sources for future daily utilization. Considerations such as efficiently using energy, water, and other natural resources, reducing waste, pollution and environmental degradation were also been



given broad attention in all phases of the project, from design to commissioning.

Those considerations are reflected in the green:

➤ [Architecture](#)

- ◆ All facades are curtain wall unitized panel or spider systems with double glazing low E.

➤ [Landscape](#)

- ◆ Shrubs and trees with low water were planted
- ◆ A large part of the ground floor levels is covered with greenery.

➤ [Interior and Lighting](#)

- ◆ All interior lightings are LED lights.
- ◆ Each floor features an average of 50% of open space configuration, in addition to low partitions for the desks, which allows a higher amount of natural light into the center of the floor.
- ◆ Open spaces and passageways are covered with carpet tiles that have total recycled content of 50%, and are certified “Green Label Plus”
- ◆ All peripheral sunscreens are 100% PVC free, low VOC fabric, recyclable and feature a silver backing which increases reflectivity to sunlight, thus decreasing the heat intake into the interior space, and reducing the need for cooling during warm days.
- ◆ All gypsum board partitions are made of 95% recycled content.

➤ [Recycled, Reused and Sustainable Mechanics and Materials](#)

- ◆ Energy recovery ventilators at each floor level
- ◆ Double glazing with low U-value
- ◆ Central solar system for hot water production
- ◆ Non-CFC Refrigerant
- ◆ High efficiency equipment (VRV for cooling and heating)

➤ [Reduced Water Usage](#)

- ◆ Central gray water treatment
- ◆ Re-usage of treated gray water for flushing and irrigation
- ◆ Re-usage of A/C condensate drain collection for flushing and irrigation

A green Tier III Certified Data Center



CL's Group main data center is about 450 m² with 120 kW of net IT load and is designed to handle all the functions of the Bank. An additional 350-m² space hosts the sister company Credit Card Management (CCM), which has a dedicated server room within CL data center.

The main data center environment is water cooled at relatively high temperatures, which greatly increases the efficiency and reduces cost.

CL Tier III data center features are summarized as follows:

- ♦ Chilled water-cooled white space. The chilled water system significantly increases efficiency and running costs.
- ♦ The chiller compressors and pumps optimize energy consumption based on actual demand.
- ♦ A special variable primary chilled water system further reduces energy expenditures.
- ♦ Computer room air conditioning units are provided with variable speed EC fans modulating from 0-100% to reduce energy consumption.
- ♦ Cold air containment enhances the overall system efficiency.
- ♦ The fresh air for the data center is centrally pre-treated with an energy recovery unit.
- ♦ Associated office space is air conditioned by a VRV (variable refrigerant flow) system for high efficiency and lower energy expenditures. The system interfaces with the BMS (building management system) for scheduling and centralized parameterization to avoid operation during unoccupied periods.
- ♦ The latest VRV system technology provides cooling to the office space with Unit COP (coefficient of performance) greater than four using R-410 refrigerant.
- ♦ Re-circulated air from offices ventilates the UPS/battery room through transfer fans, which reduces the amount of treated fresh air.
- ♦ Modular UPS systems adjust capacity to actual IT loads. The efficiency of the UPS system is 95.5% at 25% load and 96% at 100% load.
- ♦ The lighting is switched by a lighting control system that includes automatic motion sensors and centralized parameterization and scheduling to avoid operation during unoccupied periods.
- ♦ The BMS (Building Management System) integrates all subsystems, either directly or via SNMP (Simple Network Management Protocol), KNX, and data center infrastructure (DCIM) controls. The system allows an overall insight on the operations of the data center, monitoring all energy expenditures, faults, and alerts.
- ♦ DCIM optimizes operations and increases overall efficiency.