



Communication On Progress 2021



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 the principles of an 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

The year 2021 had been another year of unfortunate ride through the economic and banking crisis, the pandemic, and many other difficulties that had their impact on our country, our Bank and our families.

Thankfully, despite the challenges of the last year, commitment to our core values and to the Ten Principles of the United Nations Global Compact had remained unshakable.

Stemming from our commitment and responsibility to protect the safety and health of our people, we stepped to provide early Covid-19 vaccination for our staff and secured a Covid-free work environment for our employees and customers.

Just as importantly was our dedication to keep on serving our customers in the best possible way. Despite all the difficulties and obstacles, we managed to provide our customers with banking solutions and services so as to ensure their resilience and viability amid the economic crisis.

While we are fully aware that a long and demanding journey lies ahead of us, it gives me pleasure 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 now more than ever before, we pledge to adhere to our values of integrity, transparency, and sustainability.

Sincerely,

Saad Azhari
Chairman and General Manager





HUMAN RIGHTS

The statistics used cover the timeline between January 1, 2021 and December 31, 2021.

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 2021, BLOM BANK continued to promote well-being and mental health by conducting the “Peace of Heart” initiative targeting employees, their families and their children. This initiative included 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. In 2021, more than 365 family, group and individual therapy sessions were provided to our employees.

Pandemic: During the pandemic period in 2021, 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 on 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.

Also, PCR tests were periodically administered to all employees and paid 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). Moreover, a clear COVID-19 quarantine and isolation policy was communicated to employees to limit the spread among the bank’s employees.

In our fight against the spread of COVID-19, the bank has set a workplace vaccination program and promoted internally the vaccination benefits to encourage and to increase vaccine uptake among its employees and their families. The bank's closest aim was to vaccinate all of the employees in the shortest time span to protect themselves, each other's and their families. It is worth noting that currently 88% of the bank's staff are vaccinated. Also, in our aim to limit the spread of the virus we requested all outsourced services such as the cleaning crew and security staff to get the vaccine.

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.

In addition to the above and in line with our ongoing policy to empower our people, BLOM BANK is currently sponsoring the tuitions of 19 employees who chose to pursue a post-graduate degree and invested in their banking career path. Moreover, 41 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 74 employees' children who obtained high academic achievements.

SDG 4: Quality Education

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 400,000 students have benefited from the BLOM shabeb program. But due to the critical situation in 2020 and 2021, the program's activities have been suspended except for scholarships granted to university students. In 2021, BLOM Bank sponsored 4 new students.

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.

In 2021, 380 educators benefited from Protect ED's free Teacher Training Program, which reinforces educators with knowledge on how to manage post-pandemic classrooms, as well as provides them with the tools necessary to pass-on key messages to their students under the Protect ED Curriculum. Additionally, 1655 Parents benefited from Protect ED's Free Parent Webinars, through which our main focus for the year was to teach valuable practical advice and positive parenting techniques in connection with children's online safety as well as the impact that the Pandemic has had on children's well-being and emotional health.

Also, 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 compete again amongst each other for the VSE National Edition where winners on a national level will be chosen.

The year 2020 also witnessed a new collaboration with the CMA (Capital Markets Authority), who is on board now to deliver workshops and introduce students to the role and the importance of the CMA in the Lebanese Market.

Alongside the CMA workshops, experts from BLOMINVEST also give training sessions to help students at a technical level when it comes to trading strategies.

On a final note, in 2022, the winners from 14 universities across Lebanon will participate in the 5th national edition of the VSE competition. As a result, 5 winners will be granted financial prizes.



LABOR

In 2021, recruitment and selection processes remained objective, and equal opportunities were ensured for all. Since BLOM BANK has cultivated a culture of good corporate governance including accountability, fairness, transparency, and responsibility, it has thus incorporated this notion in its normative protocols:

First, 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: 2 belong to the Silent Generation (≤ 1945), 181 are Baby Boomers (1946-1964), 508 belong to Generation X (1965-1980), 1417 are Millennials (1981-1996) and 7 belong to Generation Z (≥ 1997). The employees' average age is 39.2.

All of these indicators prove that the bank does not only attract the young generation but also engages them into becoming experienced and knowledgeable professionals.

Second, in 2021, despite the crisis the HR division prepared an assessment center 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 lead to employee promotions & career advancements, trainings after identification of needs or career path changes.

Last, due to the pandemic crisis in 2021, our 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, 100% of the branch managers along with 90% of the heads of divisions/departments at BLOM BANK were promoted internally.

The above initiatives fall under the adoption of SDG 5 - Gender Equality & SDG 8 - Decent Work & Economic Growth.



COMMUNITY SUPPORT

Supporting Our Customers: Following the financial and pandemic crises in Lebanon, we recently launched a pilot project “Digital End-to-End Solution Package” in order to offer support to selected micro-companies. The aim of the initiative is to provide these companies with the needed support to be able to have an efficient digital presence in a post-Covid world.

In addition to the constant regular sanitization and social distancing measures taken at our branches, an awareness campaign was launched to guarantee a safe environment. The campaign also included TV commercials to induce clients to stay home as well as boost the usage of our NFC technology (near-field communication) available on our cards to avoid any physical contact.

Additionally, since many SMEs shifted their business towards digital, this resulted in an increase to the demand of e-commerce solutions. Cybersource (Payment Gateway - Visa Product) introduced the invoicing feature, which allows merchants to setup a payment gateway without the need for a website. Given that our eCommerce gateway is hosted by Cybersource we have launched this service for merchants who sell on social media and do not own a website, providing them with the convenience of offering their clients the option to pay using their cards without the need to cover for the expenses of creating and maintaining a website.

Products and services: The COVID-19 pandemic has changed customer behavior when it comes to adopting digital banking services. That’s why it was important for BLOM Bank to keep offering ground-breaking digital services that meet clients’ needs in the most convenient and secure manner. BLOM Bank continued developing its award-winning internet banking platform eBLOM which brings a whole host of banking services to the clients’ fingertips by offering them the ease and convenience of transacting wherever they are located. Users can check their balances, their transactions and transfer funds effortlessly, pay their bills and do so much more. Several new initiatives were launched to ensure swift payments and transfers.

Edfa3li: We launched this innovative P2P payment service allowing eBLOM users to enroll in just one-click to start using the service. Money can be instantly sent and requested in LBP from other edfa3li subscribers at other local banks or BLOM Bank without any additional fees. BLOM BANK stands out in the market as being the pioneer in launching a P2P service that is convenient, fast and secure.

OMT Visa Prepaid Card: In line with our financial inclusion strategy and CSR activities in providing payment options for the unbanked; we have extended our existing partnership with OMT (an accredited agent of Western Union in Lebanon) whereby the expertise of both parties has been merged to form a strong collaboration with the purpose of providing the utmost satisfactory experience for customers. Given that OMT have a wide network of more than 1,000 outlets that are dispersed across Lebanon, individuals who are living in rural areas would now have access to get a first of its kind dual currency prepaid card.

The OMT prepaid card, is a reloadable dual currency card that stands out by having two balances in one card: a balance in USD and a balance in LBP. Cardholders have the option of using either balance at any time.

With the USD balance, cardholders can make purchases online, purchases abroad or withdraw cash from any OMT branch, any BLOM ATM in Lebanon as well as any ATM outside Lebanon.

As for the LBP balance, cardholders can perform purchases at any local business such as supermarkets, restaurants, gas stations and many others, as well as complete online purchases in local currency, and cash withdrawals from BLOM ATMs inside Lebanon.

WFP-Louise Agencies Cash Assistance Program:

Lebanon has been witnessing several hurdles throughout the past year, and the WFP & Louise Agencies have been always leading several initiatives to support families who are in need. Accordingly, we have been approached by the WFP, UNHCR and UNICEF to participate in the tender that has been launched to select a Financial Service Provider (FSP) to provide Cash-Based Transfer services in an efficient, reliable and secure electronic payment system. BLOM Bank was among other financial services providers that applied for the tender whereby applicants were evaluated based on the technical and financial proposals.

Upon rigorous evaluation, BLOM Bank was awarded the contract for cash disbursement for beneficiaries by agents and cash in envelop for a period of 3 years, with an option to extend for a maximum of 2 consecutive periods of one year each (resulting in a total term of 5 years) after performance evaluation and upon satisfactory services to the Agencies and their beneficiaries.

This initiative is among one of the several successful initiatives that BLOM Bank has worked on along with the UN agencies. One of the most recent projects was Winter Cash Assistance for Lebanese, whereby BLOM Bank has extended the disbursement of cash assistance through the network of OMT. The project has been proven to be very successful and additional initiatives with UN agencies are already in the pipeline.

The Building Beirut Businesses Back and Better Funds:

In December 2020, the World Bank established a multi-donor trust fund “The Building Beirut Businesses Back and Better Funds - (B5) Fund” that is comprised of a USD 25 million grant financed by the Lebanon financing facility (LFF). The objective of this fund is to support Micro and Small Enterprises (MSEs) that were impacted by the Port of Beirut explosion of August 4, 2020 and help them sustain their operations in order to reduce business closures and layoffs.

In order to ensure that our customers are aware of this fund, we have coordinated with those that were impacted by the blast and made sure they have all the needed information in order to submit their applications and benefit from the grant.



ENVIRONMENT

Paper Recycling and Reduction: In 2021, BLOM Bank delivered 55 tons of paper to a leading national paper recycling facility, and the proceeds were donated to associations that provide assistance to challenged children.

Moreover, 16.37 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: For the fifth year, BLOM Bank appointed V 4 Advisors to conduct a Greenhouse Gas (GHG) audit measured in tCO₂e for the Head Offices, branches and warehouses in Lebanon based on the Business-as-Usual (BaU) scenario.

The total GHG emitted by BLOM Bank, employing 2,228 employees in a total area of 106,126.5 m² was 10,202.8 tCO₂e in year 2020. Compared to the 2016 baseline year figure i.e. 15,267.2 tCO₂e, total GHG emissions registered a decrease of 33.2%.

Below is a table summarizing carbon footprint results for the years 2016 to 2020:

Year	Total tCO ₂ e	Employees	Area (m ²)	tCO ₂ e/employee	tCO ₂ e/m ²	KgCO ₂ e/m ²
2016	15,267.2	2,195.0	87,545.5	7.0	0.2	174.4
2017	14,919.6	2,445.0	96,085.5	6.1	0.2	155.3
2018	15,790.6	2,437.0	112,588.5	6.5	0.1	140.3
2019	15,990.7	2,481.0	106,126.5	6.4	0.2	150.7
2020	10,202.8	2,228.0	106,126.5	4.6	0.1	96.1

Regarding the avoided GHG emissions (paper shredding and recycling):

Year	Avoided tCO ₂ e
2019	80.2
2020	90.3

Relative increase /decrease of tCO₂e:

2020 vs 2016	2019 vs 2016	2018 vs 2016	2017 vs 2016
-33.2%	4.7%	3.4%	-2.3%

“Cut the Fuel, Car Pool” Initiative: In 2021, Blom Bank launched the “Cut the Fuel, Car Pool” initiative for its fully vaccinated employees only.

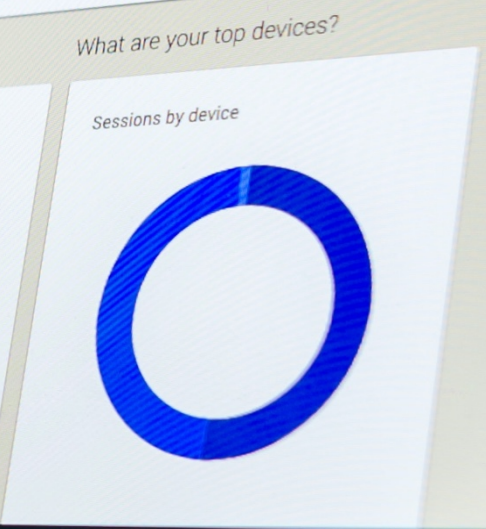
To make it easier for each employee to find his/ her match, the HR Division has shared a list of the bank’s fully vaccinated staff, with their home addresses and working areas. Thus, interested employees could check who lives nearby, connect with their match and rideshare together.



COHORT ANALYSIS REPORT

	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5
All Users	100%	3.9%	3%	1.6%	0.3%	1.2%
Jul 16 - Jul 22						
Jul 23 - Jul 29						
Jul 30 - Aug 5						
Aug 6 - Aug 12						
Aug 13 - Aug 19						
Aug 20 - Aug 26						

Last 6 weeks



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.

