Corporate Social Responsibility Report 2014

Committed to Growing Together

Lebanon

Bank Audi

Bank Audi

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Welcome

Statement of the Chairman and the Chief Executive Officer

Bank Audi continued, in 2014, to reinforce its undisputed leadership position in the Lebanese banking sector, by all business criteria, and to benefit from a differentiated visible brand in its main markets of presence. It also reinforced its position among the top 20 Arab banks at large.

The aforementioned results are the outcome of sound business practices, and confirm the Group's good mastery over the operating conditions, and the diversification of its activity and profit sources. We are proud of having achieved them, and equally proud that they were achieved, as in previous years, without compromising our Social objectives: Throughout the year, we endeavored to balance our healthy financial growth and returns with equal commitment to wider responsibility, seeking to add value to stakeholders and to society at large.

In this respect, 2014 was a year where we accorded due diligence and meticulous attention to identifying priority material issues from the perspective of different stakeholders, as reflected in our dedicated stakeholder panel and diligent stakeholder inclusiveness and materiality process. It was also a year where we sought to integrate CSR and sustainability, to a larger extent, at the core of our business through the extensive involvement of our CSR Committee and continued implementation of the Environmental and Social Management System, which guides our approach for evaluating the environmental and social risks associated with our Corporate and Commercial banking activities. We also worked on facilitating increased access to our banking services across the country, including in remote and disadvantaged communities.

2014 also witnessed the expansion of our employee volunteering program "Be a Hero for a Day". We are proud of the extent to which our employees have embraced a culture of ethics and responsibility. On a parallel note, we increased our support to various health social and cultural causes that are relevant to the communities in which we operate. As importantly, we focused more on our own employees' development by increasing various training and support programs intended to help them advance and thrive in their careers. Cognizant of the wider sustainability challenges we face and finite planetary resources, we also dedicated significant attention in 2014 to further reduce our carbon footprint, and build environmental awareness among our employees and the youth through different programs and activities.

We acknowledge that in our role as a financial services provider, we are intricately connected to the society and the economy in which we operate, and that further advancing in the realm of responsibility is a key determinant of our success. The enclosed report will give you an insight into how we attended to our manifold responsibilities as a bank and our determined efforts to fulfil them and to continue to improve on what we do year after year.

In conclusion, we wish to extend our gratitude to our shareholders, customers and employees for their continuous support, and for embracing with us our commitment to responsible banking and common growth.

Sincerely,

Raymond W. Audi
Chairman and General Manager

Samir N. Hanna
Group Chief Executive Officer

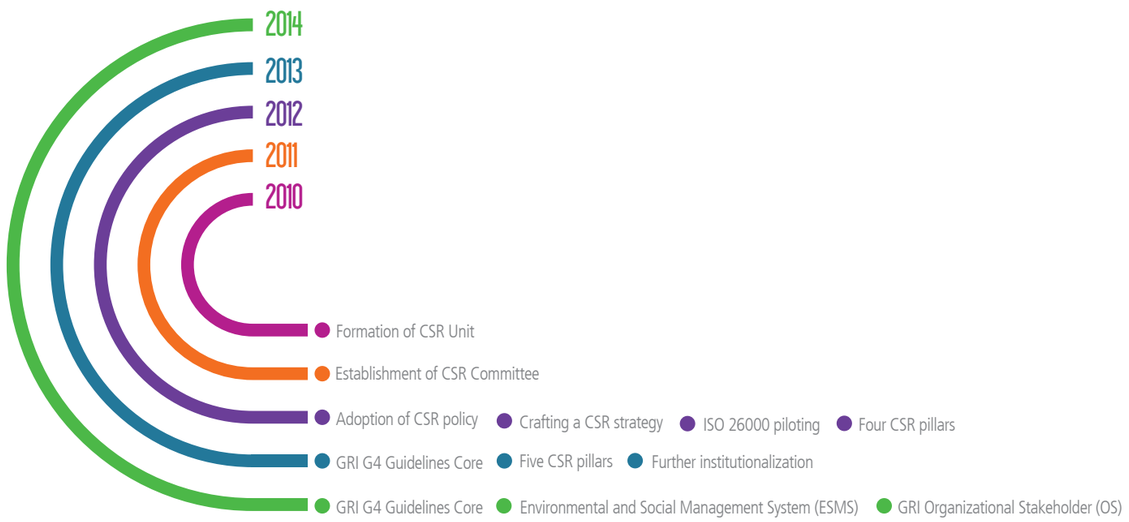
Introduction

Founded in Lebanon in 1830, Bank Audi has sustained its solid growth, building a strong legacy of excellence in banking. The Bank is headquartered in Lebanon, yet had successfully expanded to 11 other countries located across the Near East, North Africa, the GCC and Europe, namely Switzerland, France, Jordan, Syria, Egypt, Sudan, the Kingdom of Saudi Arabia (KSA), Qatar, Monaco, Turkey and the United Arab Emirates (UAE). Bank Audi is a joint stock company ("société anonyme libanaise") with a diversified shareholder base that encompasses founding shareholders, large regional investors, international institutional investors, as well as executives and employees. The Bank offers a full range of products and services in Commercial and Corporate Banking, Retail and Individual Banking, On-line Brokerage, Private Banking, Investment Banking, and Islamic Banking within a wide range of industries including manufacturing, trading, contracting, real estate development, hotels, food and beverage, education, media services, health and social services, and retailing amongst others.

Bank Audi continues to have an undisputed leadership position in the Lebanese banking sector and has further reinforced its position among the top 20 Arab banks, among which it reported the third highest activity growth rate in 2014[1]. The Bank's recent results faithfully reflect the strong strategic orientations set by Management, which ensure long-term added value to all stakeholders. In this respect and on the back of the Bank's financial and business achievements, we look at the future optimistically, with a reinvigorated commitment and the vision to be a leader in sustainability and to balance the healthy financial growth and returns to shareholders with equal commitment, drive and added value to stakeholders and to society at large.

As we forge ahead, we are committed to continuing to add value as a responsible corporate citizen by putting our people first, contributing to our society at multiple levels, and protecting the environment. Accordingly, year after year, we continue to diversify and grow our Corporate Social Responsibility (CSR) strategy, and advance our mission of being leaders in sustainability in the Lebanese context and beyond. In this respect, we are building on strong foundations from previous years, including the setting up of a stand-alone CSR unit in 2010, the establishment of a CSR Committee and a formal CSR policy in 2012, the piloting of ISO 26000 Guidance in 2012, as well as the delineation and further extension of our CSR strategy in 2013, now revolving around five core pillars, namely sound Governance, Economic Development, Community Development, Human Development and Environmental Protection. In 2014, we were proud to continue to steer forward in being a leader in CSR in the local context, by further integrating CSR at the heart of our business and adding a menu of social initiatives that will be disclosed in this report and that reveal our unwavering commitment to conducting our business ethically and responsibly.

Figure 1: Our CSR Milestones



Some of the most important achievements for this year include the significant strengthening of our materiality process through a dedicated stakeholder engagement panel held on October 30, 2014, where we probed our various stakeholders on the most relevant, pressing and material CSR issues from their respective vantage points. We have also made progress in relation to each of the pillars identified in our CSR strategy, strengthening our engagement, processes, and impact in relation to Corporate Governance, Economic Development, Community Development, Human Development and Environmental Protection. While non-exhaustive, Table 1 provides a snapshot of some of our key achievements and outcomes in 2014 in the context of our balanced CSR strategy and in relation to each pillar. Not only does this highlight our assiduous strategic planning, monitoring and implementation policies and processes in the domain of CSR; it also sheds the light on our continuous improvement ethos and unwavering commitment to continue going the extra mile in institutionalizing CSR and making significant progress.

As per our commitments and their outcomes (Table 1), we have expanded our materiality process this year, as well as revisited and refined our core material issues identified in 2012 and 2013. This continuous improvement effort is important given that material issues are not static. We also comply with relevant laws and regulations on market conduct and suitability of investments. Moreover, we are keen to be proactive in addressing the issues that are most important to our stakeholders (both internal and external). We are dedicated to continue to apply the precautionary principle vis-à-vis silent stakeholders, and take a long-term precautionary stance in relation to environmental issues which are likely to impact our business, our clients and our communities, such as global warming and global climate change, for instance. We have contracted a company in this respect to assess and continuously monitor our environmental footprint with a view to improving our environmental management and efficiency over time.

Hence we realize that conducting our business responsibly entails a tactful balancing act, and reconciling the interests of multiple stakeholders. We, however, are guided by our commitment to the triple bottom line and to the health of the community we live in. In this context, we are proud to be constantly scrutinizing and reinvigorating our CSR strategy, building on what we have done in previous years, but also forecasting future trends, encouraging efficiency and the precautionary principle, looking downstream at impacts but also upstream at causes, and taking into consideration the social and environmental realities around us, as well as the limits to the growth of our current ecosystem. This has translated into a continuous learning and improvement journey, and important changes to our business model and patterns of resource use that are more restorative and inclusive, and that seek to make us a more sustainable business which contributes to making this world a better place. Our approach to CSR is thus an extension of our core values which revolve around Transparency, Human Capital, Heritage, Quality, Civic Role and Innovation, and embodies important elements of partnering and collaboration, as discussed in the enclosed report, all intended to make a positive difference in the lives of people and societies around us.

The current report, which covers the year 2014, is the fourth edition of Bank Audi's CSR Report and sits along the Bank's 2014 Annual Report, with the most recent previous report being the 2013 CSR Report that was published in October 2014. In terms of the structure and scope of our reporting, the 2014 Report, much like last year, maps and corresponds to the core subjects captured in the ISO 26000 guidance. In this respect, we were fortunate to be the first bank in Lebanon to benefit from piloting ISO 26000 and to integrate its guidance in the various aspects of our strategy and reporting year after year (Table 23). Our report also addresses the 10 principles of the UN Global Compact (Table 25), and is prepared "in accordance" with GRI G4 Guidelines and the Financial Services Sector Disclosures, as a "core" application level (Table 24). In this respect, we are proud to be the first organization in Lebanon to have been formally accepted as a GRI Organizational Stakeholder, leading the way towards adopting G4 Guidelines and standing by GRI's vision of responsible management and transparent reporting.

[1] The Business Year Article; VIP Interview Freddie C. Baz, "Moving with the Times".

Table 1: Our Commitments and Outcomes

PILLAR	WE PLANNED	WE DID
Corporate Governance	Further institutionalize CSR at the heart of the business	Implemented an Environmental and Social Management System (ESMS) which guides our approach for evaluating the environmental and social (E&S) risks
	Further mainstream human rights in the Code of Ethics and Conduct	Updated our Code of Ethics and Conduct to make explicit reference to human rights and initiated a Top Management training and a long-term working group to follow up and make further progress
Economic Development	Improve our financial performance	Total revenue improved from USD 640.5 million in 2013 to USD 689.6 mbillion in 2014 Total shareholders' equity and subordinated debt improved from USD 2.90 billion in 2013 to USD 3.64 billion in 2014
	Increase total number of operations	Total number of operations increased from 98,205,129 in 2013 to 117,599,198 in 2014
	Increase our employee base	Number of employees increased from 2890 in 2013 to 2989 in 2014
	Increase branches equipped with ramps	Percentage of branches equipped with ramps increased from 71% in 2013 to 75% in 2014
	Increase branches in remote areas	Percentage of branches in remote areas increased from 14% in 2013 to 15% in 2014
	Increase ATMs located in remote areas	Percentage of ATMs located in remote areas increased from 15% in 2013 to 17% in 2014
Community Development	Increase support of health-related causes	Support of health-related causes increased from USD 520,000 in 2013 to USD 557,000 in 2014
	Enlighten children about donation	Value of points collected increased from USD 20,000 in 2012 to USD 59,000 in 2014
	Increase support of culture-related causes	Number of NGOs involved increased from 12 in 2012 to 16 in 2014
	Improve our employee volunteerism program	Support of culture-related causes increased from USD 530,000 in 2013 to USD 1,470,000 in 2014 Number of employee volunteers increased from 23 in 2013 to 150 in 2014 Number of beneficiaries increased from 284 in 2013 to 829 in 2014
Human Development	Increase employee training	Total number of employees trained increased from 1956 in 2012 to 2080 in 2013, and to 2345 in 2014
	Increase programs aimed at supporting employee careers	Number of programs aimed at supporting employee careers increased from 22 in 2013 to 24 in 2014
	Increase value of employee benefit expenditures and wellness programs	Value of benefits and wellness programs offered to employees increased from USD 18,469,000 in 2013 to USD 19,358,000 in 2014
Environmental Development	Increase in monetary value dedicated to products and services designed to deliver a specific environmental benefit	Monetary value dedicated to products and services designed to deliver a specific environmental benefit increased from USD 30,464,100 in 2013 to USD 52,433,458 in 2014
	Increase paper recycling and save trees	Paper recycling increased from 83 tons in 2013 to 104 tons in 2014, thus increasing the number of trees saved from 1414 in 2013 to 1763 in 2014
	Increase plastic recycling	Use of recycled plastic has increased from 130 kg in 2013 to 157 kg in 2014
	Reduce total greenhouse gas emissions	Reduced GHG emissions decreased from 22,199.80 tCO_2 in 2012 to 21,309.90 tCO_2 in 2013, and to 21,065.6 tCO_2 in 2014 (5% decrease over 2 years)
	Instil environmental awareness on both internal and external levels	Conducted internal and external environmental workshops

Our Materiality Process

Drawing on our strong determination to use our industry leadership and deep commitment to the communities in which we operate, we have gone a long way in 2014 to further bolster our materiality process. While building on efforts of previous years, we were keen on infusing new blood and get some fresh and constructive input into our materiality process from a range of internal and external stakeholders. In fact, we take pride to be an organization that engages in open and constructive dialogue with our stakeholders and give this feedback systematic attention in refining our CSR strategy. This meticulous materiality exercise formed the basis for defining our report content for 2014.

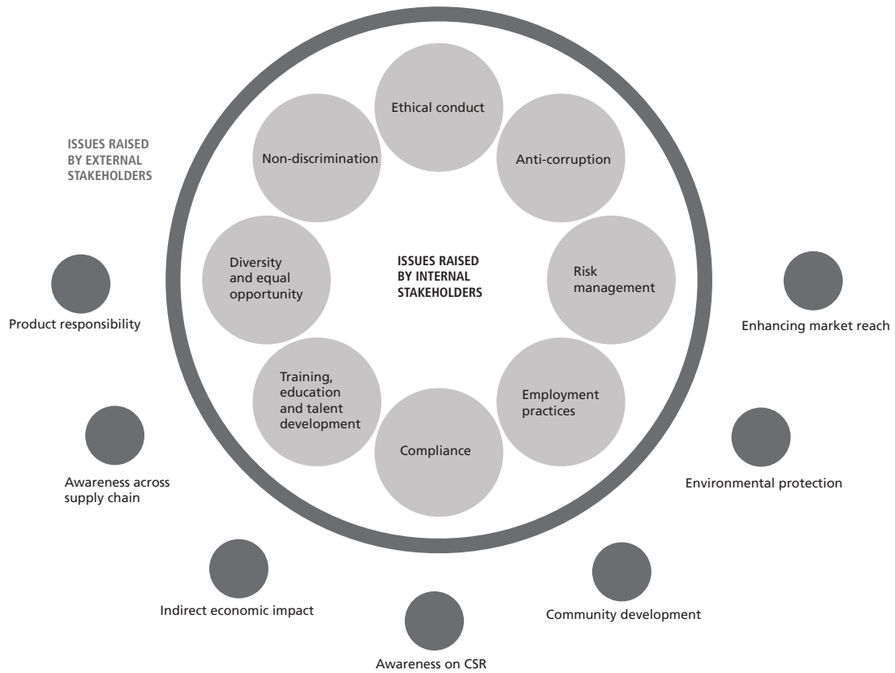
Building on the principle of stakeholder inclusiveness, we have therefore endeavoured to expand our engagement process and seek substantive and meaningful input from a variety of stakeholders, both internal and external to the Bank. This year, we capitalized on extensive stakeholder engagement, using different channels. The feedback obtained was important to us and instrumental in refining our material issues and boundary aspects for 2014.

Table 2: Basis for Internal and External Stakeholder Selection and Engagement Process

Stakeholder Groups	Stakeholders Included and Basis of Selection	Channels Used	Issues Identified
INTERNAL			
Employees	The largest number of beneficiaries who uphold and convey the Bank's image as they are the front liners in contact with external stakeholders. They also contribute to the decision-making process by being the major reporter of information.	- e-newsletters - Tailored surveys - Internal communication - Monthly meetings - Workshops - Stakeholder engagement panel	- Good employment practices - Diversity and equal opportunity - Training, education and talent development - Economic performance - Extensive due diligence - Risk assessment - Management processes, bolstering core governance foundations based on ethical conduct, compliance and due diligence - Human rights issues - Social and environmental risk assessment
Management	One of the Bank's key pillars which includes decision-makers who set the overall strategic direction of the Bank and monitor its implementation. They are also the constituency accountable for repercussions of the Bank's contributions.		
Shareholders	Investors who have a clear stake in the business and are important strategic financial contributors with commitments that ensure the financial health and viability of our business.	- Annual meetings - Workshops - Stakeholder engagement panel	
EXTERNAL			
Suppliers	Providers of services and raw materials with which the Bank has a mutual-benefit relationship. We are keen on maintaining a close working relationship with key suppliers across different industries and we recognize that our suppliers are also invariably affected by the Bank's operations and policies, especially with regards to quality and integrity standards.	- Meetings - Stakeholder engagement panel	- Focus more on core business CSR issues - Systematic attention to product responsibility and indirect economic impacts, reaching out to disadvantaged youth and a wider range of NGOs as part of the Community Development Pillar - Building further awareness on CSR both internally and externally - Enhancing the Bank's reach and market presence in the most remote areas - Focusing on various aspects of environmental protection
Clients	Critical stakeholders for the Bank, who sustain its continued vibrancy and vitality. They are at the heart of the decision-making process in terms of operations, products issuance, and services, and are the ones who benefit most from the Bank's services. They contribute financially by endorsing the Bank and making use of its services.	- Tailored surveys - Meetings - Stakeholder engagement panel	
NGOs	The most enduring partners of the Bank in the field of CSR, symbolizing the channels through which we contribute to the community and sustain our scaling of social impact and our spill-over effect. They are chosen based on the congruence and compatibility of their mission and strategies with the Bank's values and social orientation.	- Meetings - Stakeholder engagement panel - Various events - Volunteer program	
Regulatory bodies and industry-related associations	The official institutions that frame the regulatory boundaries of the legal operations of the Bank. They are affected by the Bank's operations and manifold economic contributions. They also influence the way we frame our decision-making in relation to key aspects of our operations, including CSR.	- Meetings - Stakeholder engagement panel - Workshops	
Competitors	Competing banks and financial institutions who are also collaborators in setting the operational, social, environmental and competitive standards. We also value our competitors in terms of helping promote and advance CSR in Lebanon.	- Meetings - Stakeholder engagement panel - Workshops - Events	
Community Civil society	Local community stakeholders in various locations where our bank operates. We identify our well-being as closely tied to that of the community around us and we seek to improve our external environment through various programs, events, activities and philanthropy.		
Media	Various media groups and channels that transmit information and with which the Bank liaises to communicate in relation to various aspects of its activities, including CSR. Through the media, we stay in touch with the various external stakeholders around us and convey and share our identity, programs and activities.	- e-newsletters - Interviews - Events	

As described in Figure 2, both types of feedback allowed us to define our material issues and relevant aspect boundaries for 2014. This denotes our generic Disclosure on Management Approach (DMA). We consider this an on-going journey of discovery and continuous improvement whereby we strive for continuous refinements and adjustments year after year.

Figure 2: Spectrum of Material Issues Identified



Beyond identification of core material issues and aspect boundaries, we engaged in a process of prioritization. For that, we tried to consolidate and analyze this feedback through various rounds of CSR Committee meetings which focused on prioritization of the key areas for CSR involvement for Bank Audi in 2014. The Committee also focused on mapping these issues to the GRI G4 Sustainability Reporting Guidelines. The entire materiality process is depicted in Figure 4 and leads to the materiality matrix (Figure 5), further mapping to the five pillars that will serve as reporting basis for 2014. These were in turn shared with the Bank's Executive Committee and Senior Management, including heads of Credit and Commercial Banking, Risk Management, and Communications and Human Resources, and validated against scope, aspect boundaries and time. With the active involvement of Mr. Marc Audi, General Manager for Lebanon, the CSR Committee confirmed that the material issues identified will serve as the basis for the Generic Disclosures on Management Approach (DMA) for Bank Audi in 2014.

This comprehensive and systematic materiality process was useful in validating that previously identified issues are still relevant, and in integrating new emerging issues and considerations. The adopted materiality process thus reflects the principles of materiality, stakeholder inclusiveness and completeness, as delineated clearly in the G4 guidance. Completeness is demonstrated in the fact that all material issues identified in 2014 fall under the five CSR pillars which constitute the roadmap of Bank Audi's CSR strategy and are comprehensive in scope and coverage. Our 2014 Report also meets the main quality reporting principles identified through the G4 guidance pertaining to the sustainability context, accuracy, timeliness, comparability, reliability and clarity.

Given that the materiality process was restricted to the Lebanon group level, these material aspects are relevant for all Lebanese entities and the scope of the Report and aspect boundaries are primarily focused on Bank Audi Group Lebanon (Bank Audi sal and its Lebanon-based subsidiaries).

Figure 3: Process of Defining Material Aspects and Boundaries

Figure 4: Our Materiality Process in Summary

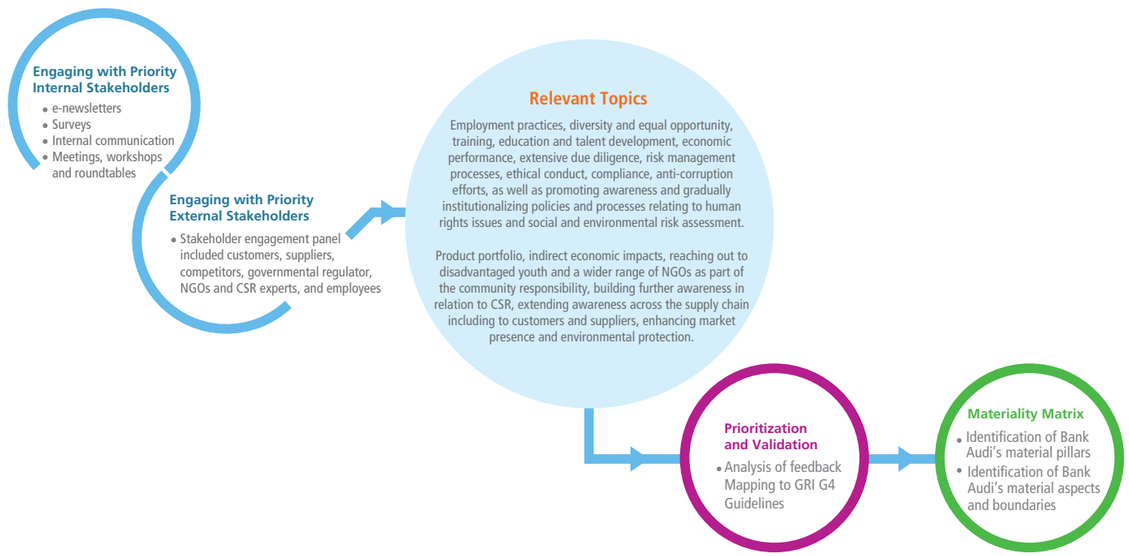


Figure 5: Materiality Matrix and Main Issues of Priority Concern for 2014

Our Updated CSR Strategy for 2014

In light of the diligent materiality exercise described above, the core CSR Strategy for Bank Audi for 2014 is a refined version of our 2013 strategy, revolving around our five core pillars, namely Corporate Governance, Economic Development, Human Development, Community Development, and Environmental Protection. This year, we have refined through our assiduous materiality process the core material issues that fall under each of these five pillars, as illustrated in Figure 6 and as will be fleshed out with greater detail in the sections that follow. Taken together, these represent a consolidation of our most significant impacts and our stakeholders' key concerns and expectations. They provide the core of Bank Audi's CSR strategy for 2014, which is closely tied to its core competence as a premier banking institution, and intimately aligned with its specific context. They also provide a platform for sustaining our leadership in CSR, within the scope of a delimited set of core material areas of intervention. The rest of the Report will disclose in more detail our activities under these five pillars and the material aspects identified.

Figure 6: Bank Audi CSR Pillars and Corresponding Material Aspects for 2014

Creating Value through Partnerships

In 2014, we continued to embrace our work within a collaborative mode of engagement. We believe in the power of partnerships and that we achieve greater outcomes by joining hands and leveraging our complementary strengths and learning experiences. This is anchored in our philosophy of Collaborative Value Creation (CVC). In fact, partnerships allow us to continue to focus on what we do best, while leveraging the complementary strengths of a range of actors to maximize our reach and social impact. Accordingly, we have continued to nurture and closely collaborate in 2014 with a range of trusted partners including leading non-profits, foundations, associations, academic institutions, social incubators, and various social initiatives in the country, which has allowed us to maximize our reach and social impact. In other words, these partnering arrangements are key in helping us achieve the spill-over effect that we are keen to promote through our various CSR initiatives.

Figure 7: Bank Audi's Spill-over Effect

Ingredients to Bank Audi's Successful Partnerships

We realize that success in partnering and scaling social impact is not a mere coincidence, but rather built around basic principles and strong commitment on both sides. Here are some of the basic principles guiding our partnership work:

- **Careful partner selection:** we are careful in selecting partners who are credible and neutral in terms of stance and affiliation.
- **Common goal symmetry:** our partner goals are aligned with our overall CSR strategy, mission and objectives.
- **Commitment symmetry:** we are equally committed in terms of time and resources, albeit different types of resources are invested at times.
- **Intensive communication:** we communicate regularly with our partners through different open and transparent channels/means.
- **Alignment of cooperation working capability:** we share knowledge across the boundaries of our organizations to ensure convergence in learning skills and speed.
- **Converging working cultures:** we jointly develop a set of working practices and procedures to level out differences in the working style/culture.
- **Resource dependency:** we recognize that what we achieve together could not be achieved working alone.
- **Monitoring and evaluation:** we work closely with our partners to monitor progress and to achieve our common goals.

Beyond our local partnerships, we are also keen on engaging with associations at the national, regional, and international levels. Indeed, we view these memberships as strategic since they help promote cooperation and exchange ideas on key banking issues (Table 3). More specifically, these partnerships reflect our aspiration to be fully integrated in the various markets in which we operate by offering our bank an opportunity to keep up with the latest trends, knowledge and techniques in the business. We regularly participate and attend seminars and gatherings organized by these associations, which help us stay tuned to the latest innovations and address relevant challenges and concerns, hence contributing to the improvement of the banking sector as a whole. Our partnering strategy has particularly allowed us to stay abreast of latest innovations in the field, and to enhance our own understanding and practice of core banking areas such as governance, control, risk management, and others.

Table 3: Examples of Bank Audi's Membership in Industry Associations

- Association des Banques du Liban (ABL)

Positions held :
1. Board of Directors: **Dr. Freddie Baz** (secretary)
2. Committee for Compliance and Fighting Money Laundering: chaired by **Chahdan Jebeyli**, Esq.
3. Legal Committee: chaired by **Dr. Georges Achi**
4. Research Studies Committee: **Dr. Marwan Barakat** (rapporteur)
5. Investment Banks and Capital Markets Committee
6. Committee for Organization, Standardization and Information Technology
7. Communication Committee
8. Corporate Governance Committee
9. Human Resources and Social Committee
10. Banking Terms and Conditions Committee
11. Islamic Banking Committee
12. Risk Committee

Figure 8: CSR at a Glance at End 2014

CORPORATE GOVERNANCE

Environmental and Social Management System (ESMS)

Further mainstreaming Human Rights

Collaborative Value Creation (CVC)

Further engaging stakeholders

Complying with local and international standards and best practices

Aligning with Sustainable Development Goals (SDG) as proposed by UN

ISO 26000

UN Global Compact

Global Reporting Initiative (GRI) Organizational Stakeholder (OS)

Transparency
Human Capital
Heritage
Quality
Civic Role
Innovation
Accountability
Commitment

Safest Bank in Lebanon
(Global Finance 2014)

ECONOMIC DEVELOPMENT

1.8%
of the GDP of Lebanon

2,989 employees

>USD 535,000
in economic sponsorships

>USD 15 million
in indirect economic impact

Contributing to economic growth and revitalisation

Creating new jobs and employment opportunities

Enabling small businesses to thrive

Allowing local economies to prosper

Developing financial literacy

Enhancing responsible lending

Increasing digitalization

95%
customer satisfaction

>USD 35 million
in taxes

72 products

73 services

204 ATMs

73 operating branches

COMMUNITY DEVELOPMENT

USD 4.7 million
total contributions to our community

>500,000
on health

>2.5 million
on humanitarian and social

1.47 million
on culture

90,000 on sports

≈1 million
beneficiaries

Volunteer Program:

829 beneficiaries

150 volunteers

HUMAN DEVELOPMENT

85%
of successfully trained employees

USD 2.4 million
in employee training

USD 8.6 million
in educational programs

328,947 beneficiaries

Training and development

Performance appraisal

Talent management

Diversity and equal opportunity

Educational aid in community

Spreading CSR awareness

ENVIRONMENTAL PROTECTION

>52 million
in environmental loans

"Grow Green" initiative

Improving paper recycling by
100%

Drop of
5%
in GHG emission

Spreading our environmental awareness in the community

Further mainstreaming paperless banking

Online banking

Recognition of carbon footprint measuring

01

Corporate Governance

Corporate Governance

Our Corporate Governance practices and policies are at the heart of our business model and provide the accountability and transparency we consistently aspire to uphold across various facets of our operations. In 2014, we maintained our commitment to a strong Corporate Governance foundation, with rigorous checks and balances that we have put in place to develop a resilient and well institutionalized compliance culture, as well as a full set of mechanisms for control and risk management which we realize are crucial to keep the trust of our internal and external stakeholders.

The Board

Bank Audi's Board of Directors plays an active and engaged role in keeping abreast of key developments and ensuring sound governance. Our detailed Corporate Governance structure and guidelines are accessible on the Bank's website at www.bankaudigroup.com

Environmental and Social Management System (ESMS)

In an effort to ensure that responsible financing has become an integral part of our decision-making process, Bank Audi introduced an Environmental and Social Management System (ESMS) in 2014. This system evaluates the Bank's corporate and commercial borrowing clients against their environmental and social (E&S) risks, and ensures that they are aware of those risks, if any, and are taking active measures to reduce them.

In March 2014, the Group Executive Committee appointed a Group ESMS Officer who is responsible for the administration and oversight of the Group ESMS, including the implementation of a formal E&S risk review process. The Group ESMS Officer is responsible for ensuring that E&S risks identified within our Corporate and Commercial Banking activities are managed appropriately. The Group ESMS Officer is supported by a Group ESMS Office and in-country ESMS officers, responsible for coordination and management of the ESMS.

Our ESMS provides a substantive framework for integrating an analysis of potential environmental and social risks, and impacts into decision-making involving Corporate and Commercial Banking transactions. The E&S risk review process is based on the standards of the International Finance Corporation (IFC). Our ESMS defines certain industries which we would decline to finance on the basis of E&S impacts, and helps determine the scope of review required for any given transaction by taking into consideration the client's industry, as well as the transaction size and use of funds. During the course of the E&S risk reviews, banking teams, supported by the Group ESMS Office, may engage with clients and work with them to help identify and implement measures to address these potential risks and impacts.

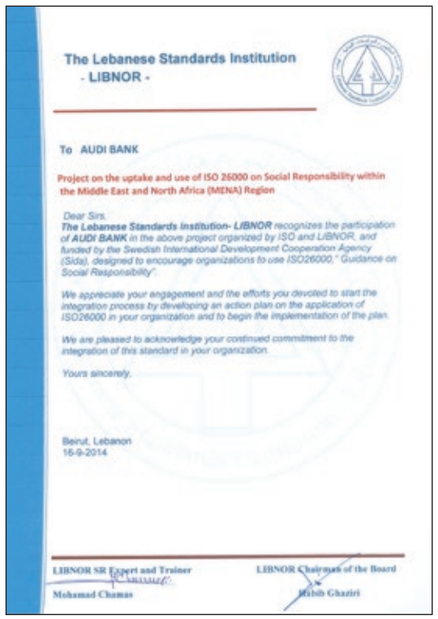
GRI Organizational Stakeholder Bank Audi 2015

THE GLOBAL COMPACT WE SUPPORT

BUILT ON GHG PROTOCOL

Continuous Institutionalization of CSR: CSR Policy, Code of Ethics and Conduct, International Standards and Frameworks

In 2014, we have also continued to refine our governance practices pertaining to CSR. Our CSR Committee is now part of the formalized standing committees of the Bank. Our CSR policy, ratified by the Executive Committee of the Bank in 2012 and updated in 2014, provides a roadmap across various aspects of our CSR involvement. We have also continued our adherence to ISO 26000 guidance, as well as to the principles of the UN Global Compact. We are inspired by GRI standards for sustainability reporting which provides further clarity in relation to our governance orientations and the important refinements we need to introduce. Furthermore, in 2014, we also signed up to the GRI's Organizational Stakeholders (OS) which are at the heart of the GRI's global network. OS are GRI's core supporters and their mission is aligned with that of the GRI. The OS program connects more than 650 organizations from over 60 countries, committed to advancing sustainability reporting. These frameworks provide consistent guidance for us as we revise and bolster our activities and orientations in relation to our CSR strategy and five CSR pillars every year.



The Lebanese Standards Institution
- LIBNOR -

To AUDI BANK

Project on the uptake and use of ISO 26000 on Social Responsibility within the Middle East and North Africa (MENA) Region

Dear Sirs,
The Lebanese Standards Institution- LIBNOR recognizes the participation of AUDI BANK in the above project organized by ISO and LIBNOR, and funded by the Swedish International Development Cooperation Agency (Sida), designed to encourage organizations to use ISO26000," Guidance on Social Responsibility".

We appreciate your engagement and the efforts you devoted to start the integration process by developing an action plan on the application of ISO26000 in your organization and to begin the implementation of the plan.

We are pleased to acknowledge your continued commitment to the integration of this standard in your organization.

Yours sincerely,

Beirut, Lebanon
16-9-2014

LIBNOR SR Expert and Trainer
Mohamad Chamas

LIBNOR Chairman of the Board
Habib Ghaziri

In 2014

84 employees attended a 9-hour ESMS training

756 total number of training hours on ESMS

117 total hours of coverage of Human Rights topics during the induction session attended by 234 newly hired employees

Human Rights internal working group, including 14 employees, attended an 8-hour Train-The-Trainer workshop on human rights

112 total number of training hours

985 total number of training hours on Human Rights, to the benefit of 332 internal stakeholders

2014 also witnessed the update of our long standing Code of Ethics and Conduct (Appendix 1) which provides the main roadmap for the ethical standards we seek to uphold and makes explicit reference to human rights. A Top Management training and a long-term working group were initiated, which will be responsible for identifying initiatives, monitoring practices, and making suggestions for further mainstreaming this important principle across different facets of our operations. On a parallel note, we introduced various initiatives aiming at promoting awareness and engagement with human rights issues.

Moreover, our updated Code of Ethics and Conduct clearly upholds the principle of non-discrimination and maintaining a violence and harassment-free workplace.

We have also significantly increased our communication and training on anti-corruption policies this year, whereby communication has reached different levels of Management and governance bodies, while 62% of our employees and Middle and Senior Management have been trained on our anti-corruption policies. We are very proud not to have any significant laws or regulation breaches, or any fines imposed on our activities.

Table 4: Total Number and Percentage of Employees who Received Training on Anti-corruption by Category in the Reporting Year

	Anti-corruption Training	Total Employees Eligible for Training	Percentage
Employees	1205	2434	49%
Middle Management	214	474	45%
Senior Management	31	81	38%
Total employees	**1450**	**2989**	**48%**

Corporate Governance Highlights for 2014 Bolstering our Institutional CSR Infrastructure

- Introducing the new Environmental and Social Management System (ESMS) grounded in the IFC framework and standards.
- Adhering to the guidance provided in international frameworks including ISO 26000, UN Global Compact, and GRI.
- Further mainstreaming human rights, non-discrimination and anti-corruption in the Bank's Code of Ethics and Conduct.
- Introducing trainings and long-term working groups to translate our commitments to human rights and anti-corruption into a practical reality across our operations.

Through the stewardship of our Board, the various committees we have put in place and the supporting policies and processes we continue to update and reinforce every year, we are confident to deliver the highest levels of quality and accountability to clients, shareholders and stakeholders at large. In this respect, we are proud that the measures we have taken in relation to bolstering our Corporate Governance foundation pillar have earned us recognition as the Safest Bank in Lebanon in 2014. This recognition reflects our undisputed commitment to act with utmost integrity and continue to apply best practice governance practices which earn us the respect, trust, confidence and admiration of our internal and external stakeholders.

Bank Audi sal named Safest Bank in Lebanon for 2014 by Global Finance Magazine

Global Finance's rankings have been the recognized and trusted standard of financial counterparty safety for more than 20 years, and for the first time since inception, they have been expanded to include the safest banks by country. Winners are selected through an evaluation of long-term credit ratings – from Moody's, Standard & Poor's and Fitch – and total assets of the 1000 largest banks worldwide.

Special Feature Story

Further Mainstreaming Human Rights at Bank Audi

In 2014, Bank Audi made another concrete step forward to enhance human rights and make it an explicit part of its long-standing Code of Ethics and Conduct. While respect for human rights is implicit in every aspect of the Bank's culture, we were keen, in 2014, to send a strong, unequivocal signal in relation to the importance of this established ethics principle, particularly in terms of ensuring a harassment and violence-free, non-discriminatory working environment, and expressing our support for internationally recognized principles pertaining to human rights as embodied in the Universal Declaration of Human Rights. Below are a few excerpts of our updated Code of Ethics and Conduct:

Harassment-free Environment

Having a high regard for dignity, Bank Audi maintains a work environment characterized by mutual respect and, as such, has zero tolerance for all forms of violence, harassment, discrimination and intimidation. At Bank Audi, you are expected to behave in a courteous and respectful manner with one another.

Article 4.1.: Violence and Harassment-free Workplace

The Bank does not tolerate any type of conduct that threatens the safety and well-being of any individual. It is your responsibility to ensure that your conduct and behaviour are in line with this policy.

Article 4.2.: Discrimination-free Workplace

The Bank champions an inclusive culture that prohibits all forms of discrimination based on gender, age, marital status, pregnancy status, race, citizenship, religion, union affiliation, belief or disability.

Article 10.2.: Human Rights

The Bank endorses and supports internationally recognized principles under the Universal Declaration of Human Rights which promotes global respect for human rights and fundamental freedoms for all, without distinction of race, colour, gender, language, religion, opinion, descent, or national or ethnic origin.

02

Economic Development

Economic Development

Being one of the largest banks in Lebanon, we recognize our responsibility as a leading banker to businesses and organizations of all sizes on the Lebanese market. We are also aware that we have major direct and indirect impacts on the Lebanese economy, whether through creating new jobs and employment opportunities, or enabling small businesses to thrive and helping our local economy to prosper. In 2014, we strengthened various aspects of our economic involvement and the manifold spill-overs we have on different stakeholders. Whether through sustaining our financial growth and our status as a premier employer of talent in Lebanon and contributor to the Lebanese economy through GDP and taxes, or through the various targeted programs we continue to support and nurture, our economic spill-overs are wide ranging and impactful, as detailed below.

Economic Performance

In 2014, assets for Lebanon Group increased by USD 1.5 billion, from USD 23 billion at end-December 2013 to USD 24.5 billion at end-December 2014 and reached USD 29.4 billion when accounting for fiduciary deposits, and assets under management. By end-December 2014, we were able to secure USD 689.6 million in total operating income, with total operating expenses at USD 372.6 million and total shareholder's equity and subordinated debt at USD 3.646 billion. This reflects a total number of transactions of 47,225,446, a total of 72 products, and a total of 73 services.

We also comply with national and international regulatory and tax policies. For example, we paid USD 20 million in income taxes on the Bank's profits for 2014 and withheld USD 13 million in personal income taxes from employees' salaries and forwarded to the Ministry of Finance in 2014. We generate employment for 2,989 employees and contribute to the broader economy through payment of taxes in excess of USD 16 million each year. Between employee salaries (roughly USD 90 million) and social security contributions (roughly USD 14 million), our total contributions amounted to 1.80% of Lebanon's GDP in 2014.

On a parallel note, we stimulate entrepreneurship and job creation through various tailored initiatives. Many of our indirect economic programs specifically target small and medium enterprises (SMEs) which constitute a key player in the local economic ecosystem and a backbone of economic health and prosperity in Lebanon. In this context, we have continued to offer Kafalat loans to SMEs operating in Lebanon, with innovative start-ups or environmentally efficient initiatives in energy intensive sectors (e.g. industry, agriculture, tourism, crafts and technology). 437 SMEs were supported through these loans which have low interest rates, with our loans reaching a total value of USD 50,843,000 in 2014. The Bank's Sanad loans were also contracted by 149 SME beneficiaries, with a total value of USD 18,094,123. Founded in August 2011, the Sanad Fund for MSME (Sanad) provides medium and long-term debt and equity financing to commercial banks, microfinance institutions (MFIs) and other financial institutions in the Middle East and North Africa (MENA), with the intent of strengthening the micro, small and medium-sized enterprises (MSME) sector, as well as local financial markets.

Figure 9: Bank Audi Supporting "Grow My Business"

We renewed our support to the "Grow My Business" competition, launched in collaboration with the Beirut Traders Association and the MIT Enterprise Forum for the Pan Arab region. This was our fourth year of involvement in this initiative intended to help Lebanese SMEs to grow to the next level. The "Grow My Business" 2014 winner, selected from a total of 51 participating entrepreneurs, was Kitchen Confidential, an innovative catering company which offers healthy, bio organic, gluten-free recipes to a growing base of Lebanese consumers who value healthy food and healthy lifestyles. At the "Grow My Business" 2014 closing event, Mr. Marc Audi, General Manager for Lebanon, reiterated Bank Audi's commitment to SMEs, the major engine of the Lebanese economy, and to investing in young talents who are "living proof that competence is the key to success and who give true meaning to the Bank's motto "Grow Beyond Your Potential"." He added that "the Bank's involvement in such initiatives is an additional proof of its dedication to make every necessary effort for the development of Lebanese SMEs, which are a ray of sunshine for the national economy, and a key factor in its development journey.[1]"

[1] Bank Audi Press Releases (2014). "The Beirut Traders Association Announces the Winner of the "Grow My Business" Competition – 2014 Edition, in Collaboration with the MIT Enterprise Forum – Pan Arab Region and in Partnership with Bank Audi".

Bader 2014 Top Three Finalists

1st Prize - Energy24
Introduced a new technology in Lebanon: ENERGY STORAGE TECHNOLOGY (ESS) allowing the storage of large amounts of electric energy into a new type of battery to power residential, commercial or industrial loads during long power outages. By storing the electricity produced by EDL (Electricité du Liban) instead of burning diesel, it is possible to save up to 75% of electricity while avoiding generators' pollution and unstable power supply. Energy24 also offers a number of peripheral products to include solar photovoltaic systems, wind energy systems and other energy saving solutions which allow the customer to minimize his energy bill.

2nd Prize - Kitchen Confidential
Inspired by the latest research and discoveries in the nutrition field, Kitchen Confidential is a gourmet catering company that is transforming fast food, pastries and desserts into their healthy but tasty version. The end products are made with the finest organic and natural ingredients, and are free of gluten, refined sugar, GMOs, trans-fat, aspartame, additives, preservatives, antibiotics, taste enhancers (MSG, etc.), soy and oat. The products can be customizable to meet the needs of clients with intolerances to specific ingredients such as dairy products, eggs, egg white, nuts, beef, etc.

3rd Prize - Ki
A revolutionary solution that eliminates the need for usernames and passwords. This USB device will securely log you into all of your accounts. With Ki, one no longer has to remember usernames and passwords. By creating this product and its technology, and making it an "out of the box" readily available to all, a convenient, comforting, fast, efficient and secure automated user identification and login experience will be within reach.

Bank Audi continued its support to the Bader Young Entrepreneurs Program. Bader is a promising initiative extending a helping hand to budding entrepreneurs across the Lebanese scene. In 2014, Bader hosted over 1,000 potential entrepreneurs by organizing over 40 sessions, talks and workshops addressing topics ranging from funding for start-ups, to introduction to new payment system Bitcoin. It is worth mentioning that 2014 was an important year for Bader who hosted the "TechCrunch Meet Up Beirut" event where 11 start-ups pitched and got a chance to travel and participate in the New York version of the event. Bader also launched its second round of the Startup Cup, its business model competition. More than 100 applications were received, among which the top 15 were admitted to a unique 6-month mentorship program. The Startup Cup offers advisory and coaching services to entrepreneurs and helps them overcome obstacles as they seek to develop scalable business models. At the end of the competition, the top 3 start-ups were offered over USD 66,000 worth of cash and in-kind prizes.

Bank Audi is also contributing to the reshape of the start-up landscape in Lebanon with a very important participation in the initiative launched by the Central Bank of Lebanon under Circular 331, whereby Bank Audi is the largest provider of capital (USD 75 million) to be invested in financing various entrepreneurs for the establishment of innovative and promising businesses allowing at the same time to retain inward competencies and enhance economic and social growth in Lebanon.

Digitalization

Today, a bank is no longer a physical place where people go to manage their finances. With the rapid advances in technology and customization of new digital innovations, people can now perform their banking transactions around the clock, wherever they are. This means that individuals can manage their basic banking transactions without assistance. With this in mind, Bank Audi continued to innovate with products and services that are in line with the latest trends in technology, thereby curtailing unnecessary processes and working in simpler and more efficient ways. We have implemented several services and taken several measures which improve our routine work and replaced conventional servicing methods with simpler solutions including e-banking, mobile banking and Tap2Pay. These solutions are convenient, easily accessible and user friendly, and are offered at very affordable costs.

Figure 10: Bank Audi's Digital Platforms

e-Banking

Audi Online is a secure, free, fast and flexible online tool to help customers keep track of their finances 24 hours a day. Through this platform, customers can:
- Make highly secure internal, local and international money transfers
- Monitor their accounts, loans and cards' activity anytime, anywhere
- Pay their credit card bills easily in real time
- Personalize their accounts

Mobile Banking

Audimobile gives customers easy and free access to their accounts anytime, anywhere from their mobile phone. It allows customers to check their account balance, get mini statements, and make instant money transfers.

Tap2Pay

A new fast and innovative payment method that allows consumers to securely process transactions simply by tapping their card, smart phone or tag, or by waving their watch or bracelet against a contactless reader instead of swiping or inserting their plastic card in a traditional point of sale (POS) machine.

Accessibility and Convenience

Eager to facilitate the daily life of our customers and Lebanese citizens at large, Bank Audi, in collaboration with the Ministry of Telecommunications in Lebanon, took the first steps towards implementing a new e-Government and e-Payment system in Lebanon, a first-of-its-kind service that facilitates the settlement of bills on-line, including public service monthly payments. Through this service, landline phone and Internet subscribers in Lebanon can settle their monthly local and international bills remotely through the Internet, simply by using their credit and debit cards (MasterCard and Visa) issued by local and international banks in Lebanon or abroad. The new e-Payment system has been operational since June 2014 and constitutes a first important step towards implementing e-Government and e-Payment systems at the public administration level, thus simplifying life for everyone, including the disadvantaged and rural segments of the population.

The above is part of a broader objective to make our products and services accessible and convenient to all customers through enhanced services including ATMs, ITMs and Novo branches which are all easily accessible to our clients. We were indeed the first bank to launch the Novo interactive branches, a new evolution in the field of electronic banking, featuring online video conferencing with banking advisors. Novo's main features and competitive edge are enhanced by extended banking hours which give customers the opportunity of processing their operations swiftly and conveniently. Besides, with the advent of digital technology, we are looking to implement 24/7 self-service areas in all our newly opened branches, in addition to remodelling our existing branches in such a way as to accommodate for self-service and e-sections, which will ultimately reduce waiting time at counters and unnecessary delays.

With a view to better serving our customers and catering to their every need, we have also adapted some of our facilities and servicing methods to disadvantaged or handicapped people. Accordingly, our Branch Network Management is in the process of adding ramps to branches and ATMs. In 2014, 55 branches – representing 75% of our total number of branches – and 82% of our ATM machines became accessible to the disabled.

On a parallel note, we have been adding ATMs in various locations in such a way as to accommodate for customer needs in different geographical areas. In this context, 6 new ATMs were added in rural areas during 2014, and 37 (or the equivalent of 18%) out of a total of 204 ATMs are currently located in rural areas. These ATMs are not part of any specific branch, but are found within building compounds, restaurant areas, malls and other populated venues. In addition, 15% of Bank Audi branches (11 branches out of 73) are located in remote areas.

Figure 11: Bank Audi's "Branch-less" and Conveniently Located ATMs

Microfinance

In 2014, we continued to support entrepreneurs and small businesses in the most remote and disadvantaged areas through microfinance loans, working in close collaboration with various NGOs and non-profits that share our goals. Hence we sustained our support to the Association for the Development of Rural Capacities (ADR) by contributing to its programs of microfinance loans extended to the underprivileged at significantly reduced interest rates. ADR is a Lebanese non-profit organization established in 1998 with a mission to empower and integrate marginalized people through sustainable economic and social development by facilitating access to financial training, tools and services, and by supporting income-generating projects. Beneficiaries are fishermen, farmers, small entrepreneurs, women and the youth from the most impoverished areas in Lebanon. In 2014, our contribution had a very visible impact, affecting the lives of over 327 beneficiaries.

We likewise extended our support to Association Maak (NGO), which benefitted 22 families by microfinancing across various economic sectors including farming, cattle and agriculture, tailoring, snacks, beauty services, and even scholarships (school and university), which went hand in hand with extending moral, technical and spiritual support to the various beneficiary households.

Indirect Economic Impacts

In 2014, we continued to have manifold indirect impacts, whether through our unique products or through issuing all our employee salaries in Lebanese Lira. In fact, we sustained the "Let the Lira Have its Say" campaign, associated with the "Loubnani" credit card launched in 2010. The card is targeted to the middle income social group and intended to promote the Lebanese Lira (Lebanon's local currency), while highlighting the importance of the Lira in boosting economic activity. While the "Loubnani" card represented 6.31% of the total card portfolio in 2014, current figures show that we have 27,184 cards in circulation and a total spending volume of USD 218,093,754 since its inception.

Similarly, various infrastructure investments inside and outside the Bank saw the light in 2014, with a view to improving services and positively impact the local communities in which we operate.

Statistical Highlight
"Loubnani" Card

6.31% of the total card portfolio

USD 218 million total amount spent

27,184 of the total card portfolio

Table 5: Bank Audi's Indirect Economic Impact

Project	Description	Cost	Investment
Rabieh garden	The purpose of the project is to conduct landscaping works in an abandoned 280m² public land in order to ameliorate its existing condition. The project included building natural stone walls, laying plantation soil, and planting multiple trees and shrubs.	USD 88,000	Pro-bono
Kfour Data Centre	Construction of a new data recovery centre.	USD 7,836,428	Commercial
Dar Assayad Training Centre	Internal fit-out works of a leased building to host an HR Training Centre.	USD 609,342	Commercial
Across locations	Construction, expansion and renovation works of various branches to accommodate more employees and better serve customers.	USD 6,490,304	Commercial

Customer Satisfaction and Loyalty

Customer satisfaction is one of our top priorities and we extend considerable efforts to measure it in multiple ways. Today, we are glad to acknowledge that around 95% of our customers are satisfied with our products and services. Table 8 summarizes key findings from these surveys. We have also taken active steps in 2014 to show our gratitude to loyal customers, among which the offering of a token of appreciation in gratitude of their 25 years of loyalty.

As an additional gauge of satisfaction, Bank Audi recently introduced "Happy or Not" devices in its various branches. With a simple push of a button, the customer can express his/her level of satisfaction regarding the quality of our service. Besides helping the Bank improve service levels, customer satisfaction and customer loyalty, these devices also encourage and motivate branch employees to reach their objectives and improve performance levels.

Table 6: Surveys Conducted to Measure Customer Satisfaction as per our Quality Program Specifications

Surveying Tool	Customers Surveyed	Percentage Satisfaction
Phone survey (on daily basis to assess customer satisfaction)	39,806	95% satisfied
In-branch survey (on daily basis via "Happy or Not" tool)	105,016	83% satisfied ("happy")

Supply Chain

Our supply chain encompasses three important players, namely our customers, our suppliers, and multilateral institutions. Our customers are the main drivers of our organization and we constantly strive to give them the highest priority with respect to our services and banking transactions.

Our suppliers are another important driver of our supply chain. They include: contractors, printing services, facilities suppliers, service suppliers, caterers and hospitality suppliers, academics, consultants, legal service providers, website developers, news agencies, marketing and advertising experts. In the case of suppliers, our procurement procedure explicitly outlines the rules and regulations that govern the purchasing process, whereby all purchased goods and services should be acquired in a fair, transparent, competitive, timely and efficient manner. The policy also favours ethical and eco-friendly suppliers who, through their business practices, recognize and abide by the Universal Declaration of Human Rights, fight corruption and generally aspire to adopt the ISO 26000 Social Responsibility Standard guidelines as part of their business strategy. Relationships with suppliers are managed by our expense managers and procurement channels, with various suppliers provided equal opportunity to present quotations for provision of goods, services and assets necessary for the Bank's operation and satisfactory to our internal requestors' specifications. Those relationships are mainly defined by historical performance and products/services quality which play a main role in the selection of quotations throughout the year. In the process, Management is consulted and relevant approvals back up the issuance and communication of purchase orders to winning suppliers/bidders. The process ends with the delivery of procured products/services to requesters. The estimated monetary value of payments made to suppliers is over USD 128 million, purchases from local suppliers accounting for 90% of our total procurement budget.

Last but not least, we engage with several multilateral organizations and international financial institutions which provide important guidance to the Bank and help us secure medium and long-term funding in support of small and medium sized enterprises (SMEs) which form the backbone of the Lebanese economy. Agreements are in place with the European Investment Bank (Luxembourg), Agence Française de Développement (France), SANAD Fund for MSME (Luxembourg), Arab Trade Financing Program (UAE), and Overseas Private Investment Corporation (USA), allowing the Bank to serve more than 100 SMEs for an aggregate amount of over USD 200 million.

Responsible Lending

One of the main roles our bank plays is putting our depositors' money to good use by lending it out to organizations and individuals who need it to run businesses, buy homes or send their children to school. Lending capital is therefore a critical activity aiming at catalysing economic growth and prosperity. Because we are cognizant that the impact of our business on the economy, society and environment extends beyond our direct activities, we have taken active steps in 2014 to pass on economic, social and environmental responsibility to our customers, insisting that they behave responsibly and adhere to commonly accepted principles of sustainable business conduct. Because we pay particular attention to the environmental and social standards of clients and/or transactions that we finance, we have formally integrated the principle of responsible financing in our credit policies by developing an extensive environmental and social risk screening process for Bank Audi Group. We also endeavour to prevent credit facilities from being used in violation of internationally recognised standards in the areas of human rights, environment and anti-corruption.

Financial and Economic Literacy

In 2014, we pursued our efforts with respect to the financial literacy of customers, individuals and organizations within our community. Our financial literacy programs extend across our CSR pillars. Within the Economic Development pillar, we make sure to produce user-friendly and informative brochures on all our products and services, and to make them available on our website and in our branches. These brochures include all necessary details about our specific products and services. On a similar note, we continued to promote our "Clear All the Way" campaign, a transparency-oriented initiative launched in 2012 and intended to provide a full array of useful information to our customers in relation to a multitude of products and banking services across different industries. The campaign presents an opportunity to improve the sophistication of our customer base, as well as its ability to use the right products and services and mitigate critical financial risks. Such is the aim of our "Transparency Banking Tips" campaign which alerts customers in relation to key or critical issues they need to be aware of when dealing with banks, and which was produced in Arabic to cater to the needs of local citizens.

Financial and Economic Awareness

Building awareness on financial and economic issues was still on the agenda in 2014 through taking part in and/or sponsoring core banking conferences in the country, as well as various banking and youth empowerment associations. An example of that is the sponsoring of Al Bank Wal Mustathmer's conference entitled "Current Trends and Future of the Banking System"; the Union of Arab Banks' 2014 Congress and Annual Risk Management Forum; the 2014 US Commercial Guide and World Fair Trade; ArabNet Beirut; BIFEX; First Protocol's Socio-Economic Awards; and the Lebanese International Finance Executives (LIFE). Over USD 260,000 were allocated in 2014 to support these events and associations, all of which have positive spill-overs on the Lebanese economy through advancing knowledge and building a more robust financial sector.

Bank Audi's Customer Care Initiative on Labour Day

The Bank launched a customer care initiative on Labour Day which consisted in randomly selecting and rewarding 73 low and middle-income customers on May 1st, 2014. Winners were selected from different branches across Bank Audi's Lebanon network. The cost of this initiative was approximately USD 11,500. Different units of the Retail department worked together to come up with the idea and pursue its implementation. We chose this gesture to show our customers that we stand by them and care for them every day, including on Labour Day!

We believe that the responsible business initiatives we have implemented in 2014 under the Economic Development pillar are an integral part of our CSR strategy and contribute in various ways to sustain and revive the Lebanese economy. Through our collaborative engagements, we work hand in hand with other organizations to support entrepreneurship and innovation, ultimately connecting small businesses with entrepreneurial support mechanisms, incubators and accelerators (e.g. MIT Enterprise Forum, Bader Young Entrepreneurs Program, ADR, Maak), and providing them with the physical, material and cognitive competencies needed to cultivate start-ups and businesses that help spur job creation and economic growth.

Special Feature Story

Taking Transparency to the Next Level

The Central Bank of Lebanon issued Circular 124 which requests that banks use the Annual Percentage Rate (APR) when promoting a lending product. The APR is the annual rate applied on a loan for the whole life cycle period including some fees and excluding others.

A responsible approach was adopted towards this issue considering that the main stakeholders involved in this project are customers. Bank Audi invested a lot of time to make sure that the notion of APR is assimilated by all branches. Training sessions were completed in January 2014, enhanced by a product brief distributed to all attendees, and followed by a test on APR taken by all concerned employees.

In terms of cost, the Retail department re-printed all their marketing material related to loans (brochures, teller sheets and loan applications) in order to include the notion of APR.

The Bank has been promoting and adopting a full "transparency" strategy since 2012 through a mass media campaign entitled "Clear All the Way" which focused on the Bank's full transparency when dealing with customers. The campaign also included an educational part whereby pointers were given to customers to help them make better banking choices.

03

Community Development

Community Development

Community Development continues to be a core pillar of our CSR strategy in 2014, comprising philanthropic investments targeting the areas of health, humanitarian and social support, culture, children development, as well as employee volunteerism and sports activities. During this reporting period, our total contributions to the community amounted to USD 4.7 million, divided into the following areas: USD 557,000 on health, USD 2.5 million on humanitarian and social, and USD 1.47 million on culture. In addition to these direct contributions, we have developed opportunities to connect our customers and employees with social issues, stemming from our longstanding partnerships with various organizations to enhance our reach and impact and help build stronger local communities.

Health

Employee Health

We are aware that promoting employee health contributes to a healthy business. Healthy employees are more productive and have less absenteeism rates due to illness. Consequently, at Bank Audi, we strive to maintain a healthy and supportive working environment. Along these lines, we continue to provide internal medical services to our employees through our infirmary located at Bank Audi Plaza, and have encouraged our employees to undergo free vaccination for common diseases such as the flu.

During 2014:

- 485 employees joined hands to collect USD 54,000 covering the full cost of treatment for one sick child.
- We contributed to facilitate the treatment of 20 children with congenital heart problems, with an annual donation of USD 150,000.
- We sponsored the gala dinners of various organizations among which the Chronic Care Center and Skoun, Lebanese Addiction Centre (Skoun is the first walk-in outpatient therapeutic facility in Lebanon that offers prevention, awareness and psychological treatment, to drug users and society at large), for an amount exceeding USD 55,000.
- In addition to our support of the Lebanese Red Cross, we participated in various health initiatives, such as those launched by Donner Sang Compter and Hôpital Psychiatrique de la Croix.
- Our employees participated in a blood donation drive by channelling 65 calls for blood donations to various colleagues and their families to 124 respondents.
- We also supported various hospitals in Lebanon including Hôtel-Dieu de France, Hôpital du Sacré-Coeur and St. Georges Hospital.

In 2014, we also partnered with Yaduna Foundation in support of their Women Heart Health Center (WHHC) project. This was an opportunity for us to introduce preventive measures for cardiovascular diseases to our female employees. Yaduna is an NGO that seeks to empower underprivileged Lebanese and Arab women, and improve their living conditions by providing quality services, raising awareness, and spreading best practices.

Community Health

In what pertains to our philanthropic donations to community health, we maintained our support to the Children's Cancer Center of Lebanon (CCCL) the regional pioneering centre for the complete and free treatment of kids with cancer: affiliated with St. Jude Children's Research Hospital in Memphis, Tennessee, U.S.A.; and to Heartbeat, a humanitarian and charitable organization whose mission is to treat children suffering from heart diseases through the belief that "Music Saves Lives". To cover the expenses of the treatments, Heartbeat doctors and volunteers sharing the same passion for music unite every year and perform a unique fundraising concert. We are also committed to the other partnerships we had initiated since 2012, such as our support to the Chronic Care Center, the medico-social institution specialized in the treatment and follow-up of childhood chronic diseases like thalassemia and Type I diabetes.

In 2014

Over
USD 557,000 to support health-related causes

Over
USD 1,470,000 to support cultural events

Over
USD 2,500,000 to support various social and humanitarian issues

Humanitarian and Social Initiative

In 2014, we sustained our active engagement in the support of various worthy humanitarian and social initiatives. What follows is a glimpse of our humanitarian and social engagements during the past year:

- Purchasing end-of-year and religious feast (Ramadan and Christmas) gifts from organizations such as Ahlouna, IRAP (Institut de Rééducation Audio-Phonétique), Sesobel and Message de Paix to support their respective missions pertaining to helping disabled children, helping handicapped people and recovering substance abusers find new job opportunities, and enhancing sustainable educational and social services targeting women, youth, children, the elderly and disabled individuals. These gift purchases amounted to over USD 340,000.
- Co-hosting a workshop with Skoun to raise awareness on parents' role in keeping their children away from addictive substances.
- Committing to various local non-governmental organizations (NGOs) that support disadvantaged people in Lebanon such as Dar Al Aytam Al Islamiyah, the Lebanese Welfare Association of the Handicapped, the Sidon Orphan Welfare Society, Sesobel, and the Lebanese Autism Society. Total contributions in this area amounted to around USD 74,000.
- Committing to various local non-governmental organizations (NGOs) that support different social causes such as Himaya, an NGO with the mission to promote a global protection of innocence in danger; Tamanna, an NGO which aims at granting the wishes of children with critical illnesses; MySchoolPulse which brings school to hospitalized children undergoing treatment for life-threatening illness; and in general, helping the mentally challenged, disabled and autistic. Total contributions under this area amounted to over USD 80,000
- Committing to ensure road safety by supporting Roads for Life, the Talal Kassem Fund for Post-Accident Care. The organization gives emergency physicians, nurses and Red Cross volunteers world-class training to help improve the chance of survival for road victims in the 60 minutes of the crash, a critical period of time called the "Golden Period of Trauma", where proper care can help save lives or reduce disability.
- Extending our support to various national foundations including the May Chidiac Foundation which is devoted to research and education on media, press, democracy and social welfare issues, and the Samir Kassir Foundation which brings together journalists and intellectuals with a passion for reviving Arab culture and protecting freedom of expression.

Children Development

The Kids Rewards Program was initiated in 2012 with the hope of enlightening children on the importance of donations from an early age and allowing them to account for their own contributions. In 2014, we extended our Rewards Program to allow Bank Audi cardholders to donate their points to support one of eighteen local humanitarian associations, under the umbrella of the "Donate your Points for a Good Cause" initiative. Those associations include St. Jude, the Lebanese Red Cross, SOS, Balsam, Sesobel, Zakat Fund, Heartbeat, AFDC, Jouzour Loubnan, and Chance. The result was a total donation of 1.2 million points (equivalent to USD 59,000) by 1000 customers.

Table 7: Summary on Rewards Program Outcomes since 2012

	2012	2013	2014
Number of subscribers	80,000	80,000	145,000
Points donated	399,000	395,000	1.2 million
Value of points	USD 20,000	USD 20,000	USD 59,000
NGOs involved	**12**	**12**	**18**

To complement the Kids Rewards Program, the "Kids Rewards Club" was launched as part of our ongoing efforts to reward the youngest generations. To that end, the Bank organized a Christmas event at Grand Cinemas in ABC Ashrafieh whereby all Kids Rewards Club members were invited to attend the premiere of a cartoon movie. The children also enjoyed a surprise visit by the five cartoon characters of the Kids Rewards Program: "Bibi the Penguin", "Fifi the Cat", "Pico the Rhino", "Gigi the Giraffe" and "Ely the Elephant" who played with the kids and entertained them.

Children and Financial Literacy

We believe that financial understanding and education begin at the early stages of life. Young children aged five or six commonly start asking questions about money and financial transactions. Hence our conviction that financial literacy starts at a young age and our renewed commitment to KidzMondo initiated in 2013. KidzMondo gives young children the opportunity to familiarise themselves with banking basics in a motivational environment. It is a reproduction of a real city in downtown Beirut, where children play adult professional roles in preparation for the real world. Bank Audi's replica branch in KidzMondo aims at teaching children about the importance of working, earning a living, and spending wisely. It also introduces children to the world of banking including cash outs, deposits, savings, and the use of credit cards and ATMs. This is part of a broader sustainability goal for Bank Audi, pertaining to increasing financial literacy and extending across different pillars of our CSR strategy. This year, KidzMondo was able to attract more than 300,000 young minds from across Lebanon.

At Bank Audi, it is a yearly tradition to host students at our premises to enlighten them on the world of banking. This year, 10th graders from Collège Notre Dame des Soeurs Antonines in Kfarchima visited Bank Audi Plaza where they attended a presentation about banking and finance, and watched a documentary about the achievements of Maxime Chaaya, the Bank's Corporate Ambassador and Lebanon's foremost sportsman and climber, who surprised the students with his visit and gave a motivational intervention entitled "There is an Everest for Everyone".

Figure 12:
Bank Audi Kids
Rewards Club Events

Last but not least, we continue to link our business processes to community development efforts through our various business units by innovating a range of programs to support worthy social causes. In 2014, for instance, our e-Payment Solutions and Card Services department participated in 15 events and raised over USD 318,000 of donations via our GPRS machines deployed at the events' premises.

Employee Volunteerism

To better connect with our communities, we moved ahead with the "Be a Hero for a Day" Volunteer Program initiated in 2013. The program raises employees' awareness on important social issues and links their fieldwork to our current philanthropic partnerships with various NGOs. "Be a Hero for a Day" has grown by some 400% since its inception, namely as regards the increasing number of partner NGOs, the total volunteered hours, the number of volunteers, and the number of departments and branches involved in the program (Table 10). To further extend our impact, we have aligned our volunteer efforts with our philanthropic priorities, whereby our employees strived to make a significant contribution by volunteering their time and expertise, and helped in developing various communities across Lebanon. The NGOs we have partnered with in 2014 include Ayadina Association (an organization based in Nabaa and catering to deprived children), Assabil "Friends of Public Libraries", the Children's Cancer Center of Lebanon (CCCL), SOS Villages d'Enfants (Home for Orphans), in addition to G (a non-governmental organization specialized in green living) and Injaz (a non-profit non-governmental educational organization dedicated to educating the youth on work readiness, entrepreneurship and financial literacy).

Table 8: Comparison of Employee Volunteerism between 2013 and 2014

2013	2014
5 NGO partners	6 NGO partners
23 volunteers	150 volunteers
120 hours	530 hours
284 beneficiaries	829 beneficiaries
Estimated 10% departmental and branch involvement (4 departments and 1 corporate branch)	90% of departmental involvement and branch involvement

Figure 13: "Be a Hero for a Day" Volunteering Program Examples

Ayadina Association

Storytelling
Handicraft
Inviting and assisting children at KidzMondo
Cartoon drawing training
Football classes
Virtual travel with the community children (cultural and traditional introduction to various countries)
Assessing and advising for a community center
Assessing IT needs and computer donation

CCL

Drawing and painting
Inviting and assisting children at KidzMondo
Entertaining children and handcraft
Hostessing at a fundraising event
IT support
Financial training
Data basing calls during live telethon campaign on TV
Copywriting and translating services

Assabil

Storytelling, handicraft and various activities
Inviting and assisting children at KidzMondo
Virtual travel with the community children
(cultural and traditional introduction to various countries)
Book collection and computer donation

SOS

Games and sports afternoons
Inviting and assisting children at KidzMondo
Treasure hunt at Horsh Beirut in collaboration with the Red Cross Youth and Assabil

Injaz

Training our volunteers
Giving leadership and business workshops to intermediate students

G

Raising awareness on environmental protection and recycling

Culture

Several key cultural initiatives were sponsored by Bank Audi in 2014, including the Baalbeck, Jezzine, Jounieh, Al Bustan, Byblos, Zouk Mikael, Batroun and Al Bustan festivals. On a similar note, we showed our support to Arabic theatre by sponsoring "Tariq El Chams", a musical by famous director Romeo Lahoud.

Culture was also on the agenda through our sponsoring of the book fair organized by the Antelias Cultural Movement, and the Bank's hosting of the annual "Prix Phoenix de la Littérature" which was granted to writers Gilbert Achcar and Sorj Chalandon. Our total philanthropic contributions in the realm of cultural development in Lebanon alone amounted to over USD 1.4 million in 2014 and reached more than 900,000 beneficiaries.

Sports

In 2014, we developed our dedication to sports-related causes because we believe in the importance of sports as part of our employees' and communities' lives. About USD 100,000 was therefore allocated to sponsoring sports activities including marathons and fitness challenges, and bringing our support to Lebanese sports teams. Furthermore, 500 Bank Audi employees participated in the Beirut International Marathon in support of the Brave Heart cause (see feature story at the end of this section).

Figure 14: Cultural Festivals Sponsored by Bank Audi

As illustrated in this section, our commitment to the communities we serve is grounded in solid foundations and will continue materializing our pledge to give back in multiple ways.

Figure 15: A Spectrum of Community Development Initiatives

Special Feature Story

Bank Audi Employees Help Cover the Expenses of Five Children's Open Heart Surgeries

Bank Audi's 500 colleagues and their family members ran in the 2014 BDL Beirut Marathon to support the Brave Heart Fund, an NGO based at the AUBMC and dedicated to providing financial assistance to children with congenital heart disease, by helping cover their medical and surgical expenses.

Every year, the Brave Heart Fund strives to underpin its mission that stipulates that "no child should die of heart disease because of a lack of funds". After twelve successful years of participation in the Beirut Marathon, 4,200 runners wearing the red t-shirts and caps made the Brave Heart Fund team by far the largest this year. And the greater the number of runners, the higher the number of children saved…

Thanks to the support of Bank Audi and the community, the Brave Heart Fund will be able to cover the expenses of five children's open-heart surgeries, ultimately saving five lives.

"Each member of the Bank Audi team is a hero in the eyes of the children whose lives have been saved" said Mrs. Reem Khalifeh Chaarani, Senior Administrative Officer at the Brave Heart Fund.

04

Human Development

Human Development

Being one of the largest private sector employers in Lebanon and reflecting upon our unwavering commitment to human capital, diversity and equal opportunity, cultivating human talent is one of our top priorities at Bank Audi. With this in mind, we ventured in 2014 to further advance human development, a priority for our bank, whether at the internal or external levels. Internally, we seek to put our people first and consider them as our most vital asset as we extend considerable effort to be recognized as a progressive and responsible employer. Accordingly, we endeavour to keep developing our human capital and investing in our employees' well-being and skill development within a culture of continuous motivation and empowerment. Externally, we are strong supporters of education and youth development and strive to build a stronger human capital talent pool for a more prosperous and resilient society.

Internal Human Development

Training and Development

Our people being our most important asset, our success as a bank is contingent on providing the right training, development and opportunities to our employees in order to help them progress in their jobs and continue to be rewarded for their achievements. Hence our commitment to sustain a high-quality work environment where our employees feel valued and rewarded, and motivated to deliver the level of service our customers and shareholders expect and deserve.

In this context, high priority was given, once again, to employee development considering its significant role in improving quality, retaining talent, and meeting external environmental pressures relating to competition and change in work design. Consequently, we maintained our support to the three-tiered approach to employee development, an approach adopted in 2013 and founded on three inter-related priorities pertaining to training and development, continuous assessment, and coaching and mentoring.

In 2014, invested more than USD 2.4 million in employee training and development. More than 88,977 training hours were deployed in 2014, covering a bulk of 2,345 employees almost equally split in terms of gender representation and targeting all levels of employment (Table 9).

Figure 16: Investing In Employee Training - A Continuing Top Priority

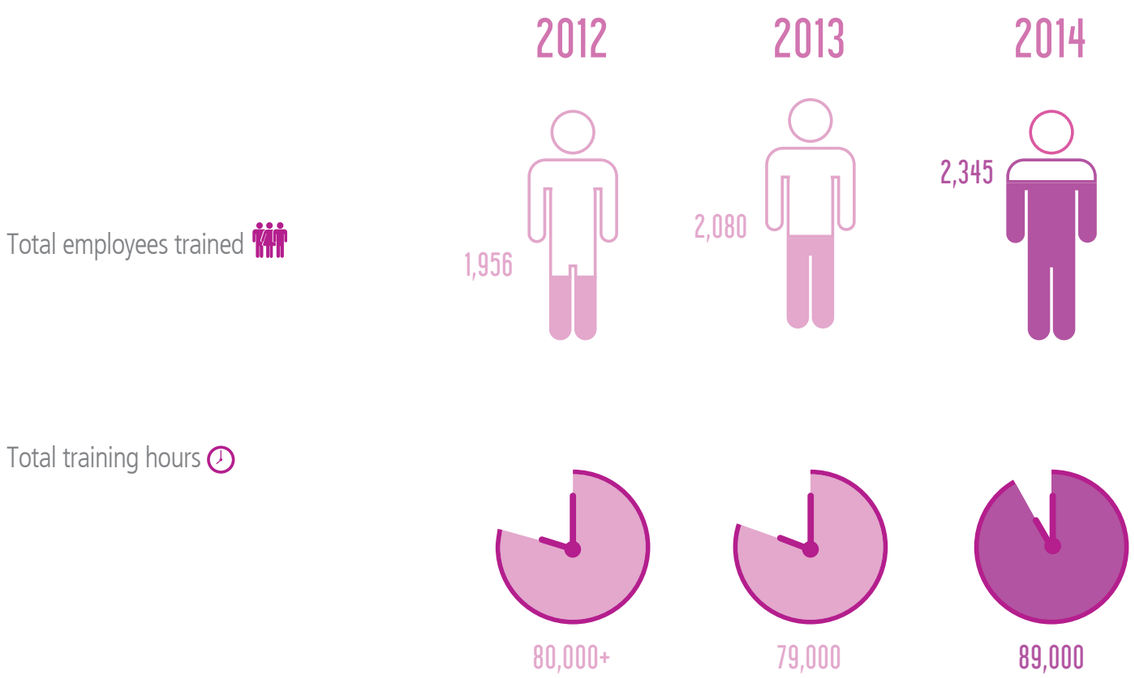


Table 9: Summary of Employee Training Hours

Employee Training Hours	Hours
Average training hours/Employee	29.73
Average training hours/Male	25.12
Average training hours/Female	35.24
Average training hours/Frontline employee	27.04
Average training hours/Middle Manager	44.89
Average training hours/Senior Manager	22.05

The learning programs implemented aim at assisting employees in upgrading their competence and abilities in areas related to technical skills, as illustrated in Table 10.

Table 10: Employee Development Programs and Number of Employee Participants

		Employee participants
Branch Management Development Program (BMP)	This program provides qualified employees with an equal opportunity to assume first line supervisory positions. It is designed to identify, train and develop future branch managers and assistant managers through a 1 to 3-year program exposing them to an intensive and learning environment.	19
Advanced Management Program (AMP)	This is a 30-day executive program delivered over 12 months and focusing on providing participants with tools to: • Effectively lead and manage people • Embrace and drive change initiatives • Create and deliver customer value • Gain the confidence to make decisions needed to succeed • Be exposed to different functional areas	20
Relationship Management Program (RMP)	This program was conceived with the aim of introducing the new role of "Relationship Manager" in branches and empowering retail employees to think forward and achieve sales targets.	43
Administrative Development Program (from Admin to Teller) (ADP)	This program is designed to prepare office aids/administrative employees for functional roles in branches, and entails a coverage of all employee categories from administrative assistants to tellers.	37

These trainings have led to a ratio of successfully trained employees to total employees of around 80%. In 2014, we further developed our "Bank Audi Corporate Academy" portfolio of in-house training schemes aimed at nurturing skills and talent, and creating a culture of performance and continuous improvement. Over USD 40,000 were invested in the 2014 edition of the Corporate Academy.

Training needs are assessed at multiple levels before training decisions are made. This assessment covers the needs of the organization, the needs of the tasks involved, and individual level needs. Accordingly, in 2014, the plans for training activities and programs were based on our annual strategic plan drawing on our mission and vision: departmental needs based on meetings with line managers and the recommendations provided by them, and individual competency-based training needs identified and compiled throughout the annual performance management process. Furthermore, a comprehensive assessment phase follows the training stage to adequately measure the results of any training program. For technical trainings, our Training and Development department runs post-course tests to ensure knowledge transfer; and for soft skill trainings, feedback is collected through evaluation reports and continuous follow-up.

Talent Management

To nurture a pipeline of future talent, we have sustained the Talent Assessment Center (TAC) we had launched in 2013. The TAC is an advanced assessment method that seeks to select qualified candidates based on performance inputs from multiple exercises and assessors. Last but not least, coaching and mentoring form an integral part of talent management at Bank Audi to help our employees grow and advance in their careers.

2014 also witnessed continued efforts to invest in our employees' higher education attainment. We invested over USD 700,000 in supporting the development of our employees, including advanced university courses, specialized banking studies and certifications, and executive education. We are very much aware that developing employees will reflect positively on their motivation and performance, particularly when these employees apply what they have learned in their current jobs. In 2014, 59 employees benefited from the Bank's sponsorship grants: 8 benefited from support for advanced university studies (masters degree), 28 from professional certifications (Certificate of Quantitative Finance, CFA-Certified Financial Analyst, CIA-Certified Internal Audit, CMA-Certified Management Accountant, CRISC-Certified in Risk and Information Systems, Dip IFR-Diploma in International Financial reporting, FRM-Financial Risk Manager, PHR-Professional in Human Resources, HRBP-Human Resources Business Partner), 19 from banking studies (intermediate and advanced banking knowledge), and 148 employees became certified in "Lebanese Financial Regulations".

In 2014

>USD 700,000

in supporting the educational development of our employees (advanced university courses, specialized banking studies and certifications, and executive education)

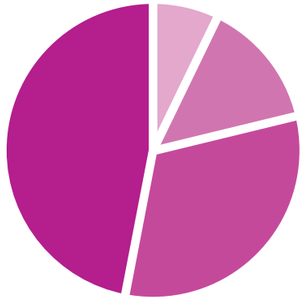
59 Bank Audi employees benefiting from various sponsorship grants

Diversity and Equal Opportunity

At Bank Audi, we view diversity as a prerequisite for maintaining a pleasant and healthy working environment. Accordingly, we strive to support diversity in the organization and ensure equal opportunities to all employees without regard to religion, gender or nationality. For example, in terms of gender composition of our workforce, the percentage of our female employee representation has been steadily increasing since 2012: from 45% of total employees in 2012 to 46% in 2013, to 46% in 2014 (1,360 female employees and 1,629 male employees). While we try to systematically address any barriers to female advancement, the representation of women in the middle and upper echelons of the Bank and key committees remains on the low side (Table 11), but we always strive to alleviate the glass ceiling in all its guises as part of our commitment to diversity, inclusion and equal opportunity. In terms of age groups across different managerial levels, we notice that Senior Management positions are mostly occupied by employees who are older, and hence have more seniority, experience, and tenure within the Bank.

Figure 17: Bank Audi Employee Sponsorship Grants

In 2014, **59** employees were sponsored to further pursue their education



- **28** applications were approved for specialized professional certifications
- **19** were sponsored to enroll and continue banking-related programs
- **8** were granted sponsorships for MBA/Masters in local universities (such as AUB, USJ, ESA,USEK) including 1 MBA in IE international university
- **4** completed their General Management Program Executive Education programs at Harvard Business School

Table 11: Employee Composition by Gender and Employee Category at Bank Audi Group Lebanon

Lebanon	% of Staff (Below Grade 17)		% of Middle Managers (Grade 17 to Grade 21 inclusively)		% of Top Managers (Grade 22 and above)	
	F	M	F	M	F	M
Bank Audi sal	39.8%	39.6%	8.6%	11.3%	0.0%	0.6%
Other Lebanese entities	31.5%	50.4%	3.9%	11.3%	0.0%	3.0%

Table 12: Employee Composition by Age Group and Employee Category in Bank Audi Group Lebanon

Bank Audi Group Lebanon	% of Staff (Below Grade 17)			% of Middle Managers (Grade 17 to Grade 21 inclusively)			% of Top Managers (Grade 22 and above)		
	<30	Between 30-50	>50	<30	Between 30-50	>50	<30	Between 30-50	>50
Bank Audi sal	22%	42%	15%	0%	15%	5%	0%	0%	1%
Other Lebanese entities	17%	42%	23%	2%	9%	4%	0%	3%	0%

Table 13: Composition of Governance Body Committees by Gender and Age Group at Bank Audi

Board and Committees	Gender (%)		Age (%)		
	Males	Females	<30	30-50	>50
Board of Directors	80	20			100

When considering the type of employment contracts given to our employees, all Bank Audi Group employees have full time employment divided as follows (Table 14):

- Total number of employees under Limited Employment Contract (contrat à durée déterminée - CDD) is 104 of which 58 males and 46 females.
- Total number of employees under Unlimited Employment Contract (contrat à durée indéterminée - CDI) is 2,885 of which 1,571 males and 1,314 females.

In addition, 80% of all employees are covered by collective agreements. In 2014, Bank Audi Group hired 234 employees, as illustrated in Table 15. These new hires are almost equally split between males and females.

Figure 18: Workforce Composition with Respect to Gender in 2014

46% Female employees

54% Male employees

Table 14: Employee Distribution by Contract Type and Gender at Bank Audi Group Lebanon

Bank Audi Group Lebanon	Total Number of Employees	Gender		Contract				Collective Agreement	
				CDD		CDI			
		M	F	M	F	M	F	% Covered	% Not Covered
Bank Audi sal	2,511	1,294	1,217	36	33	1,258	1,184	97.3%	2.7%
Other Lebanese entities	478	335	143	22	13	313	130	63.7%	36.3%
Total	**2,989**	**1,629**	**1,360**	**58**	**46**	**1,571**	**1,314**	**80.5 %**	**19.5%**

Unlimited employment contract (CDI)
Limited employment contract (CDD)

Table 15: New Employee Hires in Bank Audi Group Lebanon

Bank Audi Group Lebanon	Total Number of New Hires	Total Number of New Hires by Gender		Total Number of New Hires by Age		
		F	M	<30	Between 30-50	>50
Bank Audi sal	186	97	89	136	48	2
Other Lebanese entities	48	11	37	25	19	4
Total	**234**	**108**	**126**	**161**	**67**	**6**

Human Resource Planning

We continuously engage in Human Resource Planning (HRP) as we strategically plan our growth and various needs. In 2014, we made sure to be present in job fairs organized by various universities across Lebanon, such as the American University of Beirut (AUB), the Lebanese American University (LAU), the University of Balamand, Université Saint Joseph (USJ), Notre Dame University (NDU), Lebanese University and the Holy Spirit University of Kaslik (USEK) among others. Furthermore, we offered Internships to over 432 university students, amounting to over USD 80,000. Outstanding interns are flagged in our records for potential future recruitment at the Bank.

Compensation and Benefits

Bank Audi seeks to offer its hardworking employees fair and highly competitive compensations and benefits remuneration compared to market rates. Salaries and benefits constitute our highest HR costs, exceeding USD 165 million in 2014. We also complement our pay schemes with various significant benefits including performance bonuses, medical insurance and coverage, paid leaves, life insurance, educational sponsorships, special loans facilities, insurance plans, work accident insurance, transportation allowances, family allowances, marriage allowances, child birth allowances, children education allowances, death allowances, additional travel allowances, mobile allowances, end of service indemnities and other similar advantages and privileges such as an infirmary, a gymnasium and a music studio. In 2014, for instance, we invested over USD 4 million in support of 888 employees and their children's tuition fees (around USD 2,500/child). We also make it a point to maintain competitive and gender-balanced compensation schemes across the Bank.

Figure 19: Bank Audi Participation in Job Fairs

In 2014

888 Bank Audi employees aided with their children's school tuition fees for a total of USD 4 million

>USD 165 million in Lebanon constituting our highest HR costs for salaries and benefits

On a parallel note, we have succeeded in maintaining a very low human capital turnover rate of 4.7% in 2014 in Bank Audi sal Lebanon. Looking closer, we also note that the female turnover rate (2.3%) is less than that of males (2.4%) in Bank Audi Group Lebanon.

Figure 20: Turnover Rate at Bank Audi in 2014

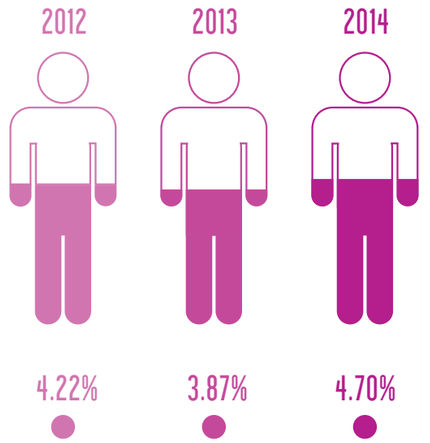


Table 16: Return to Work Rates after Parental Leave, by Gender, in Bank Audi Group Lebanon

Bank Audi Group Lebanon	Total Number of Employees who Took Parental Leaves		Total Number of Employees who Returned to Work after Parental Leave		Total Number of Employees who Returned to Work after Parental Leave and Are still Employed 12 Months after their Return		Return to Work Rate		Retention Rate	
	F	M	F	M	F	M	F	M	F	M
Bank Audi sal	81	51	75	51	72	47	92.5%	100%	96%	92%
Other Lebanese entities	6	10	5	10	5	10	89%	100%	100%	100%
Total	**87**	**61**	**80**	**61**	**77**	**57**	**91%**	**100%**	**98%**	**96%**

Rewards System and Employee Give-back

At Bank Audi, we are aware that top performing employees need to be recognized for their hard work, commitment and efforts. This is why the annual Silver Jubilee ceremony also took place in 2014, to reward employees for their 25 years of service at the Bank. On the other hand, we make sure to acknowledge the work of our top performers throughout our branch network on a monthly and yearly basis.

In line with our annual end of year tradition, we continue to distribute gifts to our employees. In 2014:

- 3,270 5g gold units were offered to all bank employees (> USD 700,000)
- 2,998 10-liter gallons of olive oil were distributed to our employees (> USD 215,000)

Employee Retention

As part of our determination to retain our employees, we care that they take the time they need to nurture their newborns and cater to their parental needs. We also provide space for them to return back to work refreshed before pursuing their career paths.

Employee Wellness

In 2014, we enriched our employee wellness schemes to tap into new areas which ensure that Bank Audi remains an employer of choice. Hence we ventured to relieve our employees from any work-related stress and encourage them to maintain a good work-life balance by joining Bank Audi group hikes to various scenic destinations in Lebanon. These adventures improve our group dynamics as well as employee bonds within the Bank. On a similar note, we encourage our employees to engage in sports-related activities such as basketball, table tennis, ball-room dancing, sports tournaments, and special celebration concerts. In 2014, more than USD 62,000 were invested in employee wellness programs and set new priorities which increase efficiency across all our bank's departments. Furthermore, six employee clubs are actively promoting a variety of interests: Community Club; Green Club; Music Club featuring Band Audi, Audiyat and MelAudi; Sports Club; Toastmasters and Travel Club.

Human Rights

We recognize the rights of each employee and the diversity of opinion represented by the communities we employ and serve. In 2014, we hosted the Foundation for Human and Humanitarian Rights of Lebanon (FHHRL) for a Train-The-Trainer workshop where Bank Audi employees learned how to be part of and spread human rights issues at the Bank, an awareness that was shared with our Top Management through a special lecture on human rights. The total number of training hours on human rights issues amounted to about 985 and benefited 332 internal stakeholders (11% of Bank Audi employees).

Spreading Awareness on CSR at the Bank

We are keen on engaging our employees in our CSR efforts and activities, which is why we ventured in 2014 to start a CSR Awareness Series targeting our own employees and focusing on the importance of being responsible citizens. In this context, we invited Professor Dima Jamali, an international CSR expert, to host a series of CSR presentations aiming at raising awareness on the importance of CSR, both internally (at the Bank) and externally (in our community), taking collective action within Bank Audi's CSR strategy, and extending responsibility to the homes and lives of each of our employees in order to have a greater impact on the communities we operate in.

External Human Development

Educational Aid in Community

Externally, human development continued to be an important priority, particularly with regards to supporting the Lebanese youth. In 2014, we provided educational

In 2014

>USD 640,000

in support of educational needs in Lebanon

USD 3.9 million in loans at preferential interest rates to university students

aid to various schools and universities across Lebanon, as well as student loans at preferential rates (around USD 3.9 million in loans to 238 USJ students). Our philanthropy extended to support key educational institutions through scholarships and donations, including scholarships to underprivileged students offered to students from La Sagesse ("Merite Blé Vert" scholarships) and Al Makassed schools. We also funded various university conferences and events (e.g. plays, AUB's Got Talent, AUB Harvard MUN, AUB outdoors, Saints Coeurs Tripoli MUN Delegation and Institut Technique Franco-libanais among others) amounting to more than USD 500,000.

Spreading Awareness on CSR in the Community

A stakeholder panel we conducted helped us identify the need for promoting CSR and raising awareness on its importance in Lebanon. Systematic efforts were therefore made in 2014 to reach out to the youth with regards to building awareness and momentum on CSR. A Graduate Student CSR Competition was launched, whereby each student had to present a CSR-related project to Bank Audi after having attended an informative session on CSR. The winner was awarded an internship at Bank Audi to help implement their idea. The best three ideas were granted USD 750, USD 500, and USD 250 respectively. Also under our external CSR umbrella, we participated in various CSR conferences and lectures to share the Bank's CSR journey with various audiences across universities and at business conferences both locally and regionally.

At Bank Audi, we do our best to be the workplace and employer of choice, and this is one of our organization's guiding principles. The latter is reflected in our inclusive hiring philosophy, the way we treat our people, and the support we offer our employees to help them "grow beyond their potential". We are also engaged in promoting human development in its various aspects outside the Bank. Our human development efforts empower individuals internally and externally by providing them with the tools they need to develop their skills, competence, leadership and potential, and to ultimately forge their way through rewarding career paths.

Special Feature Story

Financial Empowerment- "Payment Technologies: Past and Future" A Series of Workshops at Bank Audi

In 2014, Bank Audi launched an initiative consisting in a series of workshops for university students, entitled "Payment Technologies: Past and Future" and presented by Mrs. Randa Bdeir, Group Head of e-Payment Solutions and Card Services, with the aim of exposing the youth to newly implemented technologies worldwide and to the future of payment trends.

During these workshops, students were given an overview on the evolution of payment methods, from the barter era to modern credit cards and mobile banking, and the spread of payment technologies across the world, particularly in the Middle East. Students were also introduced to the specificities of payment cards, namely their different types and categories, as well as international security features and market segmentation by taking a detailed look into the product development process. Latest technologies and payment solutions were also discussed through an in-depth review of their evolution from the magnetic strip to contactless payment, Tap2Pay NFC mobile payment, MPOS acceptance devices, emall, e-commerce and m-commerce.

Following the presentation, students were treated to a tour inside the e-gallery where they discovered the latest payment solutions and banking technologies that were discussed during the workshop. Located in Bank Audi's headquarters in Bab Idriss, the e-gallery is the first showroom of its kind. Set up like a museum, it showcases the latest devices, technologies and payment solutions implemented by Bank Audi and features a mix of informative display boxes, interactive applications and tablets, prepaid cards vending machine and other state-of-the-art equipment.

Since its inauguration in June 2013, the e-gallery has welcomed over 5000 guests who were all impressed with the set up and showcase of the new technologies which many had thought would not be available in Lebanon before another decade.

05

Environmental Protection

Environmental Protection

Our commitment to environmental responsibility is as strong as ever. We build on the momentum of the past two years and the integration of a stand-alone environmental pillar in 2013 to introduce and nurture a range of initiatives pertaining to environmental responsibility. In 2014, we managed to further develop our environmental initiatives and were proud to receive a certificate of acknowledgement from the Ministry of Environment in Lebanon for being a leading institution in quantifying our Green House Gas (GHG) emissions.

Environmental Awareness and Environmental Stewardship

One of our main objectives for 2014 was to further instil environmental awareness at the internal and external levels. Accordingly, we chose to help our employees act as good environmental stewards at work and at home through various workshops, activities and initiatives:

- An environmental awareness workshop entitled "My Environment is My Country" and addressing employees' children with a view to further developing their knowledge of climate change and their impact on the environment (more at the end of this section);
- The Zero Waste ACT conference aimed at helping participants make simple changes in their lifestyle and teaching them how to recognize the source of waste and turn, "the refuse into reuse". As a result of this conference, we engaged several households to recycle their waste;
- A presentation by our Group Corporate Banking in the context of a workshop entitled "Enhancing Financing Mechanisms for Renewable Energy (RE) and Energy Efficiency (EE) Projects" for two of ESCWA's member states, Yemen and Sudan. The objective of this presentation was to explain to central banks and relevant ministries in Yemen and Sudan, Bank Audi's experience in financing renewable energy and energy efficiency projects, and the subsidy mechanism implemented by the Central Bank of Lebanon.

Environmental protection and prevention management costs amounted to USD 14,574 in 2014.

Environmental Loans and Sponsorships

Externally, we continued to promote environmental sustainability through our environmental loans, sponsorships, and for-cause or benefit sponsorships. For example in 2014, we extended over USD 52 million of environmental loans subsidized by the Central Bank of Lebanon at preferential interest rates. These loans cover a spectrum of environment-friendly modifications from renovated lighting systems to the acquisition of photovoltaic panels, to landscaping implementations applied in private, residential or commercial buildings. We also extended more than USD 24,000 in sponsorships to various environmental projects recommended by our different branches, for the maintenance of Al Diman gardens and for Sacré Coeur Gemmayze hospital, among others.

Measuring Our Environmental Impact

Solid Waste

The need to promote environmental protection within the Bank while engaging and sensitizing our stakeholders in the process remains an important goal for Bank Audi. With this in mind, we have sustained our "Grow Green" program aimed at collecting recyclables of solid waste such as used paper, metal, and plastic waste, and e-waste that were disposed at the Bank's three special hubs. Collected plastic bottle caps continue to be donated to Arcenciel to provide wheelchairs for the disabled. In 2014, we also made sure to track the impact of our "Grow Green" program since its inception in 2012, which led to:

- Saving the equivalent of 4,279 trees
- Recycling 317 kg of plastic
- Improving our paper recycling by 100%

Over and above, we bolstered our Paperless Banking Strategy initiated in 2013 and aiming at converting our operations into paperless operations. As of November 2014, active steps were taken to significantly reduce our paper consumption throughout all our branches: all printers which have the option of printing on both sides were set to print on duplex mode by default.

Through our Paperless Banking Strategy, we implemented the following four main projects:

1. **Document Management System (DMS)** provided a remedy for removing thousands of files and freeing considerable space, thus resulting in considerable money saving. Today, DMS is applied in all branches and in the majority of head office departments. Document copying, distribution and storage have all been eliminated. We believe that by end 2015, we would have saved around 60% of the following expenses: transportation, paper consumption, storage/retention and destruction.
2. **Online Banking Solutions:** Bank Audi implemented a new Online Banking solution which now allow customers to:
   - Transfer money securely between customer accounts or to accounts at other banks;
   - Pay credit card and others bills;
   - Check balances of Audi checking and savings accounts, credit cards, home equity, loans or lines of credit and mortgages;
   - Consult statements and review up to 4,000 transactions;
   - Apply online for most retail products (car, personal and home loans).

   All the above operations are performed instantaneously and conveniently without the need to print any document or wait for conventional mail for paperwork delivery. Based on the fact that each tree can produce an average of 8,000 A4 sheets and that each individual receives 3 paper statements every month and signs up to 5 advices, and taking into consideration that we have an estimated total of 90,000 customers registered in the AOL Service, we would be saving (yearly):
   - 16,200 kg of paper
   - 2.7 million km of car mileage
   - 100,000 square feet of forest
3. **Promoting "Paperless" Projects:** the project prioritization process is an important part of the organization overall planning process. Bank Audi uses scoring and prioritization methods in an effort to reduce overall operating expenses and streamline the Bank's objectives. Despite the fact that we are profit-driven companies, CSR projects are actually logged and taken into account as a value-added factor.
4. **Operational Process Reengineering:** as per the DMS components, image capturing, workflows and e-forms are fully functional at the Bank. Thus all operational processes have been re-designed to take the "paperless" spirit into consideration. Branch employees are now able to send and receive answers about any transaction that requires the approval/input of the head office without any document exchange.

Figure 21: Number of Trees Saved since 2012

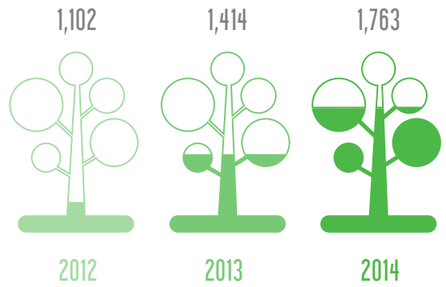


Table 17: Paper Recycling between 2012 and 2014

Year	Kilograms of Paper Collected for Recycling
2012	51,770
2013	83,192
2014	103,722

Table 18: Total Weight of Waste by Type

Waste Management per Category	Kg in 2014
Donated e-waste	640
Recycled e-waste	6,896
Recycled paper	103,722
Recycled plastic	157

In 2014, we continued to assess our environmental footprint and sought means of reduction by quantifying the nature and breakdown of our energy consumption, Greenhouse Gas (GHG) emissions (in CO_{2e}), particularly those resulting from regular daily operations, and the effluents and waste in all Bank Audi subsidiaries in Lebanon for the year.

GHG Emissions

We worked in tandem with a certified institution that helped us conduct a comprehensive audit of our carbon footprint, as well as monitor and communicate useful information to our branches and offices. Total expenditure for this investment amounted to USD 4,750. In this comprehensive study, 2012 was considered as base year since it is the year when the initiative was launched with a view to complying with the GRI G4 guidelines on environmental impact. Data on the total surface area occupied by Bank Audi in Lebanon as well as on the number of employees per branch was also taken into account. This organizational boundary was set by the Bank for two reasons: to conduct the Report using the equity share concept and to develop an audit report to be used for operational management improvements.

Probing into our GHG emissions revealed a significant improvement trend since 2012. As per our GHG inventory based on the GHG-Protocol Corporate Standard, we have reported on the following seven greenhouse gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).

Results revealed that GHGs are from several sources grouped into 3 scopes: Scope 1- from own generation of power and refrigerants; Scope 2- from purchase of electricity from Electricité Du Liban (EDL) and shared generators and from selected indirect emission sources; and Scope 3- from paper consumption, flights undertaken for work reasons and courier services. The total GHG emissions from Bank Audi Group Lebanon in 2014 were 21,065.6tCO_{2e}, equivalent to 7.0 tCO_{2e} per employee and 0.218 tCO_2e per m^2 when accounting for the employees and total space occupied by the Group's amenities respectively. It is important to note that this number has significantly decreased over the last three years of observation (Figure 22). Scope 2 was responsible for 72.8% of the total GHG emissions (15,338.3 tCO_{2e}) where the GHG emissions from EDL electricity was the main contributor, accounting for more than 76.9% of the Scope 2 value. On the other hand, Scope 1 (4,486.2 tCO_{2e}) and Scope 3 accounted for the rest of the total GHG emissions

(1,241.0 tCO_{2e}), 21.3% and 5.9% respectively. Flight trips for business purposes constitute the core components of Scope 3 and are responsible for 68.4% (849.5 tCO_{2e}) of total indirect emissions in this scope. Paper consumption constitutes 23.4% (290.1 tCO_{2e}) of total Scope 3 emissions and courier services account for 8.2% (101.4 tCO_{2e}).

Figure 22: Total GHG Emissions per Year for Bank Audi

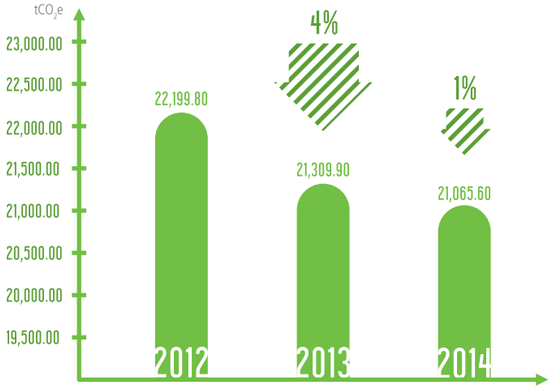
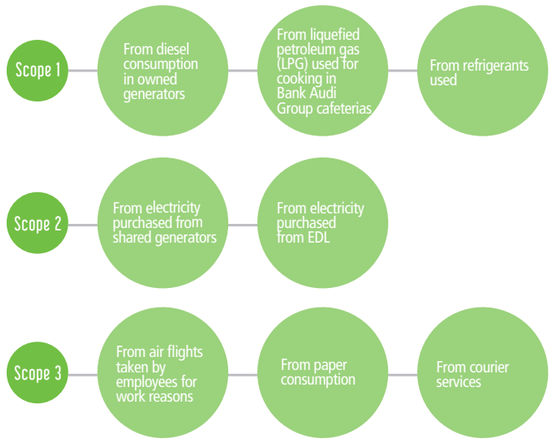


Table 19: Bank Audi's Greenhouse Gas Emissions between 2012 and 2014

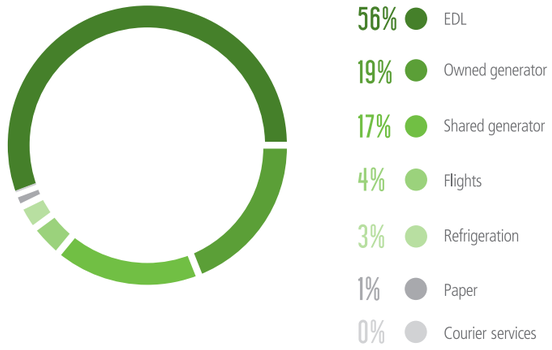
	2012	2013	2014
Total GHG emissions	22,199.8 tCO_{2e}	21,309.9 tCO_{2e}	21,065.6 tCO_{2e}
GHG emissions per employee	8.0 tCO_{2e}	7.7 tCO_{2e}	7.0 tCO_{2e}
GHG emissions per m^2	0.230 tCO_{2e}	0.220 tCO_2e	0.218 tCO_{2e}

Figure 23: Bank Audi's Greenhouse Gas Emission Sources



This information will be very useful in our struggle to improve our environmental footprint across various facets of our operations and as we design relevant and appropriate energy saving programs to increase the efficiency of electrical energy usage and combat climate change.

Figure 24: Emissions per Sources in 2014 (%)



With respect to the GHG emissions intensity ratio for Scopes 1, 2 and 3, we notice that in 2014, each employee at Bank Audi Group Lebanon was responsible for 7,008.7 kg of CO_2e and total emissions were 218.1 kg of CO_2e per m^2. If we compare 2012 to 2014, there is a 5% improvement in total GHG emissions. The GHG calculations were performed using well-established tools and methodologies following the GHG Protocol developed by the World Resource Institute (WRI, 2006b, c). Using an internationally recognized tool allows for the standardization of the procedures and calculations, which is key in order to quantify and compare emissions accurately. In addition, we applied the most up-to-date emission factors to ensure the transparent calculation of a reliable footprint. Because every GHG assessment is different, it was crucial to modify existing tools to come up with accurate results. The calculation of the emission factors and the global warming potential (GWP) rates used is based on GHG-Protocol which uses the IPCC emission factors provided in the IPCC guidelines of 2006, the IPCC Second Assessment Report (1995), and the local emission factor for electricity communicated by the Lebanese Ministry of Environment.

Energy Consumption

Quantifying the energy consumption within Bank Audi Group Lebanon revealed that the total fuel (Diesel) consumption is 1,439,665.8 litres; total electricity consumption is 23,922 MWH among which 75.9% was purchased directly from EDL, while the rest was either produced by owned generators (12.7%) or purchased from shared generators (11.4%). Sources of conversion factors used are same as those used in 2013[1].

[1] CSR Report 2013, Figure 20.

Special Feature Story

My Environment is My Country
Environmental Awareness Workshop and Competition

Bank Audi launched a pilot program during the "Back to School" period in September 2014, aimed at enlightening the youth, specifically generation Y, on the means of protecting the environment through reducing, reusing and recycling.

Under the patronage of the Minister of the Environment and in collaboration with V4 Advisors and IUCN (International Union of Conservation of Nature - Lebanon Chapter), Bank Audi's CSR Unit held an Environment Awareness workshop entitled "My Environment Is My Country" and addressing 90 Bank Audi employees' children between the ages of 10 and 15. The main topics included climate change, carbon footprint, and the means of reducing environmental impact and decreasing daily energy consumption.

The session was inaugurated by Mr. Nizar Hani, representing the Ministry of Environment and also the Shouf Biosphere Reserve Manager, who gave a brief on Lebanese protected areas and explained to the audience that a wide variety of animals and plants in Lebanon have become endangered species. The session was followed by a presentation by Mrs. Lea Aboujaoude from the UNDP Climate Change Unit at the Ministry of Environment who informed the participants on the impacts of climate change on Lebanon and provided tips on what can be done to fight global warming. Native trees and plants were distributed to the children. The exhibition included environmental awareness materials and authentic rural products by environmental NGOs.

Bank Audi also launched a competition where each family was invited to measure its carbon footprint at home over a period of 4 months. Children were requested to fill out a data file with all the necessary information on electricity, fuel and gas consumption, as well as on the quantity of paper used in their daily activities. Out of 56 files distributed, 21 were submitted. The winners were Elie, Karen and Roger Khoury, children of Bank Audi staff members Michel and Soulayma Khoury. The winning team commented: "At first, it was very hard to change our lifestyle and become more responsible when it came to our electricity and paper consumption. But with time, we learned to adapt."

The winning team had reduced their household consumption by 53% and had made some serious changes to their lifestyles to achieve this outstanding result. The children proudly explained that they had installed solar panels, switched from traditional 60W light bulbs to energy saving bulbs (24W) and then to LED (4W). They added: "We got used to turning off the light and unplugging the TV when we left the room. We insisted on using both sides of papers and reducing the number of trips in the family car."
The winning team also received a USD 500 cash prize.

Bank Audi aims at maintaining this program in the coming years and developing it to target a wider audience.

Supplementary Information

Reporting and Ratings

This report complies with a number of external reporting guidance and standards. Primary among these is the ISO 26000 Social Responsibility Guidance. In 2012, Bank Audi was the first banking institution to pilot the ISO 26000 Social Responsibility Guidance in Lebanon. Accordingly, the Report addresses the seven core subjects of responsibility defined in the ISO 26000 Standard (Table 23). It also addresses many of the guidelines and indicators set out in the Global Reporting Initiative (GRI), and is prepared "in accordance" with GRI G4 Guidelines and the Financial Services Sector Supplement, at a "core" application level (Table 24). GRI is an internationally recognized voluntary guideline which defines principles and indicators that companies can use to report on the triple bottom line. GRI is currently observed by over 5,000 organizations in 70 countries. The Report also complies with the principles defined by the UN Global Compact (UNGC), and we are a proud recent official signatory of the UN Global Compact (as of May 11, 2015) (Table 25).

Table 20: ISO 26000 Core Subjects Reference Table

Our CSR activities can be classified based on the core subjects of ISO 26000 as follows:

Core Subjects	Issues	Reference
Organizational Governance	Subject 1: Organizational Governance	• Stakeholder engagement. • Due diligence and ethical conduct under the Corporate Governance Pillar.
Human Rights [GC Principles 1-6]	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work	• Code of Ethics and Conduct makes explicit reference to the respect of human rights. • CSR policy makes explicit reference to "contributing to alleviate challenges related to human rights high-risk situations on a case-by-case basis". • Our procurement procedures favour ethical and eco-friendly suppliers who, through their business practices, recognize and abide by the Universal Declaration of Human Rights, fight corruption, and generally aspire to adopt the ISO 26000 Social Responsibility Standard's guidelines as part of their business strategy. • Human rights accorded highest regard across various facets of employment relationships and contracts. • Train-The-Trainer workshop where Bank Audi employees learned how to integrate and spread human rights issues within the Bank. • No incidents of discrimination reported during 2014. • No grievances with human rights impacts filed during 2014. • Females represented 46% of employees in 2014. • Total number of employees under Limited Employment Contract (contrat à durée déterminée - CDD) is 104 of which 58 males and 46 females. • Total number of employees under Unlimited Employment Contract (contrat à durée indéterminée - CDI) is 2,885 of which 1,571 males and 1,314 females. • Progressive working conditions for staff. • Diversity and inclusion philosophy and practices. • Responsible employment including diversity and equal opportunity, occupational health and safety, training education and talent development, external human development.
Labour Practices [GC Principles 3-6]	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	• Bank Audi is a member of the Association of Banks in Lebanon (ABL) and complies with its main principles relating to labour issues. • More than 72% of the Bank's employees are covered by collective agreements. • Progressive labour conditions that embody respect for human rights.
The Environment [Principles 7-9]	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	• Environmental management. • Carbon footprint assessment and youth competition. • Supporting environmental loans. • Various programs to minimize environmental footprint including solid waste, GHG emissions, and energy consumption.
Fair Operating Practices [GC Principles 3-10]	Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights	• Bank Audi is a member of the Association of Banks in Lebanon (ABL) and complies with all its principles relating to labour issues • More than 72% of the Bank employees are covered by collective agreements. • The Bank's Code of Ethics and Conduct makes explicit reference to anti-corruption and has been updated to detail our commitment to anti-corruption policies and procedures. We have also made significant strides to strengthen our various controls over operational, compliance, anti-money laundering and regulatory measures. • We have significantly increased communication and training on anti-corruption policies, with communication reaching all governance body members. Moreover, 62% of our governance body members have been trained on our anti- corruption policies. • 49% of employees, 45% of Middle Management and 38% of Senior Management have been trained in relation to anti-corruption policies and procedures specifically.
Consumer Issues	Issue 1: Fair marketing, factual and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness	• Anti-counterfeit measures. • "Clear All the Way" campaign. • Increasing financial literacy among various customer segments. • Responsible product design and product portfolio. • Digitalization and convenience.
Community Involvement and Development	Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment	• Various social, health, humanitarian, cultural and sports activities pertaining to community development. • New employee volunteering program "Be a Hero for a Day". • Support and partnerships with well-known NGOs and corporate foundations.
The Environment [Principles 7-9]	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	• Environmental management. • Carbon footprint assessment and youth competition. • Supporting environmental loans. • Various programs to minimize environmental footprint including solid waste, GHG emissions, and energy consumption.

Table 21: Implementation of GRI Content Index for "In Accordance" – Core – General and Specific Standard Disclosures

General Standard Disclosures	Description	Reference
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	P. 5
Organisational Profile		
G4-3	Report the name of the organization	P. 6
G4-4	Report the primary brands, products and services	P. 65, Appendix 3
G4-5	Report the location of the organization's headquarters	P. 6
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the Report	P. 6
G4-7	Report the nature of ownership and legal form	P. 6
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	P. 6

General Standard Disclosures	Description	Reference
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	P. 24
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers, and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	P. 42 & 43
G4-11	Report the percentage of total employees covered by collective bargaining agreements	P. 43
G4-12	Describe the organization's supply chain	P. 27 & 28
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	Annual Report
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	P. 7
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	P. 66, Appendix 4
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	P. 13, Table 3
Identified Material Aspects and Boundaries		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the Report	Annual Report & website P. 10
G4-18	a. Explain the process for defining the Report's content and the aspect boundaries b. Explain how the organization has implemented the reporting principles for defining the Report's content	P. 9 to 12
G4-19	List all the material aspects identified in the process for defining the Report's content	P. 11, Figure 4
G4-20	For each material aspect, report the aspect boundary within the organization	P. 10 & 11
G4-21	For each material aspect, report the aspect boundary outside the organization	P. 10 & 11
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	As a result of changes in measurement methods, one may find variations for calculation of indicators G4-11 & G4- LA12 when comparing 2013 results to 2014.
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	P. 12

General Standard Disclosures	Description	Reference
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization	P. 9
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	P. 9
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagements was undertaken specifically as part of the Report's preparation process	P. 9
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	P. 9
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	P. 7
G4-29	Date of most recent previous report (if any)	P. 7
G4-30	Reporting cycle (such as annual, biennial)	P. 7
G4-31	Provide the contact point for questions regarding the Report or its content	P. 62
G4-32	a. Report the "in accordance" option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the Report has been externally assured. GRI recommends the use of external assurance, but it is not a requirement to be "in accordance" with the Guidelines	P. 57, Table 24
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the Report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or Senior Executives are involved in seeking assurance for the organization's sustainability report	Applicable only for our carbon footprint assessment by contracted consultant.
Governance		
G4-34	Governance structure of the organization, including committees under the highest governance body	P. 18 & Annual Report
Ethics and Integrity		
G4-56	Describe the organization's values, principles, standards and norms of behaviour, such as Code of Ethics and Conduct	P. 7, 20 & 64, Appendix 1

SPECIFIC STANDARD & FINANCIAL SECTOR SERVICES DISCLOSURES

Material Aspects	DMA and Indicators	Reference
	Generic DMA: Why the aspect is material, the impacts that make this aspect material, and the evaluation of Management approach How the organization manages the material aspect or its impacts	P. 10
Category: Economic		
Economic Performance	**G4-EC1:** Direct economic value generated and distributed	P. 24, 32 & 50
Market Presence	**G4-EC5:** Ratios of standard entry level wage by gender compared to local minimum wage	P. 44
Indirect Economic Impacts	**G4-EC7:** Development and impact of infrastructure investments and services supported	P. 25 & 27, Table 5
Procurement Practices	**G4-EC9:** Proportion of spending on local suppliers at significant locations of operation	P. 28
Category: Environmental		
Energy	**G4-EN3:** Energy consumption within the organization	P. 52, Figure 24
Emissions	**G4-EN15:** Direct greenhouse gas (GHG) emissions (Scope 1)	P. 51 & 52

Material Aspects	DMA and Indicators	Reference
	G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)	P. 51 & 52
	G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)	P. 51 & 52
	G4-EN18: Greenhouse gas (GHG) emissions intensity	P. 51 & 52
Effluents and Waste	**G4-EN23:** Total weight of waste by type and disposal method	P. 51, Table 18
Overall	**G4-EN31:** Total environmental protection expenditures and investments by type	P. 50 & 51
Category: Social - Labour Practices and Decent Work		
Employment	**G4-LA1:** Total number and rates of new employee hires and employee turnover by age group, gender and region	P. 44, Table 15 & P. 45, Figure 19
	G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	P. 44
	G4-LA3: Return to work and retention rates after parental leave, by gender	P. 45, Table 16
Training and Education	**G4-LA9:** Average hours of training per year per employee by gender, and by employee category	P. 40 & 41, Table 9
	G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	P. 41 & 44
Diversity and Equal Opportunity	**G4-LA12:** Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	P. 42 & 43
Equal Remuneration for Women and Men	**G4-LA13:** Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	P. 44
Labour Practices Grievance Mechanisms	**G4-LA16:** Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Procedure only, P. 68, Appendix 6
Category: Social - Human Rights		
Investment	**G4-HR2:** Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	P. 21 & 46
Category: Social - Society		
Local Communities	**G4-FS13:** Access points in low-populated or economically disadvantaged areas by type	P. 26
	G4-FS14: Initiatives to improve access to financial services for disadvantaged people	P. 26
Anti-corruption	**G4-SO4**: Communication and training on anti-corruption policies and procedures	P. 20
Compliance	**G4-SO8:** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	P. 20
Category: Social - Product Responsibility		
Product and Service Labeling	**G4-PR5:** Results of surveys measuring customer satisfaction	P. 27
	G4-FS16: Initiatives to enhance financial literacy by type of beneficiary	P. 28, 33 & 67, Appendix 5
Product Portfolio	**G4-FS7**: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	P. 25, 27 & 33
	G4-FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	P. 50

Table 22: Mapping Global Compact 10 Principles to GRI G4 Guidelines

UN Global Compact Principles	GRI Guidelines	Examples of Implementations at Bank Audi
Human Rights		
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	Sub-category: Human rights (all aspects) Sub-category: Society - Local communities	- Code of Ethics and Conduct to make explicit reference to respect for human rights - CSR policy makes explicit reference to "contributing to alleviate challenges related to human rights high-risk situations on a case-by-case basis" - Our procurement policies favour ethical and eco-friendly suppliers who, through their business practices, recognize and abide by the Universal Declaration of Human Rights, fight corruption and generally aspire to adopt the ISO 26000 Social Responsibility Standard's guidelines as part of their business strategy - Human rights accorded highest regard across various facets of employment relationships and contracts - Train-The-Trainer workshop where Bank Audi employees learned how to integrate and spread human rights issues within the Bank - No grievances on human rights impacts filed during 2014
Principle 2 Businesses should make sure they are not complicit in human rights abuses	Sub-category: Human rights (all aspects)	Same as above
Labour		
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	**G4-11** Sub-category: Labour practices and decent work - Labour/Management relations Sub-category: Human rights - Freedom of association and collective bargaining	- Bank Audi is a member of the Association of Banks in Lebanon (ABL) and complies with all its principles relating to labour issues - More than 72% of the Bank's employees are covered by collective agreements
Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour	Sub-category: Human rights - Forced and compulsory labour	Progressive labour conditions that embody respect for human rights
Principle 5 Businesses should uphold the effective abolition of child labour	Sub-category: Human rights - Child labour	N/A
Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	**G4-10** Sub-category: Labour practices and decent work (all aspects) Sub-category: Human rights - Non-discrimination	- Females represented 46% employees in 2014 • Total number of employees under Limited Employment Contract (contrat à durée déterminée - CDD) is 104 of which 58 males and 46 females • Total number of employees under Unlimited Employment Contract (contrat à durée indéterminée-CDI) is 2,885 of which 1,571 males and 1,314 females - Progressive working conditions for staff - Diversity and inclusion philosophy and practices - Responsible employment including diversity and equal opportunity, occupational health and safety, training education and talent development, external human development - No discrimination incidents reported during 2014
Environment		
Principle 7 Businesses should support a precautionary approach to environmental challenges	Category: Environmental (all aspects)	- Carbon footprint assessment - Precautionary approach in relation to solid waste, GHG emissions and energy consumption - Youth competition

UN Global Compact Principles	GRI Guidelines	Examples of Implementations at Bank Audi
Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	Category: Environmental (all aspects)	- Carbon footprint measurement - "Grow Green" program - LEED program - Environmental loans and sponsorships - Partnership with IUCN - Environmental awareness - Paperless banking strategy
Principle 9 Businesses should encourage the development and diffusion of environment-friendly technologies	Category: Environmental (all aspects)	- Carbon footprint measurement - Environmental loans and sponsorships
Anti- Corruption		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	Sub-category: Society - Anti-corruption - Public policy	- Code of Conduct makes explicit reference to anti-corruption. Bank's Code of Ethics and Conduct was updated to detail our commitment to anti-corruption policies and procedures. Significant strides to strengthen our various controls over operational, compliance, anti-money laundering and regulatory measures - We have also significantly increased the communication and training on anti-corruption policies, with communication reaching all governance body members. 62% of our governance body members have been trained on our anti-corruption policies - 49% of employees, 45% of Middle Management, and 38% of Senior Management have been trained in relation to anti-corruption policies and procedures specifically

Conclusion and Looking Forward

As outlined in this report, we are making systematic efforts to mainstream CSR into all facets of our organization and we recognize that operating responsibly is an integral component to our success. Our mission is to create multiple streams of value for our clients, shareholders, the economy, the community and the environment through our five key pillars: good governance, local economic development, community development, human development and environmental protection. We consider each of these areas to be relevant and important to our business, our stakeholders and our common future.

The activities conducted under the five pillars cohere and complement each other, allowing us to create value at multiple levels and to stay true to our leading vision in the field of CSR and sustainability. Looking ahead, we will remain committed to this course of continuous innovation and improvement, and look to differentiate ourselves through our responsible engagement by thriving not only financially, but also through our social commitment and by creating new opportunities, more inclusiveness, and more hope and faith in our common future. We have every intention to stay the course and to reap the fruit of this responsible business orientation as widely as possible, both locally and across the entire group, in the years to come.

Awards and Recognition

In 2014, we were honoured by a variety of organizations for our innovative banking practices and our progressive employment policies. We take pride in highlighting some of the key awards and recognitions received by our bank in 2014.

Table 23: Bank Audi Awards for Bank Audi Group Lebanon in 2014

Banker Middle East Product Awards	**Best Corporate Account in 2014; Best Web/Mobile Site in 2014**
Euromoney	**Best Private Banking Services Overall in 2014**
Social Economic Award (SEA) 2014 - "Social Mainstreaming" category	**Best initiative - The Volunteer Program "Be a Hero for a Day"**
Ministry of Environment	**Certificate of Acknowledgment for quantifying and reporting Bank Audi greenhouse gas (GHG) emissions**

For information about the Report, please refer to: Bank Audi's CSR Unit csr@banqueaudi.com Bank Audi Palladium – Bab Idriss; Beirut Lebanon

Internal Audit

Objective

Review and evaluate the development of the Corporate Social Responsibility activities Report in line with ISO 26000 Standard, Global Reporting Initiative (GRI – G4), United Nations Global Compact (UNGC) Principles and best practices.

Executive Summary

Group Internal Audit conducted a review of Bank Audi's 2014 Corporate Social Responsibility (CSR) activities and Report based on the objective outlined above.

We conducted a review of CSR significant activities and processes, and performed verification procedures on test basis on some G4 reported indicators.

The Bank is continually exerting efforts to enhance CSR-related activities, and has established an operating mechanism to ensure alignment with the International Standard (ISO 26000), the Global Reporting Initiative Guidelines (GRI-G4), and the United Nations Global Compact (UNGC) principles and best practices.

Based on our review, nothing has come to our attention to make us believe that the information contained in the CSR Report has not been fairly presented in all material respects. Nevertheless, we identified the following opportunities for improvement:

Continue efforts to further standardize the interdependence of responsibilities among the various concerned parties across the Bank, including the reporting process, taking into consideration the effectiveness of the data collection mechanism, the controls in place, as well as the reliability, traceability, timeliness and quality of the reported CSR information.

Continue efforts to improve the data collection process and accelerate the pace to finalize the implementation of the automated readily accessible CSR intranet window, a project currently in progress.

Continue to engage the Bank employees at various levels towards applying and promoting the Bank's CSR principles.

Continue to integrate CSR across the Bank's operating activities and related decision-making processes, as well as raise awareness and build social responsibility competencies.

Mahmoud Majzoub
Head of Group Internal Audit

Appendix

Appendix 1: Highlights of Code of Ethics and Conduct

Compliance with laws, rules and regulations: "It is the Group's objective to comply with all applicable laws, rules and regulations in all localities where it does business."	
Raising ethical issues: "All of the Group's representatives, including Directors and employees, are expected to consider compliance with ethical standards as a vital element of their responsibilities."	
Guiding Ethical Principles	Commitment to honesty, integrity and trustworthiness Commitment to fair competition Adherence to local and international standards
Fostering a Professional Conduct	
Supporting a Positive Work Environment	Violence and harassment free workplace Discrimination free workplace Alcohol and drug free workplace Smoke free workplace
Acting Responsibly	Respect of working hours Use of Group property Use of telephones, internet and email Personal belongings Political and religious affiliations Betting and gambling Workplace proper etiquette Communication with the media and the public
Ensuring Mutual Security	Secure workplace Access to Group premises
Managing Information	External activities Personal relationships Personal finances Gifts and benefits
Being Good Global Citizens	Involvement in social responsibility Respect of human rights
Reporting Concerns	
Investigations	
Administration of the Code	Violation of the Code Review and amendments of the Code

Appendix 2: Highlights of Bank Audi's CSR Policy

Proactive, cooperative and collaborative commitment to integrate social and environmental concerns in business operations and contribute to the well-being of the society

- Integrity and open communication in interacting with internal and external stakeholders
- Integrity in business
- Human development, valuing teamwork and talent rewarding
- Role model for socially responsible behaviour in Lebanon
- Positive influence on our value chain to abide by socially responsible guidelines
- Minimizing the negative impacts of our activities on the environment
- Accountablility for decisions and actions we take
- Consciousness and corporate citizenship
- Diversity and equal opportunity among all employees
- Civic behaviour and sense of belonging
- Promoting healthy ecosystems, social equity and good organizational governance
- Abide by ISO 26000 Guidelines
- Alleviate challenges related to human rights as per the Universal Declaration of Human Rights

Appendix 3: Sampling of Bank Audi's Brands, Products and Services

Accounts
- Sight deposit account
- Payroll account
- Spring account
- Wedding account
- Current account
- Deposit account

Loans
- Home Loan
- Car Loan
- Personal Loan
  - Generic personal loan
  - Public sector
  - Teachers' loan
  - Doctors' loan
- High tech loan
- University loan
- Schooling loan

Services
- Bancassurance
- Audimobile
- Tap 2 pay
- PinPay
- ADSL service
- Calculator
- Bill domiciliation and payment
- Audi Online
- Safe deposit box
- Car Tax Payment
- Wide selection of credit cards satisfying an array of consumer trends and needs
- Debit cards
- Prepaid cards
- Insurance programs
- Audi Assist
- Audi Rewards
- IAPA

Business lines
- Retail Banking
- e-Payment Solutions & Card Services
- Corporate Banking
- Commercial Banking
- Private Banking
- Investment Banking

Appendix 4: Bank Audi's Economic, Environmental and Social Charters, Principles and Initiatives Endorsed and Subscribed to

Our Group Anti-Money Laundering & Combating the Financing of Terrorism Policy (AML/CFT) Policy meets the principles and requirements set out in the:

- AML/CFT laws and regulations of the various jurisdictions where the Group operates – these are of course mandatory at local level.
- Recognized international industry groups.
- The international standards set out by major global correspondent banks and their regulators – some are mandatory for Bank Audi sal as per BDL Circular 126.

Examples of Initiatives Endorsed by Bank Audi

- Cultural festivals
- Various business forums
- Multitude of educational institutions
- **Roads For Life:** post-accident care
- **Open Mind Fund:** community awareness and education, and clinical services for families in need
- **Himaya:** child abuse prevention, rehabilitation, and social reintegration of victims
- **Zero Waste ACT:** recycling
- **Children Cancer Center of Lebanon (CCCL):** children's health care
- **Ayadina Association**: help for underprivileged children and the elderly
- **Assabil:** public library for the underprivileged
- **SOS:** children's orphan village
- **Injaz:** motivational and entrepreneurship
- **Heartbeat**: children with heart diseases
- **Brave Heart Fund**: children with heart diseases
- **Embrace:** mental health support
- **My School Pulse:** running for a cause
- **Beirut International Marathon:** running for a cause

Appendix 5: Financial Literacy across our Products and Services

Initiative	Target Group	Category	Goal	Subject Area	Activity-related	Beneficiary	Language	Information Material
Spring Account	Youth (18-23 year-olds)	All youth	Practical access to money and special services	Promotion	Campaigns, sponsorships	Youth	Arabic/English	Online and brochure
Sight Deposit Account	All	Low income individuals	Saving account and additional benefits	Promotion		All	Arabic/English	Online and brochure
Schooling Assurance Account	Parents	Each age group has its own formula	Help parents ensure their children's schooling fees	Promotion		Parents and children	Arabic	Brochures
Housing Assurance Account	All	All	Insure house against accidents	Promotion		All	Arabic	Brochures
Life Assurance	All	All	Insure individuals against accidents	Promotion		All	Arabic	Brochures
University Studies Insurance	Parents	Youth	Insure university studies fees	Promotion		Youth	Arabic	Brochures
Personal Loan	All	Low-income individuals	Assist in spending	Promotion		All	Arabic/English	Online and brochure
Transparency Banking Tips	All	All	Inform clients about car loans	Informative		All	Arabic/English	Online and brochure
Grow My Business	All	Micro businesses	Encourage small businesses	Promotion	Competition and award winning	Businessmen	Arabic/English	Online and brochure
Wedding Account	All	Newly weds	Help newly weds guarantee their future	Promotion		Newly weds	English	Online and brochure
Housing Loan	All	Low-income individuals	Help individuals buy houses	Promotion		All	Arabic	Online and brochure
Visa Business Debit Card	All	Businessmen	Help businessmen control their internal spending	Promotion		Businessmen	Arabic/English	Online and brochure
All you need to know about "Chip" cards	All cardholders	All	Educate cardholders on the evolving "chip" technology that was introduced to their card to combat the growing levels of fraud	Informative		All	English	Online and brochure
All you need to know about "PayPass"	All cardholders	All	Educate cardholders on the latest "PayPass" contactless payment technology, a new feature that makes their purchases much easier since they simply have to tap their card on a secure reader to pay	Informative		All	English	Online and brochure
Employee's guide to "Chip Cards"	Employees	All	Summarize Bank Audi cards split by chip type: "Chip & PIN" or "Chip & Signature"	Comprehensive		All	English	Brochures

Appendix 6: Bank Audi's Employee Grievance Mechanism in Employee Handbook

1. Definition
A grievance is a complaint related to any type of work situation that causes distress. It includes, but is not limited to, concerns regarding work, working conditions and relationships with colleagues.
Examples of grievances may include unresolved conflicts, discrimination, harassment, gross misconduct, etc.

2. Eligibility
All employees have the right to file and pursue a grievance.

3. Principles of Grievance Handling
Grievance handling initiates a process whereby employees who feel dissatisfied or aggrieved can have their concerns addressed fairly and promptly. Effective and proper use of this procedure aims at:
- Reassuring staff they are treated fairly
- Ensuring consistent and standardized practices
- Avoiding escalation of issues or disagreements
- Maintaining professional standards of performance

All grievances are treated seriously and sensitively with regards to employee confidentiality and privacy, and all efforts are spent to reach a constructive and holistic resolution of the grievance raised.

4. Handling Grievance Issues
Immediate supervisors/Managers play a major role in the successful implementation of the grievance resolution procedure and ensure that their employees clearly understand the entire grievance handling process. In line with the above, HR is committed to providing continuous and ongoing support to the parties involved.
In the event that their immediate supervisor/Manager is directly involved in the grievance, employees should raise their grievance directly with HR, which will coordinate with the next level of Management.

Stage 1: Informal Approach
Many grievances arise from simple misunderstandings and can readily be resolved through informal discussions. Employees are thus encouraged to resolve issues informally through open and direct communication with the other party involved, and try to negotiate a satisfactory resolution as quickly as possible.
All immediate supervisors/Managers are responsible for encouraging this direct negotiation route and, if possible, supporting it by trying to propose a solution in order to avoid the unnecessary escalation of the grievance.

Stage 2: Formal Procedure
Should all informal attempts to achieve resolution fail, or if the matter is of a more serious nature, employees should raise the problem with their Relationship Manager (RM) (in consultation with their immediate supervisor/manager), using the "Grievance Notification Form".
In filing a grievance, employees must record the main points of the complaint and highlight how it is affecting them both personally and professionally. The grievance should be reported within a reasonable timeframe, not exceeding 7-10 working days following an incident (except in cases of travel or serious illness).

*** 1st Meeting**
On reception of the Grievance Notification form, the RM will formally consider the grievance. A meeting between the RM and the employee who filed the grievance is held privately and confidentially; allowing the employee every opportunity to explain his/her complaint.

*** 2nd Meeting**
A second meeting, also held in private, involves the RM and the other employee(s) concerned in the grievance.
Based on both meetings, the RM investigates the matter and a detailed report is prepared accordingly. Immediate supervisors/managers are responsible for ensuring that the grievance is fully and fairly investigated.

*** 3rd Meeting**
This meeting brings together the RM and all parties involved in the grievance. It is held to discuss the findings of the investigation and its probable results and/or solutions. Depending on the nature and severity of the situation, the RM chooses to take one of the following actions:
- Mediation: a semi-formal approach whereby a mediator facilitates discussion between the concerned parties, allowing them to reach a mutual agreement.

In these meetings, the immediate supervisor/Manager is involved and the RM assumes the role of the mediator. A final decision regarding the resolution of the grievance is reached.
- Arbitration: an approach used in emergency situations where the nature of the grievance is very critical. The arbitrator is responsible for reaching a decision regarding the final outcome.

In these meetings, the RM assumes the role of the arbitrator and makes the final decision in coordination with the employee's immediate supervisor/Manager.
If the grievance is still not resolved at this stage, or if the employee feels that he/she has not been treated fairly, the grievance may be pursued further at the next level of Management.

Final Stage
A final written decision and response, setting out the proposed action to be taken within a set timeframe, is presented to the employee.
All employees are expected to commit to and abide by the final resolution decided, having been given various chances to resolve the issue both informally and formally. Immediate supervisors/Managers, in coordination with the RM, are responsible for ensuring that the agreed upon grievance resolution and its sustained implementation are achieved.

Acknowledgements

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The paper used for the print version of this report is from sustainable sources, largely recycled and abides by guidelines for responsible forestry. It is completely biodegradable and recyclable.