



ENGRAINING  
IMPACT

**Bank Audi**

**CSR REPORT  
2016**



**Bank Audi**

Reporting year is 2016.

The previous report is the “**CSR Report 2015: Sustaining Shared Value**” published in June 2016.

The reporting cycle is: **annual**

For information about the Report, please refer to:  
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Beirut Lebanon

This report was prepared in accordance with the GRI Standards: **Core option**.

Our GHG emissions report is audited by V4 Advisors, an external expert on the topic; and our CSR Report is internally audited by our certified auditors.

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# WELCOME

## MESSAGE FROM THE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

As Bank Audi evolves and matures in its role as a leading financial institution in the region, so does our clear vision for sustainability in the communities and environments we operate in.

Today's world requires institutions to be in constant transformation and to evolve in such a way as to meet clients' ever-changing behaviours. In parallel, customers demand more transparency than ever before, which implies a firm commitment from the brand they choose to create a relationship with. This is why digital solutions, sustainability, responsible financing, and being good citizens are key assets for successful 21st century brands, including Bank Audi.

The challenges we take on are similar to those faced by our customers. Our objective, however, is to push the boundaries even further by identifying the areas where we can bring a positive contribution: the economy, the environment, and social welfare. This is achieved by implementing effective changes on several fronts, with the ultimate goal of enabling growth and economic progress by building sustainable infrastructure and creating jobs.

Our commitment to make a positive and significant difference in people's lives has been an integral part of our culture ever since Bank Audi was founded in 1830. This is closely related to the Bank's historic thrive to create added value in the communities it is present in, and to its firm belief in revealing untapped talents. With this in mind, our "Grow Beyond Your Potential" motto drives both our employees and clients to work in synergy to realise those purposes, whether in day-to-day operations or through ongoing CSR initiatives.

Established in its present form in 1962, Bank Audi also identifies with the startup model, behaving with agility, flexibility and readiness to change, in the entrepreneurial spirit of its founders, Georges, Jean and Raymond Audi.

Taking a closer look at the Bank's purpose, I like to see our role as a four-fold commitment: empowering people, serving companies, supporting the economy and creating shareholder value.

- One of our main priorities is indeed to make people's lives better. This means helping them improve their quality of life: owning a home or a car, getting the adequate education, investing in securities or retirement plans, or any other scheme that contributes to enhancing their wellbeing. Our involvement is twice as valuable to us when it makes someone's dream come true.
- In a similar effort yet from a different perspective, we strive to give substantial added value to the business world we are part of. 2016 has reinforced our CSR impact by ensuring sustainability for SMEs in the form of a new business line aligning our strategy with the Sustainable Development Goals (SDGs) we have chosen to champion. This comes as a result of our rigorous stakeholder consultations, clearly identifying their needs and material topics. Small and medium sized enterprises are the driving force of the local economy and represent the vast majority of our corporate environment. As such, it is only fair that we do everything in our power to optimise their input and help them grow in the right direction. The scope for action is broad in this respect; it encompasses all operations that contribute, in one way or another, to the development

of SME businesses: from working capital, to credit and trade facilities, to job creation and salary domiciliation. No effort is spared to place the right tools into the right hands, and to make local and regional economies healthier and stronger.

- To be able to cater to individuals and corporations, we start from the top: public authorities that regulate Lebanon's financial landscape and that are responsible for building a sustainable infrastructure for businesses and entrepreneurship to flourish.
- Bank Audi is committed to continuously creating shareholder value and providing quality financial information, complete with all key indicators. Our recently launched Investor Relations mobile application adds more transparency and connectivity to this equation.

There is no doubt that these factors of change draw upon an essential element without which none of these initiatives would see the light: trust.

At Bank Audi, we made sure that trust is part of our ethical principles, by applying the highest standards of ethics, compliance, governance and transparency; by creating significant economic value; by unlocking potential and promoting diversity... in a word, by acting responsibly. This is where our gender equality and representation strategies come in, for instance, let alone our inclusion and volunteering programs, and our equal opportunity principles.

Our internal boldness was further emphasized by local and international partnerships that have placed us at the forefront of CSR in the region. As such, we are highly committed to the ISO 26000 and to the United Nations Global Compact, being

proud members of its local Steering Committee, as well as Gold members of the Global Reporting Initiative (GRI).

Building on all the above and backed by the numerous milestones marked in the context of our firm belief in CSR, I take pride in bringing you Bank Audi's 2016 CSR Report which gives you a glimpse of the key achievements made by the Bank in this field.

I hope you enjoy the read, and thank you for allowing us to engrain impact.

Sincerely,



Samir N. Hanna

**Chairman and Group Chief Executive Officer**

## MESSAGE OF THE HEAD OF CSR

This year marks the sixth year of our journey to embed sustainability at the core of our business and sustain our positive impact on current and future generations. **Our commitment to sustainability continues to solidify each year, and permeates all aspects of our business across the five sustainability pillars that we have identified, including best practice Corporate Governance, amplified Economic Development, balanced Community Development, energised Human Development and pre-cautionary Environmental Protection.**

Important organisational milestones for our CSR journey included 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, the adoption of GRI reporting guidance as of 2013, and adopting the principles of the UN Global Compact as of 2015.

**Our approach to sustainability is anchored in the principles of Creating Shared Value (CSV),** particularly given the context of Lebanon where the improvement of the quality of life hinges on active business involvement and participation in the context of responsible business practice and partnerships for generating, scaling and engraining positive social impact.

The recent launch of the UN Sustainable Development Goals (SDGs) opened up new opportunities for us to synchronise our efforts with broader development goals and aspirations in our attempts to create shared value while sustaining and engraining impact.

**This year has marked our pledge to five of the SDGs, in particular Decent Work and Economic Growth (SDG 8) and Industry, Innovation and Infrastructure (SDG 9) as aligned to our business strategy.**

**Additional and on-going commitments have been kept in the realm of Quality Education (SDG 4) and Gender Equality (SDG 5) in an institution that has always regarded every members of its human capital equally in dignity, appreciation and worth.**

**Finally, the role we cherish in protecting our environment innovatively through our carbon footprint microsite engaging the young generation to commit towards the pledge our nation has taken during COP 21 coupled with signing the Lebanon Climate Act in its introductory phase is also of importance to future generations and our own sustainability as Climate Action (SDG13).**

Our choice of those specific SDGs was grounded in a careful stakeholder engagement process and a synthesis exercise that helped us in mapping our five CSR pillars and the various initiatives we have under each to the SDGs that were most synchronised with our strategy. **We are thus making a concerted effort this year to link our CSR agenda with the broader SDGs, particularly in areas where we believe we can contribute in a meaningful way.**

Responsibly,

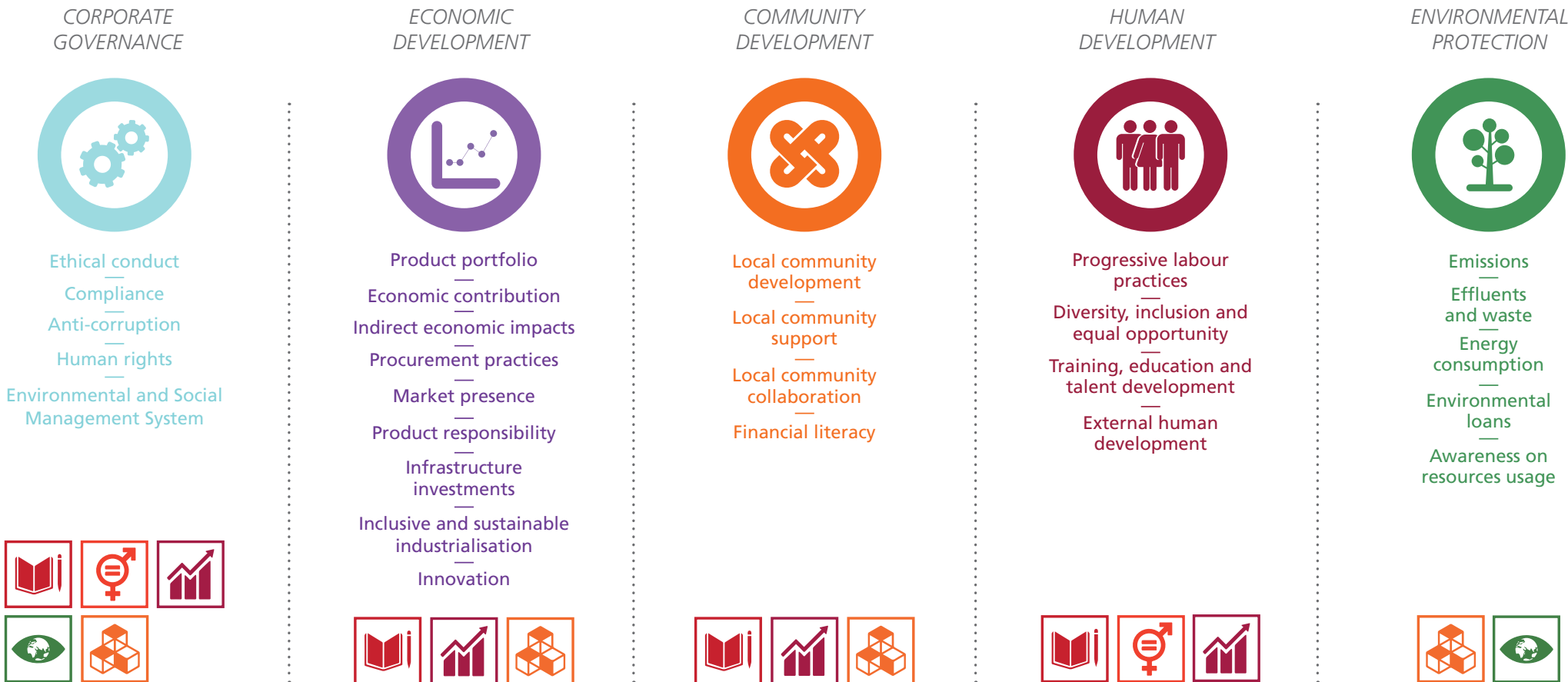


Hasmig G. Khoury  
Head of CSR



Our CSR Committee left to right: Ramzi Abou-Samah, Aziza Noujaim, Farid Lahoud, Ghina Dandan, Hasmig Khoury, Marc Audi, Maya Younis, Youssef Nizam, Jean Traboulsi, Mohamad Chamseddine.

Figure 1: Bank Audi's CSR Pillars and Material Aspects Mapped across Pledged SGD for 2016



# INTRODUCTION

Founded in Lebanon in 1830, Bank Audi sal has sustained its solid growth, building a strong legacy of excellence in banking. Headquartered in Lebanon, the Bank is currently present in 10 other countries located across Europe and the MENAT region; namely Switzerland, France, Jordan, Egypt, the Kingdom of Saudi Arabia (KSA), Qatar, Monaco, Turkey, Iraq 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, supra-national entities, international institutional investors, a large number of private investors, as well as executives and employees.

The Bank offers a full range of products and services in Commercial and Corporate Banking, Retail and Personal Banking, Private Banking and Investment Banking within a wide range of industries including manufacturing, trading, contracting, real estate development, food and beverage, education, media services, health and social services, and retailing among others.

Bank Audi, a leader among Lebanese banking groups, has further reinforced its position among the top 20 Arab banks. Main development pillars for the Group are Lebanon, Egypt, Turkey and the Private Banking business line which, together, represent more than 90% of assets and earnings. Our performance stems from a comprehensive range of financial services and a diversified market presence which represent the backbone of our sustained growth in spite of an overall challenging operating environment. The Bank's recent results faithfully reflect how sustainable strategies translate into long-term financial value. In 2016, Management

succeeded in sustaining a high resilience of the Group in its capacity to withstand adverse developments in its markets of presence, while reporting favourable growth in activity and net profits in parallel to the reinforcement of the Bank's fundamentals and of its financial flexibility. Concomitantly, our Executive Management remains determined to further enhance environmental and social goals, and sustain the financial and business achievements that contribute to socioeconomic growth and financial stability. In the future, we will continue to aspire towards remaining leaders 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.

Insignificant changes are reported in the share capital structure from 31.12.2015 to 31.12.2016, as detailed in the Bank's 2016 Annual Report.

As precautionary measures and as part of the Bank's lending activities, every credit transaction above a certain amount is subject to a risk opinion, which is issued by functions that are independent from the credit originating functions. This helps ensure that the credit transactions and resulting profile are in compliant with the Bank's credit policy and risk appetite. In line with the credit policy, the Bank refrains from financing activities that are unethical, illegal, presenting potential risks to the environment or that do not adhere to the Bank's corporate social responsibility principles. In addition, the Risk function, which is independent from business lines, provides risk opinions and sign-offs on new projects and major changes pertaining to products, processes, activities and technology before implementation in order to assess their risk levels as well as the adequacy of related controls and recommends additional ones, if and when deemed necessary.

## EXAMPLES OF BANK AUDI'S MEMBERSHIP IN BANKING ASSOCIATIONS: ASSOCIATION DES BANQUES DU LIBAN (ABL) POSITIONS HELD:

|   |                                                                                                 |    |                                                                  |
|---|-------------------------------------------------------------------------------------------------|----|------------------------------------------------------------------|
| 1 | Board of Directors:<br>Dr. Freddie Baz                                                          | 7  | Communication Committee                                          |
| 2 | Committee for Compliance and Fighting Money Laundering:<br>chaired by Mr. Chahdan Jebeyli, Esq. | 8  | Corporate Governance Committee:<br>Mr. Farid Lahoud (rapporteur) |
| 3 | Legal Committee:<br>chaired by Dr. Georges Achi                                                 | 9  | Human Resources and Social Affairs Committee                     |
| 4 | Research Studies Committee:<br>Dr. Marwan Barakat (rapporteur)                                  | 10 | Banking Terms and Conditions Committee                           |
| 5 | Investment Banks and Capital Markets Committee                                                  | 11 | Islamic Banking Committee                                        |
| 6 | Committee for Organisation, Standardisation and Information Technology                          | 12 | Banking Risk Committee                                           |

Figure 2: Our CSR Milestones

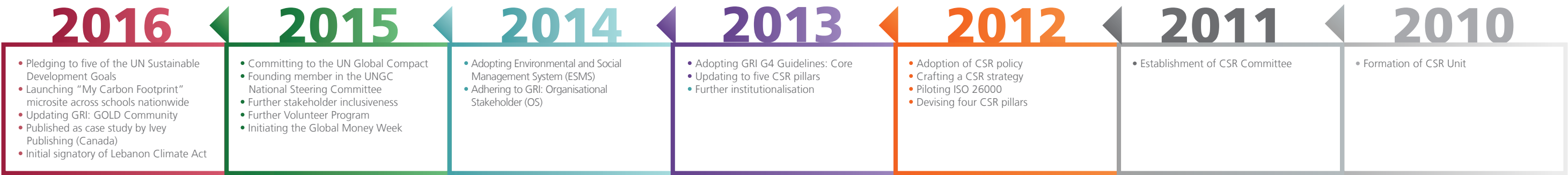


Table 1: Our Commitments and Outcomes

| PILLAR                                                                                                          | WE PLANNED                                                                                                                                                                                                                                                                                                                                           | WE ACHIEVED IN 2013                                                                                                                                                                                                | WE ACHIEVED IN 2014                                                                                                                                                                                                | WE ACHIEVED IN 2015                                                                                                                                                                                                | WE ACHIEVED IN 2016                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>CORPORATE GOVERNANCE       | Further institutionalise 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                                                                 | <ul style="list-style-type: none"> <li>179 employees attended ESMS training</li> <li>616.5 training hours on ESMS</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>286 employees attended ESMS training</li> <li>942.5 training hours on ESMS</li> </ul>                                                                                       |
| <br>ECONOMIC DEVELOPMENT       | <b>Improve our financial performance</b><br><br><b>Increase our employee base</b><br><br><b>Increase branches equipped with ramps</b><br><br><b>Increase branches in remote areas</b><br><br><b>Increase ATMs located in remote areas</b>                                                                                                            | <ul style="list-style-type: none"> <li>Total revenue: USD 640.5 million</li> <li>Total shareholders' equity and subordinated debt: USD 2.90 billion</li> </ul><br>2,890 employees<br><br>71%<br><br>14%<br><br>15% | <ul style="list-style-type: none"> <li>Total revenue: USD 689.6 million</li> <li>Total shareholders' equity and subordinated debt: USD 3.64 billion</li> </ul><br>2,989 employees<br><br>75%<br><br>15%<br><br>17% | <ul style="list-style-type: none"> <li>Total revenue: USD 836.1 million</li> <li>Total shareholders' equity and subordinated debt: USD 3.77 billion</li> </ul><br>3,130 employees<br><br>78%<br><br>17%<br><br>19% | <ul style="list-style-type: none"> <li>Total revenue: USD 1,159 million</li> <li>Total shareholders' equity and subordinated debt: USD 4.27 billion</li> </ul><br>3,323 employees<br><br>83%<br><br>23%<br><br>14% |
| <br>COMMUNITY DEVELOPMENT    | <b>Increase support to health-related causes</b><br><br><b>Provide support to culture-related causes</b><br><br><b>Improve our corporate Volunteer Program</b>                                                                                                                                                                                       | USD 520,000<br><br>USD 530,000<br><br><ul style="list-style-type: none"> <li>23 employees upon initiation of program</li> <li>284 beneficiaries</li> </ul>                                                         | USD 557,000<br><br>USD 1,470,000<br><br><ul style="list-style-type: none"> <li>150 employees</li> <li>829 beneficiaries</li> </ul>                                                                                 | USD 618,792<br><br>USD 1,300,000<br><br><ul style="list-style-type: none"> <li>228 employees</li> <li>3,617 beneficiaries</li> </ul>                                                                               | USD 773,693<br><br>USD 1,700,000<br><br><ul style="list-style-type: none"> <li>306 employees</li> <li>4,799 beneficiaries</li> </ul>                                                                               |
| <br>HUMAN DEVELOPMENT        | <b>Employee training</b><br><br><b>Increase programs aimed at supporting employee careers</b><br><br><b>Increase value of employee benefit expenditures and wellness programs</b>                                                                                                                                                                    | <ul style="list-style-type: none"> <li>2,080 employees</li> <li>72%</li> </ul><br>22<br><br>USD 18,469,000                                                                                                         | <ul style="list-style-type: none"> <li>2,345 employees</li> <li>78%</li> </ul><br>24<br><br>USD 19,358,000                                                                                                         | <ul style="list-style-type: none"> <li>2,230 employees</li> <li>71%</li> </ul><br>26<br><br>USD 20,634,341                                                                                                         | <ul style="list-style-type: none"> <li>2,343 employees</li> <li>71%</li> </ul><br>25<br><br>USD 22,621,262                                                                                                         |
| <br>ENVIRONMENTAL PROTECTION | <b>Promote products and services designed to deliver a specific environmental benefit</b><br><br><b>Increase paper recycling</b><br><br><b>Save trees</b><br><br><b>Participate in plastic recycling</b><br><br><b>Reduce total greenhouse gas (GHG) emissions</b><br><br><b>Instil environmental awareness on both internal and external levels</b> | USD 30,464,100<br><br>83 tons recycled<br><br>1,414 trees<br><br>130 kg<br><br>Previously reduced GHG emissions from 22,199.80 tCO <sub>2e</sub> to reach 21,309.90 tCO <sub>2e</sub>                              | USD 45,693,412*<br><br>104 tons recycled<br><br>1,763 trees<br><br>157 kg<br><br>21,065.60 tCO <sub>2e</sub> (5% decrease over 2 years)                                                                            | USD 26,493,246 <sup>1</sup><br><br>147 tons recycled<br><br>2,495 trees<br><br>150 kg<br><br>21,738.20 tCO <sub>2e</sub> (2.1% decrease over 3 years)                                                              | USD 8,685,027<br><br>111 tons recycled<br><br>1,888 trees<br><br>196 kg<br><br>19,976.20 tCO <sub>2e</sub> (10% decrease over 4 years)                                                                             |

\*Includes USD 30 million for two major real estate LEED certified projects.

<sup>1</sup> Includes USD 20 million for a major LEED certified project.

# OUR MATERIALITY PROCESS

Our goal in this report is to address and disclose our progress in relation to important issues that are important to our business and that our stakeholders care most about. Similar to 2015, we have taken active steps to enhance our materiality process by further bolstering and enhancing our internal and external engagement. In fact, we take pride to be an organisation that engages in open and constructive dialogue with our stakeholders and accord this feedback systematic attention in refining our CSR strategy. This meticulous materiality exercise formed the basis for defining our report content for 2016.

Our materiality process helps us identify issues that matter the most to our business and our stakeholders. Similar to previous years, we have engaged a range of internal and external stakeholders in our materiality process for 2016, capitalising on different tools and communication processes. Both sets of stakeholders are important from the perspective of the Bank, and this feedback has in fact been instrumental in helping us define and refine our CSR strategy and pin down our most salient and material issues for 2016, as well as the relevant aspect boundaries.

The main changes entailed redefining some of the main materiality issues, like adding Infrastructure Investments, Inclusive and

Sustainable Industrialisation, and Innovation under the Economic Development Pillar where recent strategic business developments were implemented. Financial Literacy was also identified as material issue and added to our Community Development Pillar. We also added Awareness on Resource Usage within our Environmental Protection Pillar as further efforts in this aspect were implemented.

Other than that, changes to our materiality issues and aspect boundaries from last year were minimal, involving simple regrouping, tinkering and refinement. This allowed us to retain the materiality issues that were considered of medium to high importance to our stakeholders, and of medium to high importance to Bank Audi. We also excluded from the Report those aspects that were considered non-material, given their lower importance and/or inapplicability to Bank Audi's operating context.

Considering that this reporting is restricted to Bank Audi Lebanon, the materiality process is relevant for all Lebanese subsidiaries, and the scope of the material aspects and their boundaries are focused on Bank Audi Group – Lebanon entity (Bank Audi sal and its Lebanon-based subsidiaries), hence excluding other entities listed in the financial Annual Report.

Figure 4: Materiality Matrix and Main Issues of Priority Concern for 2016



Figure 3: Process of Defining Material Aspects and Boundaries



Table 2: Stakeholder Consultation

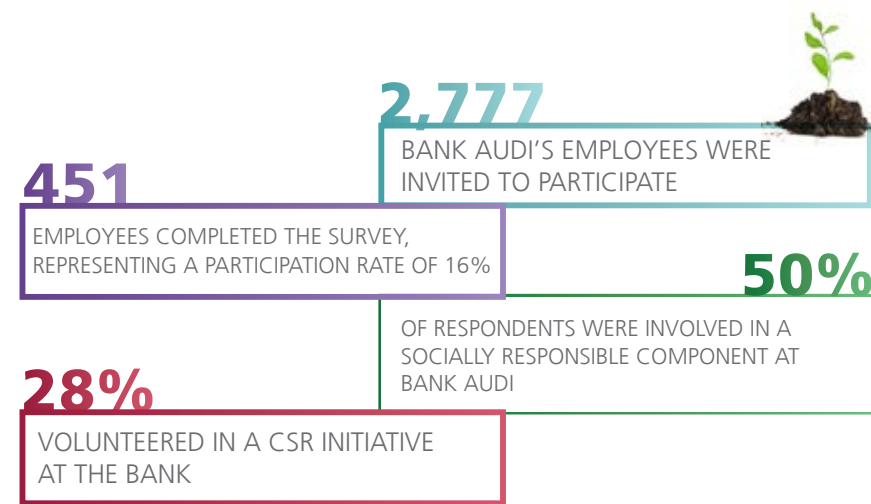
| STAKEHOLDER GROUPS                                  | STAKEHOLDERS INCLUDED AND BASIS OF SELECTION                                                                                                                                                                                                                                                                                                                               | 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.                                                                                                                             | <ul style="list-style-type: none"><li>• Newsletters</li><li>• Tailored surveys 16% (451 out of 2,777) of employees answered</li><li>• Internal communication</li><li>• Stakeholder engagement panel</li></ul> | <ul style="list-style-type: none"><li>• Conduct a feasibility study concerning the possibility of generating electricity needs from rooftop photovoltaic panels.</li><li>• Sponsor sustainable eco-friendly projects.</li><li>• Provide financial services to clients who can contribute to the SDGs.</li><li>• Organise ethical and business conduct workshops for all employees.</li><li>• Organise workshops addressed to customers.</li><li>• Give clients the opportunity to participate in CSR events.</li><li>• Include people with special needs in the workplace.</li><li>• Make branches accessible to all.</li><li>• Provide paid training opportunities at the Bank to underprivileged youth.</li><li>• Engage women in leadership programs to prepare them for Management positions.</li><li>• Provide low-interest loans for women empowerment and entrepreneurship projects.</li><li>• Provide a day care center for employees' children to help working mothers balance their jobs.</li><li>• Provide retirement pension plans to employees.</li><li>• Create an elderly day care where healthy elderly can meet with their peers and share a meal.</li><li>• Expand employee volunteering within our corporate culture.</li><li>• Ask every employee to participate in at least one CSR activity per year as per the Bank's policy.</li><li>• Organise a CSR event to which employees' children would be invited.</li><li>• Steer the Volunteer Program towards education.</li></ul> |
| 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.                                                                                                                                 | <ul style="list-style-type: none"><li>• Monthly meetings</li><li>• Workshops</li><li>• Stakeholder engagement panel</li></ul>                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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.                                                                                                                                                                                       | <ul style="list-style-type: none"><li>• Annual meetings</li><li>• Stakeholder engagement panel</li><li>• Annual reports</li></ul>                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| EXTERNAL                                            |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| SUPPLIERS                                           | Providers of services and raw materials with whom the Bank has a mutual-benefit relationship. We are keen on maintaining a close working relationship with key suppliers across different industries and we acknowledge that our suppliers are also invariably affected by the Bank's operations and policies, especially with regards to quality and integrity standards. | <ul style="list-style-type: none"><li>• Meetings</li><li>• Stakeholder engagement panel</li></ul>                                                                                                             | <ul style="list-style-type: none"><li>• Align each of the pledged 5 SDGs to specific targets.</li><li>• Organise vocational trainings that fill specific market needs, similar to Injaz modules &amp; “Roads for Life” partnership.</li><li>• Financial literacy: implement a ready-based online quiz module platform in both English and Arabic.</li><li>• Gender equality: ease new mothers' lives by making a deal with a nearby nursery.</li><li>• Gender equality: allocate a private room for nursing mothers.</li><li>• Undertake anti-corruption initiatives.</li><li>• Help SMEs access each other's services and benefit from networking opportunities.</li><li>• Make one volunteering day per year mandatory for each employee.</li><li>• Integrate employees in the Volunteer Program Committee.</li></ul> <div></div> <p>Engaging Our Stakeholders</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 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.                            | <ul style="list-style-type: none"><li>• Tailored surveys</li><li>• Meetings</li><li>• Stakeholder engagement panel</li></ul>                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| NGOs                                                | The most enduring partners of the Bank in the field of CSR, symbolising 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.                             | <ul style="list-style-type: none"><li>• Meetings</li><li>• Stakeholder engagement panel</li><li>• Various events</li><li>• Volunteer Program</li></ul>                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| REGULATORY BODIES AND INDUSTRY-RELATED ASSOCIATIONS | The official institutions that frame the regulatory boundaries of the Bank's legal operations. 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.                                                                       | <ul style="list-style-type: none"><li>• Meetings</li><li>• Stakeholder engagement panel</li><li>• Workshops</li></ul>                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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 enhance CSR in Lebanon.                                                                                                                                   | <ul style="list-style-type: none"><li>• Meetings</li><li>• Stakeholder engagement panel</li><li>• Workshops</li></ul>                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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.                                                                                                   | <ul style="list-style-type: none"><li>• Events</li></ul>                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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, while conveying and sharing our identity, programs and activities.                                       | <ul style="list-style-type: none"><li>• e-newsletters</li><li>• Interviews</li><li>• Events</li><li>• Newspaper</li><li>• Social media</li></ul>                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| JURY MEMBERS                                        | 5 different stakeholders were selected to choose the best 3 initiatives proposed by university students in the context of the university awareness competition.                                                                                                                                                                                                            | <ul style="list-style-type: none"><li>• Events</li></ul>                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

Engaging Our Stakeholders

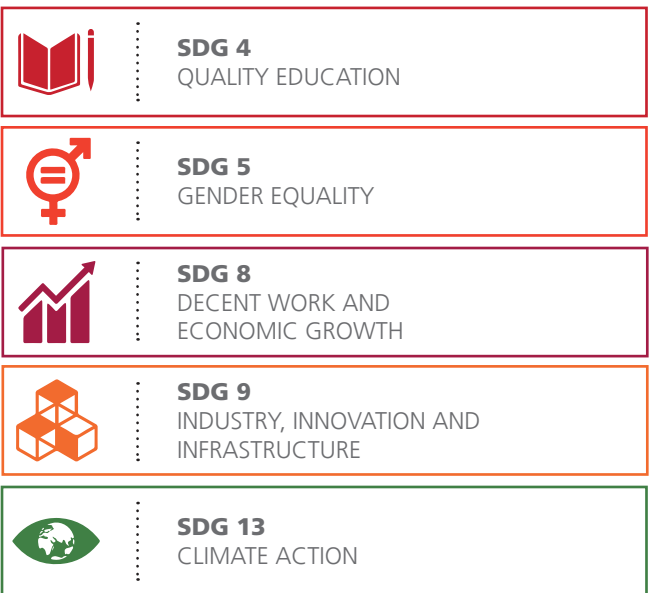
## INTERNAL STAKEHOLDER CONSULTATION

This analysis illustrates the outcomes of the survey conducted internally to measure employees' knowledge and satisfaction on a number of materiality issues related to Corporate Social Responsibility at Bank Audi.

Results showed that respondents are equally gendered, with the bulk of the respondents in the 32-45 age group and a majority tenure at an average of 5 years.

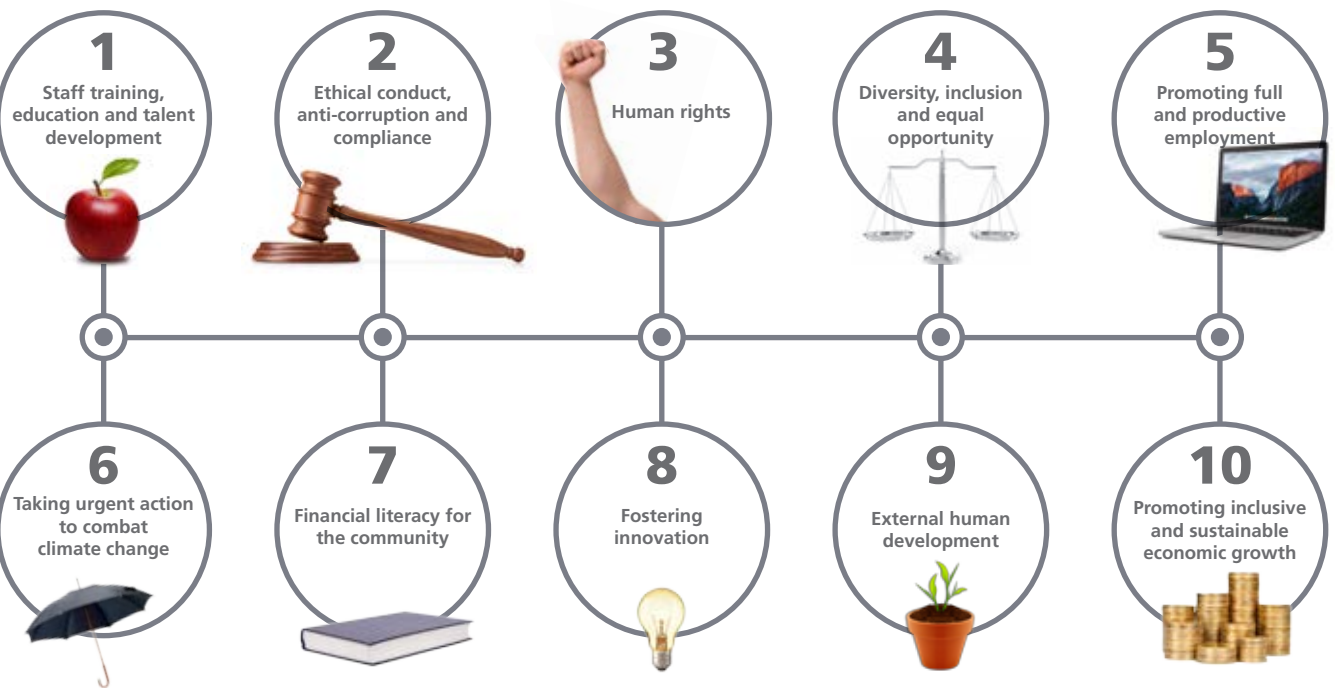


Employees ranked in priority the 5 Sustainable Development Goals (SDG) that Bank Audi has recently pledged to:



We are very much aware that sustainability issues are not properly valued or priced in the marketplace, particularly in Lebanon, and that figuring out materiality remains more of a subjective process. In defining materiality, we are mindful of the need to account for costs incurred by the Bank, but also of the positive spillovers and externalities to others in the community, the supply chain and the broader ecosystem. This assessment was at the core of the repeated deliberations of the CSR Committee and the Group Executive Committee where the materiality process and priorities are presented and discussed each year. As listed in Table 2, we have also fleshed out each material topic where impacts occur, as well as the relevance of this material topic and its boundaries to Bank Audi. We also listed and grouped each of the material topics under the corresponding sustainability pillar.

When consulted on material issues, employees responded that the Bank should mostly focus on:



## DISCLOSURE ON MANAGEMENT APPROACH

The material topics and their boundaries that have been presented above form the essence of our entire materiality process. The two key challenges invariably encountered in relation to materiality include casting the net wide enough to capture important sustainability issues and corresponding risks and opportunities, yet not exceeding a reasonably small sub-set of material issues that really matter to the company and can be managed in a consistent way.

Defining these material issues and their boundaries is at the heart of our Disclosure on Management Approach (DMA). We exercise a rigorous and elaborate process in selecting materiality issues that matter the most to our stakeholders. We also assess each of these in terms of risks and opportunities for our business, our reputation, and our finances.

Each of these issues is also evaluated annually in implications towards our business, taking into consideration the legal requirements, national priorities and international norms of behaviour within the scope of feasibility and implementation of CSR initiatives pertaining to these material issues.

Both our DMA and our reporting are guided by the values of relevance, accuracy, timeliness, comparability, reliability, clarity, balance and completeness. All these principles ensure that our approach to CSR reporting is organic and advancing dynamically to meet the changing expectations surrounding us, and that we remain true to our most cherished guiding values pertaining to transparency and civic engagement. This report is thus intended to delineate the active steps we have taken to integrate sustainability in our business using our resources efficiently and responsibly, and respecting the precautionary principle in terms of minimising risks for our stakeholders, the environment and society at large.

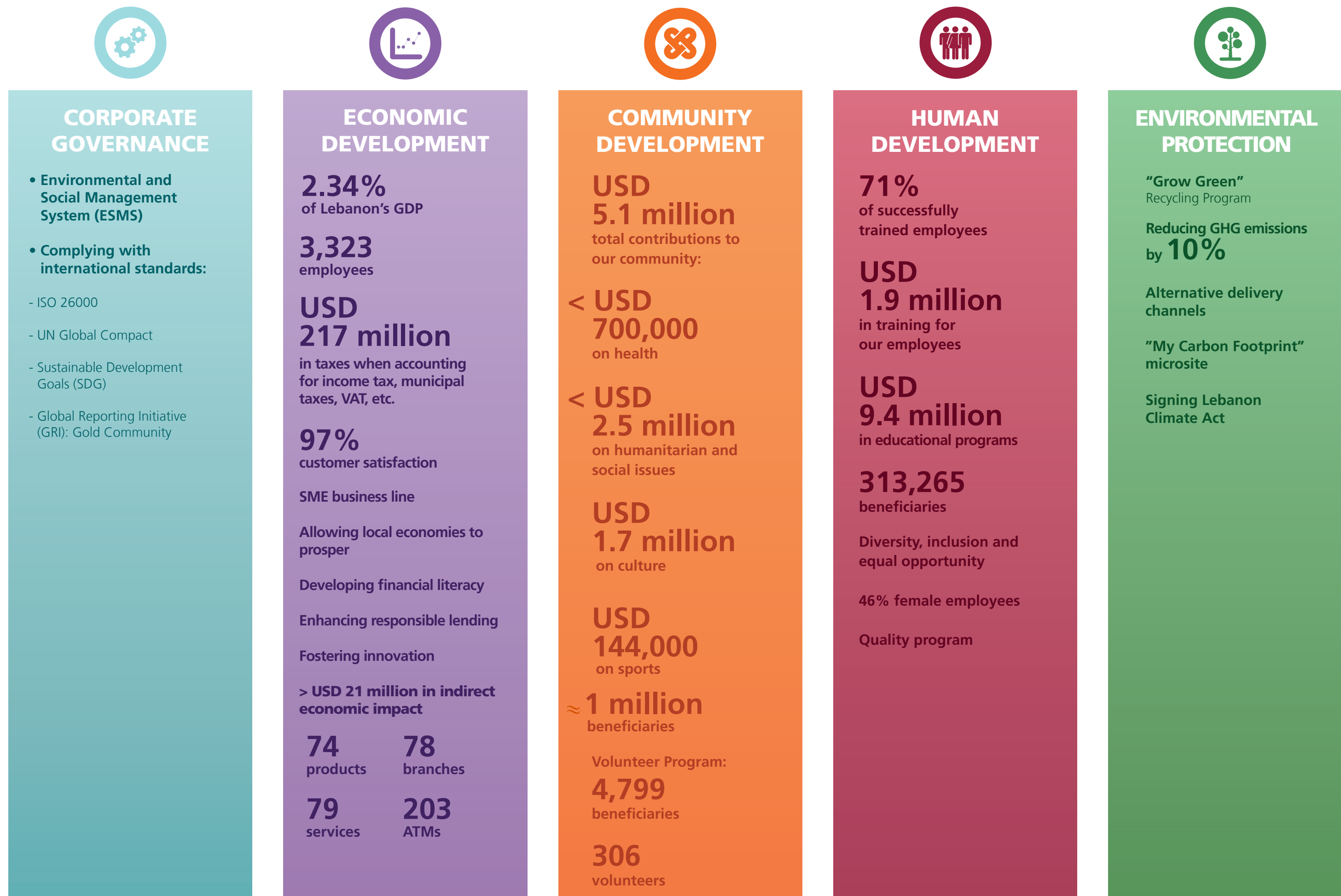
As part of our continuous improvement journey, we also revisit our DMA every year, and assess its overall effectiveness as well as potential gaps, weaknesses or shortcomings, and decide, in light of that, on any needed refinements or adjustments.

Table 3: Explanation of the Material Topics and their Boundaries

| PILLAR                                                                                                      | MATERIAL ISSUE                                         | WHERE THE IMPACT OCCURS AND MATERIAL BOUNDARIES                                                                                                                                                                                                                                                                                                           | RISKS AND OPPORTUNITIES                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>CORPORATE GOVERNANCE   | <b>Ethical conduct</b>                                 | The impacts of ethical conduct are felt primarily in relation to Corporate Governance, but also permeate every aspect of our business; hence the material boundaries extend to other aspects of the business and to the economic, social and governance aspects of sustainability.                                                                        | <ul style="list-style-type: none"> <li>To continue to uphold the highest ethical standards.</li> <li>This is not just a responsibility, but a fundamental enabler of our business success.</li> </ul>                                                                                                              |
|                                                                                                             | <b>Compliance</b>                                      | Compliance is at the core of everything we do in banking, and helps us earn and maintain the trust of our stakeholders. The impacts of compliance are felt primarily in relation to sound Corporate Governance, but the material boundaries extend to other aspects of the business and to the economic, social and governance aspects of sustainability. | <ul style="list-style-type: none"> <li>To continue to promote, refine and make more stringent all aspects of compliance.</li> <li>This is not just a responsibility but a fundamental enabler of our business success.</li> </ul>                                                                                  |
|                                                                                                             | <b>Environmental and Social Risk Management System</b> | Managing environmental and social risks can have important implications for client operations. Risk management impacts occur in Corporate Governance, but the material boundaries extend to other aspects of the business and to the economic, social and governance aspects of sustainability.                                                           | <ul style="list-style-type: none"> <li>To continue to monitor risks, particularly environmental and social risks.</li> <li>This is a fundamental enabler of business success in banking.</li> </ul>                                                                                                                |
|                                                                                                             | <b>Anti-corruption</b>                                 | In the banking context, anti-corruption takes on amplified importance, particularly in bolstering sound and effective Corporate Governance, but the material boundaries extend to other aspects of the business and to the economic, social and governance aspects of sustainability.                                                                     | <ul style="list-style-type: none"> <li>To continue to be equipped with the latest and most effective anti-corruption tools and knowledge.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success in banking.</li> </ul>                                            |
|                                                                                                             | <b>Human rights</b>                                    | Respecting human rights is at the heart of sound Corporate Governance, but the material boundaries extend to other aspects of the business and to the economic, social and governance aspects of sustainability.                                                                                                                                          | <ul style="list-style-type: none"> <li>To continue to uphold our commitments to various forms and guises of human rights principles.</li> <li>To strengthen training establishing the relevance of human rights principles in banking.</li> </ul>                                                                  |
| <br>ECONOMIC DEVELOPMENT | <b>Economic contribution</b>                           | The impacts of our direct economic performance are felt by our clients and customers, but they are also felt more broadly by the Lebanese government and society at large; hence the material boundaries extend to other aspects of the business and to the social and governance aspects of sustainability.                                              | <ul style="list-style-type: none"> <li>To continue to record solid growth and economic performance year after year, and to meet the needs of our customers and of the broader Lebanese society.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success.</li> </ul> |
|                                                                                                             | <b>Indirect economic impacts</b>                       | The indirect economic impacts are felt through nurturing entrepreneurship and innovation, and various programs that have positive indirect economic spill overs on the Lebanese economy; hence the material boundaries extend to other aspects of the business, particularly the social aspects of sustainability.                                        | <ul style="list-style-type: none"> <li>To continue to monitor indirect economic impacts through various programs that nurture entrepreneurship and innovation.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success.</li> </ul>                                  |
|                                                                                                             | <b>Market presence</b>                                 | The impacts are felt on our customers and stakeholders at large as we strive to increase our market penetration and the accessibility of our services; hence the material boundaries extend to other aspects of the business, particularly the governance and social aspects of sustainability.                                                           | <ul style="list-style-type: none"> <li>To continue to monitor indirect economic impacts through various programs that nurture entrepreneurship and innovation.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success.</li> </ul>                                  |
|                                                                                                             | <b>Product responsibility</b>                          | The impacts of our product responsibility are primarily felt in terms of indirect economic and social impacts; hence the material boundaries extend to other aspects of the business and to the social and governance aspects of sustainability.                                                                                                          | <ul style="list-style-type: none"> <li>To continue to monitor various aspects of product responsibility, and both direct and indirect economic and social impacts.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>    |
|                                                                                                             | <b>Product portfolio</b>                               | The impacts of our product portfolio are primarily felt in terms of direct economic impact, but can also have potential indirect economic and social impacts; hence the material boundaries extend to other aspects of the business and to the social and governance aspects of sustainability.                                                           | <ul style="list-style-type: none"> <li>To continue to diversify our product portfolio to meet the needs of our customers and of the broader Lebanese society.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success.</li> </ul>                                   |
|                                                                                                             | <b>Infrastructure investments</b>                      | The impacts of our infrastructure investments are primarily felt in terms of direct economic impact, but can also have potential indirect economic and social impacts; hence the material boundaries extend to other aspects of the business and to the social and governance aspects of sustainability.                                                  | <ul style="list-style-type: none"> <li>To continue to monitor infrastructure investments and their direct and indirect economic impacts.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>                              |
|                                                                                                             | <b>Inclusive and sustainable industrialisation</b>     | The impacts of inclusive and sustainable industrialisation have both direct and indirect economic, social, and environmental impacts; hence the material boundaries extend to other aspects of the business and to the social and environmental aspects of sustainability.                                                                                | <ul style="list-style-type: none"> <li>To continue to monitor inclusive and sustainable industrialisation and its direct and indirect economic impacts.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>               |
|                                                                                                             | <b>Innovation</b>                                      | The impacts of continued innovation have both direct and indirect economic, social, and environmental impacts; hence the material boundaries extend to other aspects of the business and to the governance, social and environmental aspects of sustainability.                                                                                           | <ul style="list-style-type: none"> <li>To continue to monitor innovation in all its guises, as well as its direct and indirect economic impacts.</li> <li>This is not just a material responsibility, but a fundamental enabler of our business success.</li> </ul>                                                |
|                                                                                                             | <b>Procurement practices</b>                           | The impacts of our supply chain practices are relevant in terms of minimising environmental impact, reducing inefficiency and having a positive spillover on others. This has direct and indirect economic impacts, but the material boundaries extend to other aspects of the business aspects of sustainability.                                        | <ul style="list-style-type: none"> <li>To continue to monitor various aspects of supply chain sustainability.</li> <li>This is an important and material aspect of our responsibility that we will continue to monitor over time.</li> </ul>                                                                       |

| PILLAR                                                                                                          | MATERIAL ISSUE                             | WHERE THE IMPACT OCCURS AND MATERIAL BOUNDARIES                                                                                                                                                                                                                                                                                                                         | RISKS AND OPPORTUNITIES                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>COMMUNITY DEVELOPMENT      | Local community development                | The impact of local community development is relevant in terms of strengthening the ecosystem in which our business operates; this has indirect economic impacts on our business and the material boundaries extend to other economic and environmental aspects of sustainability.                                                                                      | <ul style="list-style-type: none"> <li>To continue to invest in and monitor various aspects of local community development.</li> <li>This is an important and material aspect of our responsibility that we will continue to monitor over time.</li> </ul>                                                              |
|                                                                                                                 | Local community support                    | The impact of local community support is relevant in terms of strengthening the ecosystem in which our business operates; this has indirect economic impacts on our business and the material boundaries extend to other economic and environmental aspects of sustainability.                                                                                          | <ul style="list-style-type: none"> <li>To continue to invest in and support various aspects of local community development.</li> <li>This is an important and material aspect of our responsibility that we will continue to monitor over time.</li> </ul>                                                              |
|                                                                                                                 | Local community collaboration              | The impact of local community collaboration is relevant in terms of strengthening the ecosystem in which our business operates; this has indirect economic impacts on our business and the material boundaries extend to other economic and environmental aspects of sustainability.                                                                                    | <ul style="list-style-type: none"> <li>To continue to invest in and support various aspects of local community development.</li> <li>This is an important and material aspect of our responsibility that we will continue to monitor over time.</li> </ul>                                                              |
|                                                                                                                 | Financial literacy                         | The impact of financial literacy is relevant in terms of strengthening the ecosystem in which our business operates, and is strategically important and relevant to our business with both direct and indirect economic impacts; the material boundaries extend to economic and social aspects of sustainability.                                                       | <ul style="list-style-type: none"> <li>To continue to invest in and support various aspects of financial literacy.</li> <li>This is an important and material aspect of our responsibility that we will continue to monitor over.</li> </ul>                                                                            |
| <br>HUMAN DEVELOPMENT         | Employment practices                       | The impact of progressive employment practices is relevant to all aspects of human resources management and development; this has both direct and indirect economic impacts on our business and the material boundaries extend to other economic, social, and governance aspects of sustainability.                                                                     | <ul style="list-style-type: none"> <li>To continue to invest in and monitor various aspects of progressive employment practices.</li> <li>This is not just a material responsibility but a fundamental enabler of our business success.</li> </ul>                                                                      |
|                                                                                                                 | Diversity, inclusion and equal opportunity | The impact of diversity and equal opportunity is relevant to all aspects of diversity, inclusion and equal opportunity; this has both direct and indirect economic impacts on our business and the material boundaries extend to other economic, social, and governance aspects of sustainability.                                                                      | <ul style="list-style-type: none"> <li>To continue to invest in and monitor various aspects of diversity, inclusion and equal opportunity.</li> <li>This is not just a material responsibility but a fundamental enabler of our business success.</li> </ul>                                                            |
|                                                                                                                 | Training education and talent development  | The impact of training, education and talent development is relevant to all aspects of human resources management, development and training, as well as to education and talent development; this has both direct and indirect economic impacts on our business and the material boundaries extend to other economic, social, and governance aspects of sustainability. | <ul style="list-style-type: none"> <li>To continue to invest in and monitor various aspects of training, education and talent development.</li> <li>This is not just a material responsibility but a fundamental enabler of our business success.</li> </ul>                                                            |
|                                                                                                                 | External human development                 | The impact of external human development is relevant in terms of strengthening the ecosystem in which our business operates and nurturing a pipeline of talent for our business and the larger economy; this has indirect economic impacts on our business and the material boundaries extend to other economic and social aspects of sustainability.                   | <ul style="list-style-type: none"> <li>To continue to invest in talent development and other forms of external human development.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>                                          |
| <br>ENVIRONMENTAL PROTECTION | Emissions                                  | Monitoring the impact of emissions is relevant in terms of our environmental responsibility and staying true to the precautionary principle; this has indirect economic impacts on our business over time and the material boundaries extend to other economic and environmental aspects of sustainability.                                                             | <ul style="list-style-type: none"> <li>To continue to invest in emissions control and minimise the impact of emissions and carbon footprint.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>                               |
|                                                                                                                 | Effluents and waste                        | Monitoring the impact of effluents and waste is relevant in terms of our environmental responsibility and staying true to the precautionary principle; this has indirect economic impacts on our business over time and the material boundaries extend to other economic and environmental aspects of sustainability.                                                   | <ul style="list-style-type: none"> <li>To continue to invest in monitoring the impacts of effluents and waste and how they affect environmental aspects of responsibility.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul> |
|                                                                                                                 | Energy consumption                         | Monitoring the impact of energy consumption is relevant in terms of our environmental responsibility and staying true to the precautionary principle; this has indirect economic impacts on our business over time and the material boundaries extend to other economic and environmental aspects of sustainability.                                                    | <ul style="list-style-type: none"> <li>To continue to invest in energy savings and monitor various aspects of energy consumption across the Bank's operations.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>             |
|                                                                                                                 | Environmental loans                        | Extending environmental loans and supporting a greener economy is relevant in terms of our environmental responsibility and staying true to the precautionary principle; this has indirect economic impacts on our business over time and the material boundaries extend to other economic and environmental aspects of sustainability.                                 | <ul style="list-style-type: none"> <li>To continue to invest in environmental loans at reduced interest rates that benefit a greener economy.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>                              |
|                                                                                                                 | Awareness on resources usage               | Extending awareness on resource usage is relevant in terms of our environmental responsibility and staying true to the precautionary principle; this has indirect economic impacts on our business over time and the material boundaries extend to other economic and environmental aspects of sustainability.                                                          | <ul style="list-style-type: none"> <li>To continue to invest in building awareness on the usage of resources and reducing our carbon footprint.</li> <li>This is an important and material aspect of our responsibility that we will continue to invest in and monitor over time.</li> </ul>                            |

Figure 5: CSR at a Glance at End 2016



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# Corporate Governance

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ENGRAINING RESPONSIBLE PRACTICES





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 to remain the most

cherished and trusted partner in banking, whether in the eyes of internal or external stakeholders.

## ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

During 2016, **the Bank has taken additional steps to ensure the appropriate management of Environmental and Social (E&S) risks** in its Corporate and Commercial Banking activities through the implementation of its Environmental & Social Management System (ESMS). As part of our ongoing commitment to managing these risks, an in depth E&S risk management training was held in collaboration with E&S experts from the International Finance Corporation (IFC), in order to further strengthen our internal organisational capacity. The training provided a comprehensive overview of key E&S risk management concepts: the IFC Performance Standards and how they should be applied in supporting the Bank's credit decision-making during loan appraisal, as well as an insight into the international and national context for sustainable banking. The training was attended by 39 staff members.

Additional improvements include an updated E&S risk review documentation based on observations made since our initial implementation of the Bank's ESMS in 2014. We updated the Bank's internal guidelines for categorising E&S risk, as well as the review summary documentation associated with transaction E&S risk reviews.

**These changes were made in an effort to streamline the process, while at the same time ensuring that all transactions within scope of E&S risk review were reviewed according to the required standards.**



Table 4: Transaction E&S Risk Statistics

| E&S Risk Categorisation* | Number of Reviews |
|--------------------------|-------------------|
| A                        | 35                |
| B                        | 79                |
| C                        | 184               |
| <b>Total</b>             | <b>298</b>        |

\*As per IFC definitions for E&S Risk Categorisation.

286

EMPLOYEES ATTENDED TRAININGS ON ENVIRONMENTAL TOPICS/ISSUES



BDL ENERGY INCENTIVES – NEEREA LOANS: HIGHEST MARKET SHARE =

27%



942

TRAINING HOURS WERE SPENT ON ENVIRONMENTAL TOPICS/ISSUES



Table 5: Sustainable Finance Stats

| PROJECT NAME/SECTOR                                                       | VALUE FINANCED (USD) | TYPE OF ENVIRONMENTAL BENEFIT |                                                      |
|---------------------------------------------------------------------------|----------------------|-------------------------------|------------------------------------------------------|
| NEW LOANS WITH ENVIRONMENTAL AND/ OR SOCIAL BENEFITS PROVIDED DURING 2016 |                      |                               |                                                      |
| REAL ESTATE                                                               | 1,237,624            | 1 Loan                        | Energy efficiency*                                   |
| RESTAURANT                                                                | 337,668              | 1 Loan                        | Planting trees*                                      |
| FLEXIBLE PACKAGING INDUSTRY                                               | 1,557,426            | 2 Loans                       | Absorption chiller solution*                         |
| FOOD PRODUCTS AND BEVERAGES                                               | 152,475              | 1 Loan                        | Renewable energy: solar PV*                          |
| WAREHOUSE AND TRANSPORT SERVICES                                          | 742,574              | 1 Loan                        | Energy efficiency*                                   |
| HOTEL                                                                     | 122,772              | 1 Loan                        | Led lighting project*                                |
| INDIVIDUALS                                                               | 114,521              | 4 Loans                       | Renewable energy: solar PV*                          |
| MUSICAL INSTRUMENTS TRADING                                               | 481,848              | 1 Loan                        | Renewable energy: solar PV*                          |
| FARM                                                                      | 45,050               | 1 Loan                        | Renewable energy: solar PV*                          |
| COMMERCIAL MALL                                                           | 1,393,069            | 1 Loan                        | LED retrofit lighting project*                       |
| WASTE RECYCLING / MUNICIPAL SOLID WASTE TREATMENT                         | 2,500,000            | 2 Loans                       | Waste to energy & zero waste solutions (no landfill) |
| TOTAL                                                                     | 8,685,027            | 16 LOANS                      |                                                      |

\*These financings constitute a particular financial product, namely "Green Loans" under the NEEREA and LEA mechanism, which are subsidised by the Central Bank of Lebanon (BDL). Such loans are submitted for review by the LCEC prior to their approval by BDL. The remaining loan, while not specifically a Green Loan financial product, constitutes financing provided with an environmental benefit.

## ANTI-CORRUPTION

In 2016, we extended greater efforts to strengthen our various controls over operational, compliance, anti-money laundering and regulatory measures. Our Group's Anti-Money Laundering & Combating the Financing of Terrorism policy (AML/CFT) 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. We also strive to comply with the international standards and best practices set by the international organisations and recommendations placed by major global correspondent banks.

Anti-bribery and corruption is addressed in the Group AML/CFT policy and the Group Code of Ethics and Conduct. **A stand-alone policy relating to anti-bribery and corruption is established in Bank Audi entities if required by applicable laws or regulatory authorities.**

**In line with international best practices and the evolving standards of global banks, especially in the U.S., the Group will enhance and further elaborate on directives relating to anti-bribery and corruption.**

During 2016, Bank Audi worked closely with the Lebanese Banking Association on drafting an ABC manual which was reviewed by Deloitte and is supposed to be distributed to banks by Q2 2017.

The Central Bank's 2012 Circular 126 stipulates that we should be fully informed of the laws and regulations governing our correspondents abroad, and deal with the latter in conformity with the laws, regulations, procedures, sanctions and restrictions adopted by international legal organisations or by the sovereign authorities in the correspondents' home countries.



Table 6: Anti-corruption Related Training

|      |                   | ANTI-CORRUPTION<br>TRAINING | TOTAL EMPLOYEES<br>ELIGIBLE FOR TRAINING | PERCENTAGE |
|------|-------------------|-----------------------------|------------------------------------------|------------|
| 2016 | EMPLOYEES         | 1,133                       | 2,603                                    | 44%        |
|      | MIDDLE MANAGEMENT | 259                         | 680                                      | 38%        |
|      | SENIOR MANAGEMENT | 15                          | 40                                       | 38%        |
|      | TOTAL EMPLOYEES   | 1,407                       | 3,323                                    | 40%        |
| 2015 | EMPLOYEES         | 1,009                       | 2,511                                    | 40%        |
|      | MIDDLE MANAGEMENT | 276                         | 584                                      | 47%        |
|      | SENIOR MANAGEMENT | 12                          | 35                                       | 34%        |
|      | TOTAL EMPLOYEES   | 1,297                       | 3,130                                    | 40%        |
| 2014 | EMPLOYEES         | 1,205                       | 2,434                                    | 49%        |
|      | MIDDLE MANAGEMENT | 214                         | 474                                      | 45%        |
|      | SENIOR MANAGEMENT | 31                          | 81                                       | 38%        |
|      | TOTAL EMPLOYEES   | 1,450                       | 2,989                                    | 48%        |
| 2013 | EMPLOYEES         | 1,342                       | 2,010                                    | 67%        |
|      | MIDDLE MANAGEMENT | 396                         | 500                                      | 79%        |
|      | SENIOR MANAGEMENT | 5                           | 26                                       | 19%        |
|      | TOTAL EMPLOYEES   | 1,743                       | 2,536                                    | 68%        |

ETHICAL CONDUCT

Our Code of Ethics and Conduct clearly upholds the principle of non-discrimination and of maintaining a violence and harassment-free workplace. We are very proud not to have any significant laws or regulation breaches, or any fines imposed on our activities.

COMPLIANCE

Our compliance culture and processes are reinforced every year, in line with the organisation’s broader strategic goals. The most common compliance risks we face have to do with data privacy and corruption which we manage very closely. The stringent requirements, restrictions and guidelines we have in place are important to sustain the soundness and integrity of our financial

system, and to maintain the cherished trust of our employees and customers. In this respect, we recently embraced BDL Circular 134 (which came into effect as of October 2015) which emphasises the importance of transparency, one of Bank Audi’s guiding core values. Circular 134 focuses on the customer’s rights and duties, such as providing positive or negative feedback, for instance.

HUMAN RIGHTS

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

As businesses, we need to demonstrate that we are aware of human rights. Clearly, human rights are a global issue. We should not presuppose that we have no impacts just because we operate in an area where human rights are not part of the daily lingo. Interestingly, they could and should become part of our language again.

In due diligence on this topic, and by participating in the ILO’s recent project on “Decent Work for Domestic Workers”, Bank Audi voluntarily collaborated to raise awareness among its employees on the rights of domestic workers with the aim to ensure decent working conditions, as well as provide important insights on the perspectives of employers with the goal of continuous improvement in the living and working conditions of this most vulnerable group.

Similarly, with the right to privacy, any company should know that they have potential adverse impacts on this human right, whether it is handling data, registering or using information on customers.

260

NEWLY HIRED EMPLOYEES ATTENDED A PRESENTATION ON HUMAN RIGHTS, TRANSLATING INTO



271 HOURS

HOURS OF COVERAGE OF HUMAN RIGHTS TOPICS INCLUDING SPECIAL TRAINING ON DECENT WORK FOR DOMESTIC WORKERS



# SPECIAL FEATURE STORY

## UNGC & SDGs

The Sustainable Development Goals consist of a 15-year roadmap to building a more sustainable future via 17 ambitions ranging from ending poverty to tackling climate change and building strong institutions to bring about peace and justice driven by the United Nations as part of "Transforming our World: the 2030 Agenda".

The private sector must align their core business to the SDGs to achieve a sustainable future, in partnership with governments, the private sector, the civil society and citizens alike, to make sure we leave a better planet for future generations.

The first step is to choose your battles based on expertise and the main focus of operation. Bank Audi chose five SDGs to pledge upon:



### GOAL 4 QUALITY EDUCATION

Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all.



### GOAL 5 GENDER EQUALITY

Achieve gender equality and empower all women and girls.



### GOAL 8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



### GOAL 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.



### GOAL 13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

These are cross-cutting SDGs that we thought we could focus on based on what we do, and actually make an impact since they are in line with our core values and relevant to our CSR strategy and its five pillars. The SDGs give us a structured approach to assess whether our transactions are socially positive or not. These identified strategic priorities ensure that Bank Audi's goals will include opportunities to make positive contributions to the SDGs and across our value chain.

KPIs help us monitor progress towards each of the SDG's targets. SDGs encourage collaboration, hence our role as part of the UNGC National Network Steering Committee – Lebanon, and working together. This is a social challenge, an industry challenge that no company is capable of solving on its own.

Hence the announcement of our commitment to the selected SDGs during the workshop organised by the local chapter of the UNGC "Lebanon Collaboration for the SDGs" in November 2016, and the presentations by our panel of experts within each scope.

Mrs. Naimee Louis, Human Capital Manager, stressed the importance of the Training and Development Program in which USD 3 million were invested last year, benefiting 70% of employees over 113,000 hours. Not to mention other employee development programs like the Talent Management Program and the Training Academy; Management development programs like the Corporate Academy; the Bank's many well-being activities like team building events, sports competitions, and "Enrich" sessions; and the Pro-family sponsorship program which targets employees' high performing children. Meanwhile, the Bank's internal structure reflects its respect of equality, with a staff composed of 54% males and 46% females, and with a 20% female board member representation.

Furthermore, Mr. Hassan Sabbah, Head of SME, discussed the vital role of SMEs in Lebanon's economy where 90% of enterprises are SMEs, employing 82% of the private sector workforce. It is worth mentioning that LBP 1 trillion investment in SMEs is currently being rolled out, which would potentially increase Lebanon's GDP by 0.65%, create 4,797 new job opportunities and reduce loan dollarization by 0.9%.

Finally, Mr. Jean Traboulsi, Head of Marketing and Communications, described Bank Audi's work on Climate Action. Our "Grow Green" initiative, which was launched in 2012 and encouraged employees to recycle different materials, allowed the Bank to save up to 8,338 trees and reduce GHG emissions by 2.1%. Bank Audi has thus proven, time and time again, that the community and the environment are considered a vital asset.

As a result, the Bank has partnered with several institutions and NGOs like the UNDP, the Ministry of the Environment, Solicar, Microsoft, and arcenciel. The Bank has also supported Earth Hour, Earth Day, signed Lebanon's Climate Act, and launched the "My Carbon Footprint" competition. To end the presentation, Mr. Traboulsi confirmed that Bank Audi shall continue to evolve its CSR strategy to adopt more responsible solutions toward greener banking.



UNGC Workshop 'Lebanon Collaboration for the SDGs'



# Economic Development

PROMOTING INNOVATIVE APPROACHES





ECONOMIC DEVELOPMENT

Consistent with our philosophy of Creating Shared Value, we have continued to magnify our social impact by leveraging the full power of our business to work with different stakeholders and contribute to a more resilient and stable economy. By creating manifold economic opportunities, providing access to finance and innovation, and adapting to the needs of the marketplace and the local economy, we have made significant strides under this pillar.

ECONOMIC CONTRIBUTION

Our economic contributions also go a long way towards stimulating entrepreneurship and job creation through various tailored initiatives targeting start-ups and SMEs.

Table 7: Economic Contribution\*

|                                                  | 2013                       | 2014                       | 2015                       | 2016                       |
|--------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| TOTAL NUMBER OF EMPLOYEES                        | 2,890                      | 2,989                      | 3,310                      | 3,323                      |
| TOTAL NUMBER OF OPERATIONS                       | 43,905,550                 | 47,225,446                 | 52,309,613                 | 55,697,141                 |
| TOTAL OPERATING INCOME                           | USD 640.5 million          | USD 689.6 million          | USD 836.1 million          | USD 1,159 million          |
| TOTAL SHAREHOLDERS' EQUITY AND SUBORDINATED DEBT | USD 2.9 billion            | USD 3.64 billion           | USD 3.77 billion           | USD 4.27 billion           |
| TOTAL NUMBER OF PRODUCTS AND SERVICES            | 50 products<br>73 services | 72 products<br>73 services | 72 products<br>74 services | 74 products<br>79 services |

\*Excluding consolidation adjustments.

Table 8: Direct Economic Contribution\*

|                                                                                                                            | 2013             | 2014              | 2015              | 2016              |
|----------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|
| TAXES <sup>1</sup>                                                                                                         | USD 40 million   | USD 52 million    | USD 48 million    | USD 63 million    |
| ECONOMIC SPONSORSHIPS<br><i>(creating job opportunities/enhancing innovation/<br/>allowing local economies to prosper)</i> | > USD 900,000    | > USD 535,000     | USD 920,990       | USD 825,990       |
| ASSETS FOR LEBANON GROUP                                                                                                   | USD 20.8 billion | USD 24.5 billion  | USD 25.8 billion  | USD 29.81 billion |
| ASSETS FOR LEBANON GROUP WHEN ACCOUNTING FOR FIDUCIARY DEPOSITS                                                            | USD 19.1 billion | USD 29.4 billion  | USD 30.7 billion  | USD 35.7 billion  |
| TOTAL OPERATING EXPENSES                                                                                                   | USD 600 million  | USD 372.6 million | USD 394.5 million | USD 462.5 million |
| INCOME TAXES <sup>1</sup>                                                                                                  | USD 42 million   | USD 30 million    | USD 64 million    | USD 136 million   |
| PERSONAL INCOME TAXES FROM EMPLOYEES' SALARIES <sup>1</sup>                                                                | USD 12 million   | USD 13 million    | USD 18 million    | USD 18 million    |
| EMPLOYEE SALARIES                                                                                                          | USD 81 million   | USD 90 million    | USD 101 million   | USD 123 million   |

<sup>1</sup> For Bank Audi sal.

\*Excluding consolidation adjustments.

|                                        | 2013           | 2014           | 2015           | 2016              |
|----------------------------------------|----------------|----------------|----------------|-------------------|
| SOCIAL SECURITY CONTRIBUTIONS          | USD 13 million | USD 14 million | USD 14 million | USD 16 million    |
| TOTAL LOANS WITH LOW INTEREST RATES    | N/A            | USD 50,843,000 | USD 49,225,098 | USD 43,417,466    |
| TOTAL BENEFICIARIES OF KAFALAT LOANS   | N/A            | 437            | 460            | 515               |
| KAFALAT LOANS/YEAR                     | N/A            | N/A            | USD 11 million | USD 11.88 million |
| BENEFICIARIES OF KAFALAT LOANS/YEAR    | N/A            | N/A            | 66             | 60                |
| SANAD LOANS                            | N/A            | USD 18,094,123 | USD 15,417,695 | USD 17,331,895    |
| BENEFICIARIES OF SANAD LOANS           | N/A            | 149            | 163            | 110               |
| TOTAL CONTRIBUTIONS OF LEBANON'S GDP   | 1.7%           | 1.80%          | 1.81%          | 2.34%             |
| BDL CIRCULAR 331 DISBURSED INVESTMENTS | N/A            | USD 11 million | USD 26 million | USD 41 million    |
| SUPPORT EVENTS AND ASSOCIATIONS        | USD 617,003    | USD 265,431    | USD 489,085    | USD 548,000       |

INDIRECT ECONOMIC IMPACTS



ASSOCIATION FOR THE DEVELOPMENT OF RURAL CAPACITIES (ADR)

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 organisation established in 1998 with a mission to empower and integrate marginalised 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 2016, our program outreach was at **37%** for women entrepreneurs, with **193** beneficiaries who received loans for an amount of **USD 429,552**, and **49%** of our total borrowers aged between **18** to **35** years old and who received loans for **USD 505,456**.

| ADR                     | 2013 | 2014 | 2015 | 2016 |
|-------------------------|------|------|------|------|
| NUMBER OF BENEFICIARIES | 365  | 327  | 477  | 523  |



BADER



Bader is a cofounder of Speed@BDD, alongside venture capital funds MEVP/Impact and Berytech, as well as the Lebanon For Entrepreneurs (LFE) initiative. Speed@BDD is a cutting-edge startup accelerator that was launched in August 2015, filling a crucial need in the ecosystem to provide support for idea-stage tech startups by providing significant cash and in-kind services to new entrepreneurs. Speed@BDD aims at attracting and nurturing the next top tech companies in the MENA region.

Moreover, and with a view to helping the youth develop technical skills that are increasingly required by the job market, Bader co-founded SE Factory in mid-2015, an intensive coding bootcamp to train young programmers on necessary technical, practical and soft skills needed to become professional software engineers. **With a target launch in Q1 2016, SE Factory aims at helping alleviate the strong shortage of such skillset witnessed by local tech companies.**

GROW MY BUSINESS



A fifth edition of this initiative was rolled out in 2016, in collaboration with the Beirut Traders Association and the MIT Enterprise Forum for the Pan Arab region and in partnership with Bank Audi. In 2016, the number of participating entrepreneurs reached 50.

The winner, Smarke SAL, was awarded a LBP 50,000,000 (approximately USD 33,000) prize courtesy of Bank selection of Lebanese small and medium companies develop plans for their businesses to grow and submit them to a jury composed of prominent figures from the economic and industrial scene.

The top 15 candidates then attended a workshop organised by academics and experts from various fields, and focusing on how to develop a successful business plan. After that, all 15 business plans were submitted to a qualified jury who chose the 5 best candidates and assessed them through final oral presentations, which in turn resulted in the final vote.

Mr. Marc Audi, Country Manager Lebanon, reiterated “the Bank’s commitment to investing in young talents who are living proof that competence is the key to success.” He also highlighted “Bank Audi’s attachment to initiatives involving SMEs, which are the engine of the Lebanese economy,” and its sensitivity to this issue which has “led the Bank to create a new SME business line, and to develop special programs which target these companies and are in the process of being launched soon.” He concluded: “Our participation in such initiatives is an additional testimony of our dedication to make every necessary effort for the development of Lebanese businesses which play a major role in the blooming of the national economy.”

Mr. Nicolas Chammas, Chairman of the Beirut Traders Association, seized the opportunity to stress that, since its launch, “the purpose of this competition is to give a tangible added value to small and medium-sized companies, to uplift the professional standards of the commercial sector as a whole, and to contribute to the sustainable development of the national economy.” He also pointed out that, “like in the previous years, this year’s applications continued to reflect very interesting profiles of emerging young companies and entrepreneurs in Lebanon coming from a wide array of sectors”, and that “the quality of the business plans received translated the excellent results of the high calibre workshop that was offered to semi-finalists.”

Mrs. Salam Yamout, Board member of the MIT Enterprise Forum – Pan Arab Region, who represented Mrs. Hala Fadel (Chair) at the event, added: “We are closing on five years of successful collaboration between BTA, MIT Enterprise Forum – Pan Arab Region and Bank Audi, to scale Lebanese companies regionally and sometimes globally, at a time when they are facing many challenges on the local market.”

Smarke is a hardware software concept that allows people to lock, unlock and open their door locks using their mobile phones. The hardware is plugged in on existing cylinder based locks and is administered by Smarke mobile app.



Grow My Business Winner ‘Smarke SAL’.

ASSOCIATION MAAK



We likewise extended our support to Association Maak (NGO), which **benefitted 39 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.

INFRASTRUCTURE INVESTMENTS

Lebanon gets USD 65M Loan for Electricity Relay Stations  
March 12, 2016 – The Daily Star

Lebanon received a USD 65 million loan from Bank Audi to raise the capacity of three electricity relay stations to 490MW. The agreement was signed by Finance Minister Ali Hasan Khalil and Raymond Audi, Chairman of the Bank, to finance work at the electrical relay stations serving Beirut’s southern suburbs and Tripoli.

Khalil said that the loan agreement with Bank Audi comes under the framework of Law 181 pertaining to financing electricity projects in Lebanon. “These are very important projects and will allow different regions to benefit from electricity production.” He underscored the

importance of securing funds to complete all the approved projects. Total electricity production in Lebanon ranges between just 1,400 to 1,600 MW. However, experts say the country needs over 2,400 MW of electricity to end chronic power rationing and allow 24-hour service. The state-owned Electricité du Liban applies severe electricity cuts in most parts of the country due to the limited output capacity of the country’s aging power plants.

Khalil said there is solid cooperation between the public and private sectors, noting that after long discussions in the Cabinet, the ministers authorizsd the Finance Ministry to sign the loan agreement with Bank Audi.

Table 9: Infrastructure Investments

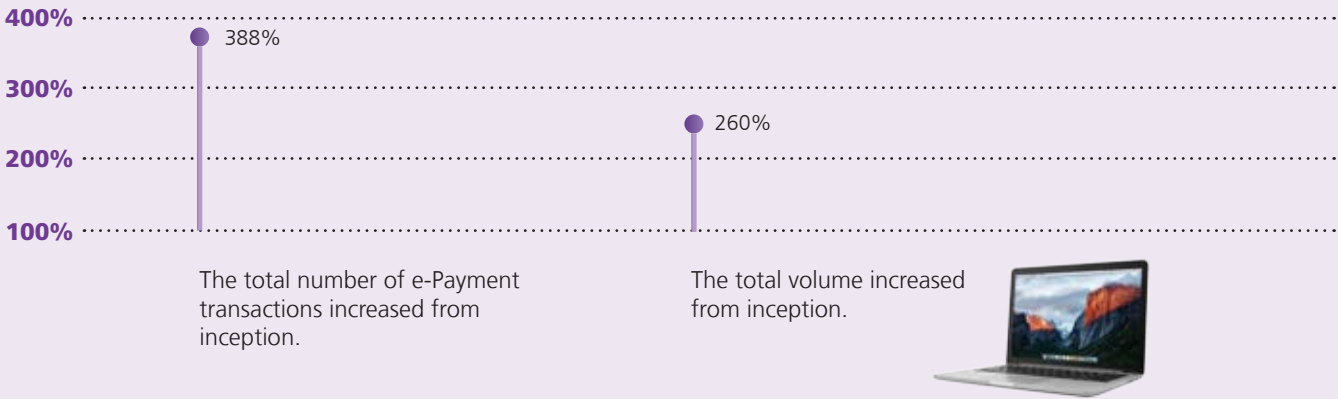
This table exposes some of the internal infrastructure business investments made which will impact our support in services to the communities that are in the direct vicinity.

| PROJECT                | DESCRIPTION                                                                                                                                           | COST           | INVESTMENT     |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| M1 head office         | New head office building                                                                                                                              | USD 12,106,000 | Infrastructure |
| Sassine branch         | Relocated to a new location portraying the new corporate identity                                                                                     | USD 6,230,350  | Commercial     |
| Ramlet El Bayda branch | New branch                                                                                                                                            | USD 696,413    | Commercial     |
| Jdeideh branch         | New branch                                                                                                                                            | USD 750,000    | Commercial     |
| BDD Novo branch        | New e-branch at Beirut Digital District offering the latest banking technologies                                                                      | USD 220,000    | Commercial     |
| Kfour data centre      | Esthetic finishing works of stone cladding and roof brick tiling for the generators hangar, providing a traditional look building in the neighborhood | USD 155,000    | Infrastructure |
| Tyre regional          | New regional Management                                                                                                                               | USD 222,000    | Commercial     |
| Hazmieh regional       | Relocated to new premises                                                                                                                             | USD 171,000    | Commercial     |
| SME Dekweneh           | New premises to cater for small and medium enterprises                                                                                                | USD 123,000    | Commercial     |
| SME Hazmieh            | New premises to cater for small and medium enterprises                                                                                                | USD 125,000    | Commercial     |
| SME Ghobeiry           | New premises to cater for small and medium enterprises                                                                                                | USD 46,000     | Commercial     |



## PRODUCT PORTFOLIO

We continue to build our product portfolio to provide the best services integrating the latest innovations and technologies.



**Bank Audi**  
novo  
branches

### NOVO

Over the past years, significant efforts were made to render our products accessible and convenient to all customers through enhanced services including ATMs, ITMs and Novo branches which are all easily accessible. 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 to process 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 offering a variety of digital banking solutions in our existing branches, such as self-service and e-sections. These services will enable customers to complete their banking transactions any time of day and without any assistance, and will ultimately reduce waiting times at counters and unnecessary delays.



### BDL ACCELERATE 2016

True to its reputation as "the most innovative bank in Lebanon", Bank Audi was a proud partner in the third edition of the Central Bank of Lebanon's "BDL Accelerate", the biggest banking conference in the Mediterranean and the MENA region. The Bank's stand gave participants the chance to try some of its most innovative services firsthand, from interacting with NOVOT, to testing the Omnichannel, to taking a virtual reality tour of the Sassine branch, to getting the full scoop on the new SME products and services.

BDL Accelerate 2016 attracted more than 20,000 participants and hosted highly anticipated speakers such as Bank Audi's special guest, Brett King, who spoke about the obvious: "... technology is disruptive and history stands witness. Since the industrial revolution, people have been scared of advancement, as it always brought about a shift in employment. Everything will be virtual soon enough, even currencies, as the need for cash will start to decline. Even signing piles of papers won't be required in the future, your behaviour will be your identity. Your bank, who would memorise your bills, usual purchases, and regular checkpoints, will instantly notice an irregular behaviour in case of fraud. Companies, banks included, who wish to be leaders in the future, will have to be technologically driven first and foremost. So those who refuse to ride the wave of innovation will simply be left behind. But those who choose to create it will come out on top."



Partner in the 3<sup>rd</sup> edition of the Central Bank of Lebanon's 'BDL Accelerate'.

### CONTRIBUTION TO GOVERNMENT'S ANTI-CORRUPTION EFFORTS

In collaboration with the Ministry of Telecommunications, we 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 online, 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 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 population's disadvantaged and rural segments.

### BANK AUDI LAUNCHES THE NEXT GENERATION PAYMENT SOLUTION FOR TAXI DRIVERS AND USERS

In line with our strategy to build and implement a cashless society in Lebanon, we launched the first of its kind next generation payment solution for taxi drivers in Lebanon. This solution enables taxis to accept payments with credit and debit cards, providing consumers with payment ease and avoiding the risk of carrying cash.

"Introducing innovative technology is an additional testimony of Bank Audi's numerous endeavours to deliver safe and convenient payment solutions", said Fady Obeid, Assistant Chief Operating Officer.

### APPRECIATING 25 YEARS OF CUSTOMER LOYALTY

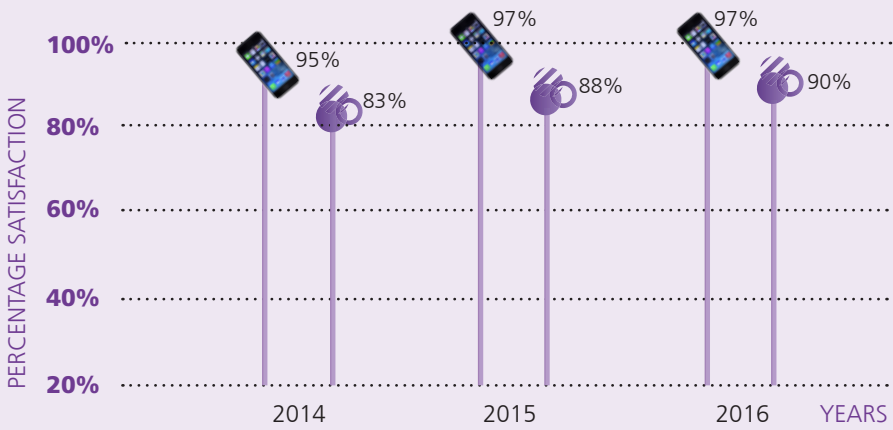
The 25 years loyalty recognition is replicated annually since 2013, and consists in offering customers an appreciation gift for their loyalty.

### LABOUR DAY

Like every year on Labour Day, the Bank undertook to reward 95 modest income customers randomly selected across our branches, who benefitted from the reimbursement of their personal loan monthly installment. This initiative cost USD 15,000 and intended to show support to our customers.

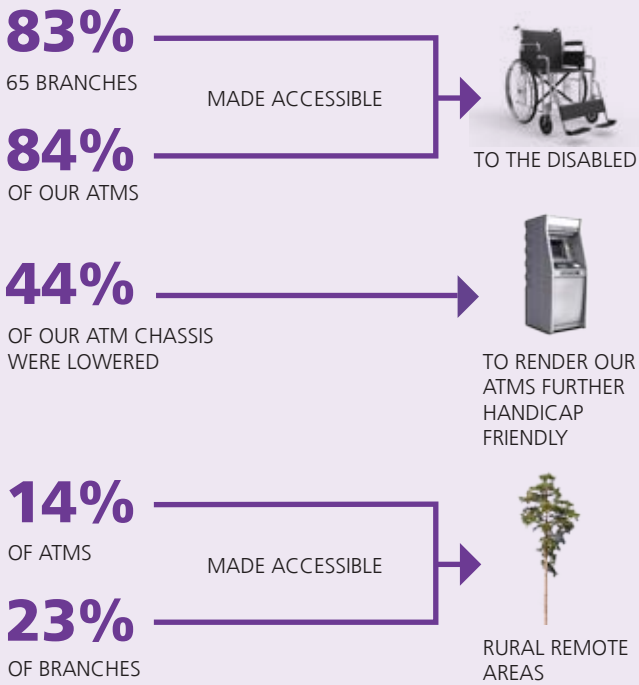


SURVEYS CONDUCTED TO MEASURE CUSTOMER SATISFACTION AS PER OUR QUALITY PROGRAM SPECIFICATIONS



|                                                                                     |                                                               |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------|
|  | Phone survey (on daily basis to assess customer satisfaction) |
|  | In-branch survey (on daily basis via the "Happy or Not" tool) |

PRODUCT RESPONSIBILITY & MARKET PRESENCE



SPRING ACCOUNT



Launched in 2013, the Spring Account is a special current account targeting the needs of millennials and giving them the chance to acquire financial independence. During the "Spring open days", universities were visited and students were offered the opportunity to have a part-time job as "Spring ambassadors" by remunerating their efforts in promoting the account. In 2016, we had about 100 ambassadors.

PROCUREMENT PRACTICES

We are engaged with multi-lateral agencies and export credit agencies such as the European Investment Bank, the Overseas Private Investment Corporation, Agence Française de Développement, among others. We also have a strategic partnership with the International Finance Corporation, which aims to promote long-term financing to increase, diversify and lengthen the funding base for small and medium scale projects in specific targeted industries, and in renewable energy and energy efficiency. Other programs like the Arab Trade Finance Program aim to promote trade between Arab countries and enhance the productivity and competitiveness of Arab producers and exporters. These relationships support the Bank's growth plans and the development of key regional subsidiaries and business market segments.

**85%** OF OUR TOTAL PROCUREMENT BUDGET

OVER USD 217 MILLION IS SPENT WITH LOCAL SUPPLIERS.



## INNOVATION

### CASHLESS SOCIETY

The strategy of building a cashless society was adopted in 2013 and implemented through various initiatives, the first of which was providing innovative solutions such as the Tap2Pay NFC contactless payment method. The second step was to introduce new tools that ensure security and promote the various types of e-Commerce: online, through mobile phones, and on social media. In 2016, Bank Audi aimed at reinforcing its strategy of building a cashless society through:

1. Encouraging e-Commerce by offering cardholders and merchants secure solutions. "Online Payment Security... A Way Forward" has one ultimate goal: ensuring further security for e-Payment. The Bank now offers two new services which fall under the security umbrella, namely 3D Secure and "Tokenization". The 3D Secure service is designed to increase transactions' security level when shopping online, while protecting both the cardholder and the merchant from conflicts and fraud by verifying the identity of both. The second service, "Tokenization" encodes the transaction by replacing the card's 16-digit number with a "token" used for transactions made through the internet, the mobile, or any wireless payment method.
2. Enhancing the contactless payment activity by launching the Visa Cedar Miles in Lebanese Pounds, which targets people whose salaries are domiciled at the Bank in Lebanese Lira. It is the first contactless co-branded card with the Middle East Airlines in LBP, which allows its holders to make fast and secure payments for everyday purchases, and to benefit from an exceptional mileage program as they can collect miles to travel on-board the Middle East Airlines.

### NOVOT

#### Introducing our latest addition to the team, an emotionally sensitive robot!

Novot is a new and exciting way to welcome, inform and entertain our customers. It is pleasant, fun, and acts in a normal, natural way which makes it feel like more than just a robot! It is a genuine humanoid companion created to communicate in an intuitive way, through its movements and voice, which all seem very humanlike. The best thing about Novot is that it loves to interact with humans, learn more about tastes, habits, and quite simply, who its interlocutors are. It can recognise faces, speak, hear and move around autonomously.

The strong point of this robot is that it is the first of its kind in the region, as no other institution has adopted a robotics project akin to this one yet and setting us at the forefront of competition in terms of innovation and technologically-driven features. Novot can be personalised by downloading specific software applications. It evolves, gradually memorising personality traits and preferences, and adapts itself to tastes and habits, not to mention faces. It was also designed to identify emotions and to select the behaviour best suited to every situation. Novot interprets emotions and offers appropriate content based on the tone of voice, facial expressions, body movements and language used. It can also respond spontaneously to the mood of the moment, expressing itself through eye-color, tablet visuals or tone of voice.

Novot was chosen and named by Bank Audi to complement Novo, its electronic branch, and to provide clients with information about our wide spectrum of products and services in different languages. It offers customers an exclusive experience as it welcomes, supports and guides them according to their demands or desires. Pre-programmed with relevant information, the robot selects simple or complex applications to assist clients directly or by calling staff when needed, thus optimising the Bank's performance and efficiency. Moreover, with a view to introducing it to the public this state-of-the-art device has made appearances in various events and locations including the Bank's head office and branches, university open days, and television shows. Just as expected, Novot was welcomed with enthusiasm, curiosity and surprise by the public. Individuals and groups finally have the chance to experience the future of banking firsthand as they get in touch with Novot's abilities to interact seamlessly, thanks to its advanced artificial intelligence and multi-layered neural system.

With Novot, clients are exposed to our products and services in a new fashion and their curiosity is sparked thanks to the robot's ability to provide accurate and relevant information on demand using interactive animations and demonstrations.



Our latest addition to the team, an emotional sensitive Robot, 'NOVOT'.

## SPECIAL FEATURE STORY

### INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION - SME BUSINESS LINE A DEDICATED BUSINESS LINE FOR SMEs BY BANK AUDI

The SME market constitutes a large segment of the economy. In fact, SMEs represent over 90% of Lebanese enterprises in Lebanon, which makes this market large by all definitions and estimates.

According to the International Finance Corporation (IFC), a member of the World Bank Group, SMEs in emerging or developing countries fulfil an even more important economic function because they are primary creators of what is most needed: jobs. In Lebanon, 82% of employment opportunities are generated by SMEs. Moreover, integrating SMEs with the banking system brings an element of stability with many macro-economic benefits to the Lebanese economy. This is in the interest of Bank Audi as the leading bank and one of the largest private sector organisations in the country.

Based on numerous findings, the SME market segment is underserved by Lebanon's banking industry and can even be seen as "virgin territory". SMEs are more than ever in need of access to finance, not to mention that they have a major issue with collateral banks usually request before granting any loan. Furthermore, small entrepreneurs have generally shown reluctance to deal with banks because they have the perception that banks are only interested in big businesses, and they believe that the processes adopted by banks' commercial departments are too cumbersome; another concern SMEs have is that they believe banks regard them as potential customers for loans, and never look at them from a relationship perspective, oblivious to their wider needs for non-financial services.

Not to mention that SMEs major's pain point was the proximity issue, as these small businesses could not be served in all Lebanese regions, especially those located in remote areas.

Bank Audi sees this as an opportunity to establish relationships by providing qualified and basically sound SMEs with affordable credit in the expectation that these relationships will turn into bonds of loyalty with long-term profitability.

#### What Did Bank Audi Do for SMEs?

We have differentiated our offering and approach according to four major pillars: the first pillar is the comprehensive offering, which was designed to enhance a full relationship with the client, not one based on selling products.

The second pillar is proximity. We are present everywhere in Lebanon, in our entire branch network and in dedicated SME business centers.

The third pillar is in access to lending which we helped facilitate through structured products and no requirement for collateral up to a certain amount, which is a real competitive edge over other banks. Even our product structure represents a sort of consultancy, because our front office people know what the working capital's needs are and what type of facility might match their requirements, or what other products might answer their long-term and business growth needs.

And the fourth pillar is the easy and swift processing. SMEs have real concerns over the time that applications take and the slowness of the process. The infrastructure we've worked on makes it a speedy process, while taking into consideration the lending criteria and standards that Bank Audi requests.

Those four pillars were determined through an extensive research process including the focus groups that were part of the planning and implementation phase.

Bank Audi will not depart from its conservative banking standards, but emphasises that the SME division will be agile and flexible, driven by the approach to meet the full banking needs of all kinds of businesses, with the business owner's experience being the main criteria when evaluating her or his eligibility for receiving credit.

The idea is not how many clients we can acquire in terms of number. Of course, we want to do good business and good profit, but the first objective is to build the day-to-day relationship with the customer and have a customer-centric culture. Then the business will come.

#### Customised Offering to Encourage and Support SMEs

In addition to what has been done to support SMEs, Bank Audi has allocated LBP 1 trillion to this segment at a reduced interest rate the first year.

We have carefully studied our prices and reduced them to lessen the burden of heavy interest rates and installments.

Achieving our target, which is to invest LBP 1 trillion to develop and support SMEs during 2017, will contribute to real GDP growth by 0.65%, while creating 4,797 new job opportunities and reducing the loan dollarization ratio by 0.9%.

This initiative sheds the light on the substantial role SMEs play in Lebanon's economic growth, as well as on our corporate social responsibility towards the national economy.



# Community Development

SHARING VALUE





Aligned with our strong conviction of Creating Shared Value, we collaborate with various organisations for the benefit of creating a strong societal ecosystem and sturdy communities

touching humanitarian, health, social, educational, cultural and sports aspects.

LOCAL COMMUNITY SUPPORT

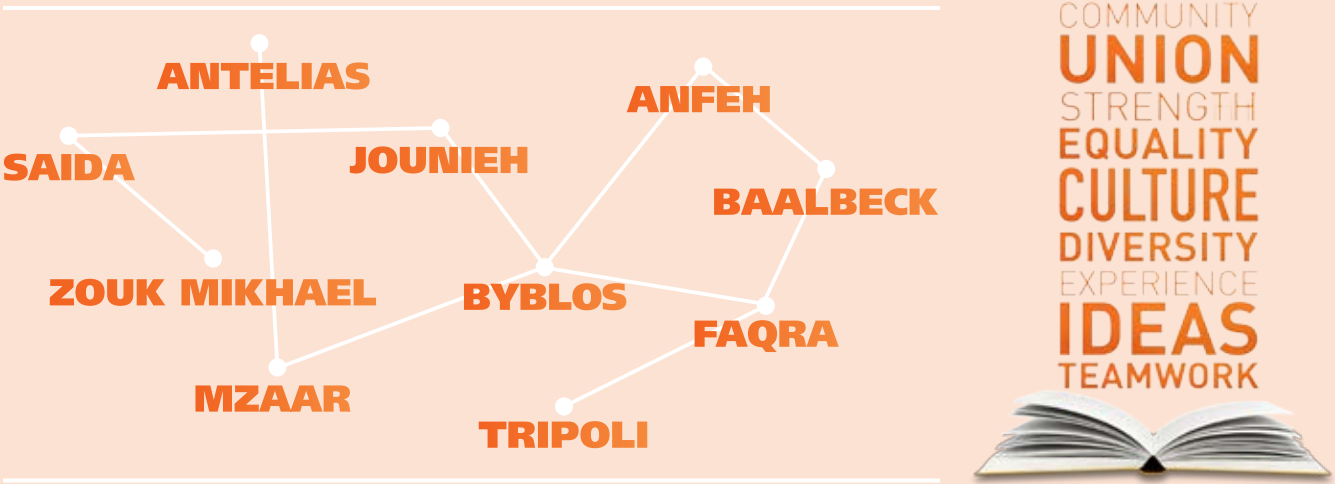
Table 10: Community Support

|                                                                     | 2013             | 2014             | 2015             | 2016             |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| TOTAL CONTRIBUTIONS TO THE COMMUNITY                                | USD 2.75 million | USD 4.7 million  | USD 4.6 million  | USD 5.1 million  |
| HEALTH                                                              | USD 520,000      | USD 557,000      | USD 619,000      | USD 773,693      |
| HUMANITARIAN AND SOCIAL                                             | USD 1.7 million  | USD 2.5 million  | USD 2.5 million  | USD 2.5 million  |
| CULTURE                                                             | USD 0.53 million | USD 1.47 million | USD 1.33 million | USD 1.70 million |
| FULL COST OF TREATMENT FOR ONE SICK CHILD                           | USD 54,283       | USD 54,000       | USD 50,000       | USD 53,560       |
| EMPLOYEES' CONTRIBUTION                                             | 497              | 485              | 466              | 454              |
| FACILITATED TREATMENT OF 20 CHILDREN WITH CONGENITAL HEART PROBLEMS | USD 125,000      | USD 150,000      | USD 150,000      | USD 150,000      |
| SPONSORSHIPS TO VARIOUS ORGANISATIONS                               | USD 55,000       | USD 55,000       | USD 50,000       | USD 50,500       |
| CALLS FOR THE BLOOD DONATION DRIVE                                  | 62               | 65               | 51               | 75               |
| PURCHASE OF CORPORATE GIFTS FROM NGOs                               | USD 300,412      | USD 340,000      | USD 275,000      | USD 276,365      |
| EVENTS IN WHICH OUR E-PAYMENT CARD SERVICES PARTICIPATED            | 10               | 15               | 31               | 10               |
| DONATIONS RAISED VIA OUR GPRS MACHINES DEPLOYED AT THE EVENTS       | USD 1,000,000    | USD 318,000      | USD 990,000      | USD 403,250      |
| COMMITTING TO NGOS THAT SUPPORT DISADVANTAGED PEOPLE                | USD 10,093       | USD 74,000       | USD 110,640      | USD 113,217      |
| COMMITTING TO NGOS THAT SUPPORT DIFFERENT SOCIAL CAUSES             | USD 72,046       | USD 80,000       | USD 100,000      | USD 90,000       |

LOCAL COMMUNITY DEVELOPMENT

|                                                                                                                                                                               | 2013         | 2014         | 2015                | 2016                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|---------------------|---------------------|
|  BENEFICIARIES FROM PHILANTHROPIC CONTRIBUTIONS IN THE REALM OF CULTURAL DEVELOPMENT       | Over 300,000 | Over 900,000 | 1,000,000           | 968,000             |
|  SPORTS ACTIVITIES SPONSORSHIP                                                             |              | USD 100,000  | USD 115,000         | USD 144,000         |
|  NUMBER OF BANK AUDI EMPLOYEES WHO PARTICIPATED IN THE BEIRUT INTERNATIONAL MARATHON (BIM) | 333          | 500          | 400                 | 488                 |
|  NGOS SUPPORTED IN THE BIM                                                                | CCCL         | Brave Heart  | Kunhadi Association | Donner Sang Compter |

FESTIVALS



THE “PRIX PHOENIX DE LA LITTÉRATURE” – 2016 EDITION WAS GRANTED TO CARMEN BOUSTANI FOR “ANDRÉE CHEDID: L’ECRITURE DE L’AMOUR”.



### CELEBRATING TEACHERS

In recognition of a fruitful segment of our community, the Bank honoured teachers on their special day. Branch managers, employees and the Retail Department visited around 40 schools across Lebanon, met with their administration and staff, and shared a breakfast during the week of March 7, 2016. **This heartwarming initiative was crowned with success and 100% positive feedback** thanks to the personal touch of branch managers and team members that marked the event.



Celebrating Teacher's Day.

### MYSCHOOLPULSE MARATHON

For the 7<sup>th</sup> year, Bank Audi sponsored Myschoolpulse and supported their cause, which is providing education to children suffering from life-threatening illnesses. On July 31, 105 Bank Audi employees spent a memorable family day in the beautiful green landscape of Faqra, Kfardebian. **Thanks to 2000 participants, the marathon raised USD 125,000 which will allow Myschoolpulse to tutor 125 sick children the opportunity to pursue their education.**



Employees participating in the Myschoolpulse Marathon for schooling sick children.



### BEIRUT INTERNATIONAL MARATHON

It is said that we should always "go the extra mile" to support our fellow humans and, ever since the start, Beirut Marathon has done that... quite literally, too!

On November 13, 2016, more than 43,000 athletes from 99 countries partook in Beirut Marathon 2016, challenging themselves to run those extra miles for different causes. 488 Bank Audi employees, together with their families and friends, chose to run for Donner Sang Compter (DSC) – an NGO that creates a centralised database of potential blood donors for patients in need of blood, answering the greatest possible number of demands all across Lebanon.

The runners gathered in front of the cheering stand where Homebound, a local band of young talents supported by Bank Audi, played to motivate and inspire everyone present.

Amazingly enough, 3 employees stood out in their categories: Marilda Meouchy ranked 22<sup>nd</sup> in her age category for the 42 K-run, Nicolas Semaan ranked 19<sup>th</sup> in his age category in the 21.1 K-run, and Mireille Semaan ranked 22<sup>nd</sup> in her age category in the 21.1 K-run. Overall, **Bank Audi ran 1555 km in total for DSC, which is a feat we are proud of.**



Beirut International Marathon.



### SPORTS ACHIEVEMENTS

- Basketball Inc. 2016 Tournament: 1<sup>st</sup> place.
- Inter-banks Futsal Tournament: 1<sup>st</sup> place.
- Table Tennis Tournament: 1<sup>st</sup> place: Charbel Akl.
- Beirut Corporate Games: 2<sup>nd</sup> place – 200 employees participating.



Our winning employees at the Beirut Corporate Games.



### COMPASSION IN SCRUBS

Dora Branch Employees Celebrate International Nurses Day!

**"Nurse: a person strong enough to tolerate everything and soft enough to understand everyone!"** On the occasion of International Nurses Day on May 12, Bank Audi's Dora team celebrated the event, at their own initiative, with nurses of Saint Joseph Hospital, marking a new milestone in Corporate Social Responsibility (CSR), and spreading love, appreciation and happiness in the life of those who nurse, love, and endure.

The team headed to the hospital premises and offered gifts and cookies to the 350 nurses, taking pictures with them to mark this event. They wished them good health and strength to carry on their noble mission. International Nurses Day is celebrated on the birthday of Florence Nightingale, the founder of modern nursing.

The International Council of Nurses commemorates this important day every year by producing and distributing the International Nurses Day (IND) Kit. **The IND Kit 2016 contains educational and public information material, for use by nurses everywhere in the world.**

### INTERNATIONAL NURSES DAY

Hôtel-Dieu de France (HDF) organised an event where 36 HDF payrollees at **Bank Audi were randomly selected and offered 5 grams of gold each.**



Celebrating International Nurses Day.



### APPLE MONTH AT BANK AUDI

Helping Lebanese farmers liquidate their apple stocks in an effort to show solidarity with Lebanese apple growers, Bank Audi undertook to help them liquidate their stocks. And since the Bank is always looking for ways to make the customer experience more pleasant, then why not support a cause in the process? **6,720 kg of local apples were purchased from 4 different suppliers in different regions throughout the month of October, and distributed in all Bank Audi branches, CBCs and regional offices, to be offered to clients and visitors.**

### CONGRATULATIONS TO HOMEBOUND, WINNER OF THE SPRING ACCOUNT'S "BATTLE OF THE BANDS" COMPETITION

It all started at Université Saint Joseph (USJ), more specifically during last year's "Daraj Al Yassou'iyeh" event. Bank Audi's "Battle of the Bands" competition, which gathered scores of attendees from USJ staff, students and music enthusiasts, was a smash with bands rocking the stage and swaying the crowd into voting for them at the Spring Account booth. After a long wait and thanks to good music and spirit, Homebound, a band of young artists, won the hearts of those who watched them perform. Homebound had their first single, "Mrs. Greenback", recorded at the Bank Audi Plaza studio, and their first music video shot there to complement it.

**The Bank also supported the band even further by organising interviews and airing their track on Virgin Radio, promoting their song on Anghami (music streaming service), uploading it to iTunes Store, and posting their music video on social media. And so, out of a little bit of faith, a whole lot of talent shined through.**



Spring Account competition winner, 'Homebound'.

## APPRECIATION AND RESPECT! - PUBLIC SECTOR

### ARMY DAY SPECIAL

In celebration of **Lebanese Army Day** that falls on August 1, Bank Audi launched an initiative greeting army personnel with salaries domiciled at Bank Audi. A draw took place in the presence of a representative of the Lebanese National Lottery, with 150 winners randomly picked to win gift vouchers for home appliances.

At Bank Audi, we pride ourselves on our patriotism and our constant efforts to improve our relationship with the Lebanese public sector. In this context, representatives of our Retail Department visited the Army base in Aarsal and met with some of its commanders in October. The aim was to honor the Lebanese Army's mission and show them support, no matter where they are. They also offered laptops to the Army to help them improve their work environment. This visit marks a milestone for Bank Audi which is the first bank to visit the Army in Aarsal. This initiative contributed to cultivate the trust between the two institutions, and opened new horizons for collaboration with the Lebanese Army in the future.



A Tribute to ISF

### A TRIBUTE TO THE ISF

Bank Audi is committed to working closely with the public sector and showing it the appreciation it deserves. Within this approach, the Bank launched an initiative targeting Lebanon's Internal Security Forces, and gave them the chance to enter a draw to win a Chevrolet Cobalt 2016. The draw, that included ISF members whose salaries were domiciled at the Bank during the months of July and August, took place in the presence of a representative from the Lebanese National Lottery. The lucky winner was Michel Gerges Al Jana, a Marjayoun branch customer. **A small cocktail was organised at the branch on September 26, upon handing him the keys to his brand new car. Positive vibes spread across the branch and the winner was delighted with this nice surprise from Bank Audi.**

We supported the **General security & State security** as well by offering them tools to enhance their work environment.

In addition to the above, we express our support, recognition and respect to the public sector through social media (Bank Audi Facebook page) by greeting them on their special days. Example of posts: ISF #وعد\_عليي, Army Day etc.

## FINANCIAL LITERACY

### KIDZMONDO – SDG 4



KidzMondo indoor theme park follows the conceptual approach of educational entertainment or playful learning. The first thing children do when they enter KidzMondo is to pass by the Bank Audi branch to cash their check. This gives them an idea of financial literacy and banking basics, from an age as young as 6 to 14 years old. This comes as part of a broader sustainability goal for Bank Audi, pertaining to enhancing financial literacy and extending across different pillars of our CSR strategy. Our conviction that financial literacy starts at a young age was confirmed by our commitment to KidzMondo which started in 2013. KidzMondo gives young children the opportunity to familiarise themselves with banking basics, among others, in a motivational environment.

It is a replica of a real city 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 them to the world of banking, with various operations like cash outs, deposits, savings, and the use of debit cards and ATMs.**

This year, KidzMondo was able to attract more than 300,000 young minds from across Lebanon, the Middle East and many other countries.



### GLOBAL MONEY WEEK – SDG 4

The annual celebration of the Global Money Week in March consists of a series of activities held across the world by the partners and stakeholders of the Child and Youth Finance Movement (CYFI). These activities are geared toward engaging children, youth and their communities in learning about financial education and financial inclusion.

**For the second year in a row, the Global Money Week, themed "Take Part, Save Smart!", was celebrated at Bank Audi in coordination with the Higher Council for Childhood (HCC) at the Ministry of Social Affairs, where 450 grade 11 students spent "A Day at Bank Audi" during 5 consecutive days.**

Aligned with Bank Audi's CSR strategy which aspires to enhance financial literacy through communication with specific stakeholders and empowering future generations on financial planning and management, savings, and general social inclusion, students from Azm school, Sahagian College, Public School of Baskinta, Sagesse Ain El Remaneh, Lycée Nahr Ibrahim, Père Afif Osairan Foundation, Saint Charbel Orphanage, Makassed – Omar Bin Khattab, Makassed – Khadija School, Makassed – Khaled Bin Al Walid, Makassed – Ali Bin Abi Taleb School, Sagesse Jdeideh, and Lebanese Preparatory School were invited.

Bank Audi's CSR, Training & Development, Branch Network Management, Group Retail Banking, Retail, Compliance and EPCS teams joined efforts to guide future leaders towards a successful path and introduced them to the world of banking, compliance and risks and the bank of the future. Finally, personalised certificates of participation were distributed and students had the chance to visit our Bab Idriss Branch, Novo branch and the e-Gallery to observe practical applications.



Global Money Week, 'Take Part, Save Smart!'.



LOCAL COMMUNITY COLLABORATION

VOLUNTEER PROGRAM

Aiming to complement our corporate philanthropic donations with a human touch, the “Be a Hero for a Day” Volunteer Program was initiated in 2013. The program encourages employees to engage and give back to their community, and raises their awareness on important social issues. **In 2016, “Be a Hero for a Day” genuinely attested how, together with our employees, we embrace a culture of high engagement and responsibility.** Such social investment programs have a significant impact on employees who find it fulfilling and rewarding to commit to these community outreach and volunteerism initiatives. Employees’ involvement is determined by the local context’s most pressing needs.

BEST PROJECTS EXECUTED DURING 2016

CHILDREN



|                                          |     |
|------------------------------------------|-----|
| KIDZMONDO OUTING                         | 86  |
| IT DAY AT SOS                            | 120 |
| CORPORATE CENTRAL OPERATIONS DAY AT OWSS | 95  |

ELDERLY



|                               |     |
|-------------------------------|-----|
| RETAIL DAY AT SANAYEH GARDENS | 114 |
|-------------------------------|-----|



|                                              |
|----------------------------------------------|
| COMPUTER LAB INSTALLATION FOR AYADINA        |
| DESIGN AND PUBLISHING OF KIBAROUNA'S WEBSITE |

COMPARISON OF EMPLOYEE VOLUNTEERISM: 2013, 2014, 2015 AND 2016

|                                                                                     |               | 2013 | 2014 | 2015   | 2016   | TOTAL CUMULATIVE |
|-------------------------------------------------------------------------------------|---------------|------|------|--------|--------|------------------|
|  | NGO PARTNERS  | 5    | 6    | 8      | 11     | 11               |
|  | BENEFICIARIES | 284* | 683* | 1,792* | 2,040* | 4,799            |
|  | VOLUNTEERS    | 23   | 150  | 228    | 306    | 306              |
|  | HOURS         | 120* | 530* | 580*   | 1,804* | 3,034            |

\*These figures are year-to-year and non-cumulative.



|                                                 |     |
|-------------------------------------------------|-----|
| INTERNS VOLUNTEERED IN 2016 WITHIN OUR PROGRAMS | 155 |
|-------------------------------------------------|-----|



| PARTNER NGOS                                                                                                                     | MISSION                                                                                                                                                                 | ACTIVITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  arcenciel.org<br>participer au développement | Promotes diversity, integration and development of underprivileged and marginalised communities.                                                                        | <ul style="list-style-type: none"> <li>Intern volunteering days: sorting clothes, books and furniture, stock inventory, helping in Taanayel farm.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2                                               | Establishes and promotes public libraries in Lebanon that are free and open to all.                                                                                     | <ul style="list-style-type: none"> <li>Virtual travel with the community children (cultural and traditional introduction to various countries).</li> <li>Hosting Ayadina elderly at Horch Beirut Festival for games and brunch.</li> <li>Establishing a chess club for youth and children.</li> </ul>                                                                                                                                                                                                                                                                                                              |
| 3                                              | Addresses the developmental needs of the young through children's arts program, and the wellbeing requirements of the aged through a multifaceted psychosocial program. | <ul style="list-style-type: none"> <li>Establishing a computer lab for the elderly to communicate with relatives abroad.</li> <li>Treating 30 elderly to a brunch at Horch Beirut Festival to play cards and backgammon tournaments.</li> <li>Outing to Jezzine with 30 elderlies for a full day of song and dance with our live band.</li> <li>Interns pampering the elderly with beauty sessions and lunch.</li> <li>Retail Department volunteer Day at Rene Moawad Garden with 33 elderlies, playing cards, backgammon and sharing brunch.</li> <li>Inviting and assisting 21 children at KidzMondo.</li> </ul> |
| 4                                             | Provides access to the complete treatment and care to children with cancer in Lebanon and the region, at no cost to their families and without any discrimination.      | <ul style="list-style-type: none"> <li>Entertaining 40 patients while they wait for outpatient treatment.</li> <li>Ushering audience during a concert.</li> <li>Inviting and assisting 5 children at KidzMondo.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                         |
| 5                                             | Protecting the vulnerable, the forgotten, and Mother Nature.                                                                                                            | <ul style="list-style-type: none"> <li>Retail Department volunteer day at Rene Moawad Garden with 26 elderlies, playing cards, backgammon and sharing brunch.</li> <li>Inviting and assisting 10 children from the Lebanese School for the Blind and Deaf (LSBD) at KidzMondo.</li> </ul>                                                                                                                                                                                                                                                                                                                          |
| 6                                             | Environmental awareness.                                                                                                                                                | <ul style="list-style-type: none"> <li>Raising awareness on environmental protection and recycling by collaborating to host the Earth Hour concert.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| PARTNER NGOS                                                                                                     | MISSION                                                                                                                       | ACTIVITIES                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  Pour l'innocence en danger | Makes child protection a right everywhere.                                                                                    | <ul style="list-style-type: none"> <li>Dora, Dora Vartanian and Zalka branch teams spent an afternoon with 23 children, giving them career orientation and sharing personal experiences.</li> </ul>                                                                                                                                                                                                                                                   |
| 8                             | Educates the youth on work readiness, entrepreneurship and financial literacy.                                                | <ul style="list-style-type: none"> <li>Training our volunteers on Injaz's various programs.</li> <li>Delivering leadership and business workshops for the benefit of the underprivileged youth.</li> <li>Delivering the Innovation Camp for AUB students on financial aid.</li> </ul>                                                                                                                                                                 |
| 9                             | Improves the quality of life for elderlies living at home with family members or alone.                                       | <ul style="list-style-type: none"> <li>Hosting, serving and organising Grandparents' Day celebration concert.</li> <li>Pampering elderly ladies, playing cards and lunch at the Kibarouna elderly camp.</li> <li>Designing and publishing their website.</li> <li>Retail Department volunteer day at Rene Moawad Garden with 50 elderlies, playing cards, board games and sharing brunch.</li> </ul>                                                  |
| 10                          | Provides a nurturing environment and quality education to orphans, underprivileged children, and children with special needs. | <ul style="list-style-type: none"> <li>Injaz financial literacy workshops for the Vocational School and Saida Generation School.</li> <li>Corporate Central Operations Department volunteer day with 100 children from the Communication Disorder School, delivering banking sessions, colouring, painting, playing basketball and football, exchanging gifts and sharing lunch.</li> <li>Inviting and assisting 50 children at KidzMondo.</li> </ul> |
| 11                          | Provides a home for orphans.                                                                                                  | <ul style="list-style-type: none"> <li>Hot chocolate afternoons playing board games and bonding with the children.</li> <li>IT Department volunteer day with 120 children, playing scout games, drawing, cooking, planting, mimes and sharing lunch.</li> <li>Delivering Injaz workshops on leadership and communication skills.</li> </ul>                                                                                                           |



The Assabil winners of the chess competition at Horch Beirut.



Volunteers playing cards with Ayadina's elderly at Horch Beirut.



IT Department at SOS.



Injaz Innovation Camp.



Retail at Sanayeh Gardens with Kibarouna's elderly.



Volunteering Day at the Orphan Welfare Society – Saida (OWSS).



Interns sorting clothes at the arcenciel boutique sociale.



Equal elderly at Sanayeh Gardens.



DONATIONS

THE BLOOD DRIVE



**DSC, Bank Audi Saves Lives Hand in Hand!**  
For the second year in a row, and in collaboration with Donner Sans Compter (DSC), Bank Audi organised two blood drives, the first of which was held in May 2016 and involved 129 generous employees who voluntarily took part in this initiative. 93 units of blood were donated, equivalent to 276 lives potentially saved.  
“First, it was a pleasure having the two successful blood drives at Bank Audi; I am more than glad to tell you that you broke the record for the highest number of blood donors in a company: 57 (headquarters) and 36 (Sofil), which makes it a total of 93 blood donors!” a DSC representative enthusiastically commented. Surrounding businesses in Sofil were also informed of the event, and some clients and passers-by gladly donated blood. Last year’s blood donation drive also played an important role in motivating peers to follow suit this year. This event served to raise awareness and motivate potential blood donors to support this cause and sustain the Bank’s commitment to the community.  
The second drive, which was held in November 2016 in partnership with the Lebanese Red Cross, gathered 47 generous employees and resulted in 38 units of blood donated, which is equivalent to 114 potential lives saved. A week after the initiative, successful donors received a card allowing them to receive 1 unit of blood should they need it for themselves, a friend, or a relative.



BOOKS



**Employees Contribute to Spreading Education!**  
Books are works of the mind, they present our intellect with a variety of content, information and entertaining stories that let us soar. These instruments of human expression feed hunger for knowledge, free us and give us a medium of expression like no other. Knowing the importance of these vehicles of meaning and values, Bank Audi’s CSR Unit organised a book donation at the end of the 2015- 2016 school year.  
The Bank teamed up with Assabil, one of its partners in the Volunteer Program, and gathered 1,385 school textbooks, extracurricular books including children, science fiction, adventure, romance, politics, fiction and non-fiction books, in addition to complete encyclopedias. The donation benefited less privileged children by giving them the chance to access educational content while also recycling used notebooks in an effort to subvert negative environmental effects of paper use and abuse.

FURNITURE



Bank Audi donated unwanted furniture – mostly desks and chairs – from its branches and head office for reuse by various NGOs among which:



SPECIAL FEATURE STORY

GIVING OTHERS A WARM WINTER

**Employees Donate Clothes to arcenciel’s Charity Shops.**  
Many of us look forward to winter – not for the rain, not for the storms, and not for the freezing cold, but for switching and renewing our wardrobe. Putting away light and breezy summer clothes is an excuse for many to buy new items and upgrade their looks. However, not everyone has this luxury; in fact, thousands of people start the winter season unprepared and unprotected from the cold.  
**That is why last October, Bank Audi teamed up with arcenciel to lend a helping hand to those in need. Employees donated 513 kg of clothes to arcenciel’s charity shops which provide the homeless and underprivileged with clothes free of charge, for the most part.** A simple collaboration on our part ensured many warm winter nights for those who cannot afford to buy clothes. Bank Audi would like to take the chance to thank each and every employee who contributed to this heart-warming campaign!

|                                                                                       | DONATED ITEMS | DONATED QUANTITY          |
|---------------------------------------------------------------------------------------|---------------|---------------------------|
|    | BOOKS         | 1,385 books donated       |
|    | BLOOD         | 130 units donated         |
|   | IT            | 2,124 kg donated          |
|  | FURNITURE     | 4,681 kg donated          |
|  | CLOTHES       | 588 kg of clothes donated |



# Human Development

IMPACTFUL EDUCATION

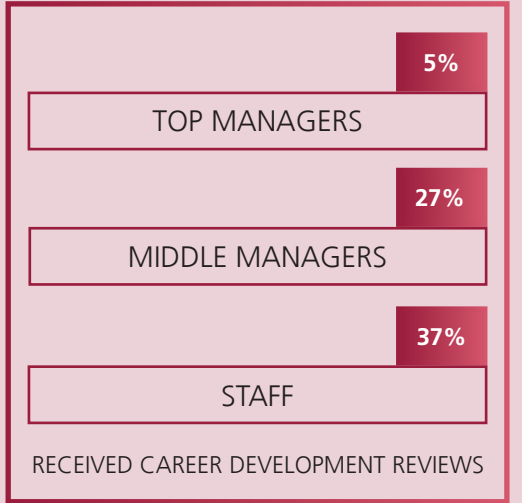
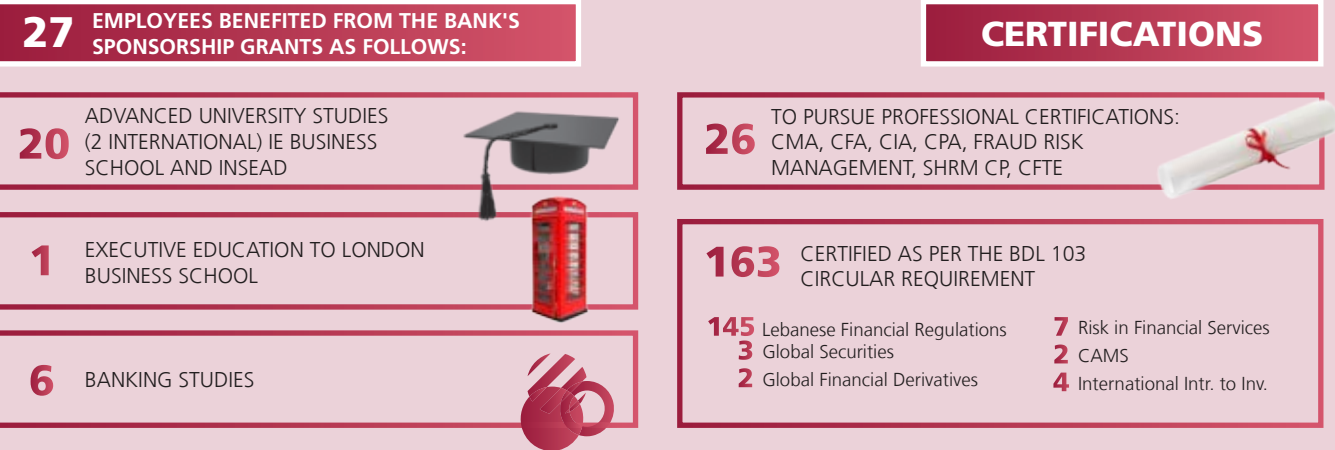
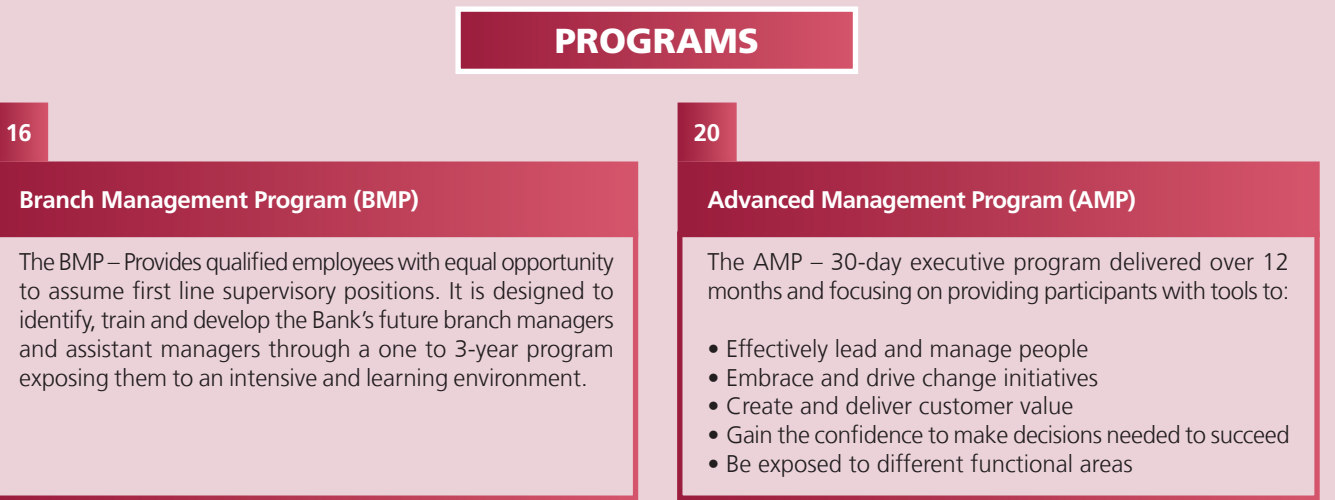
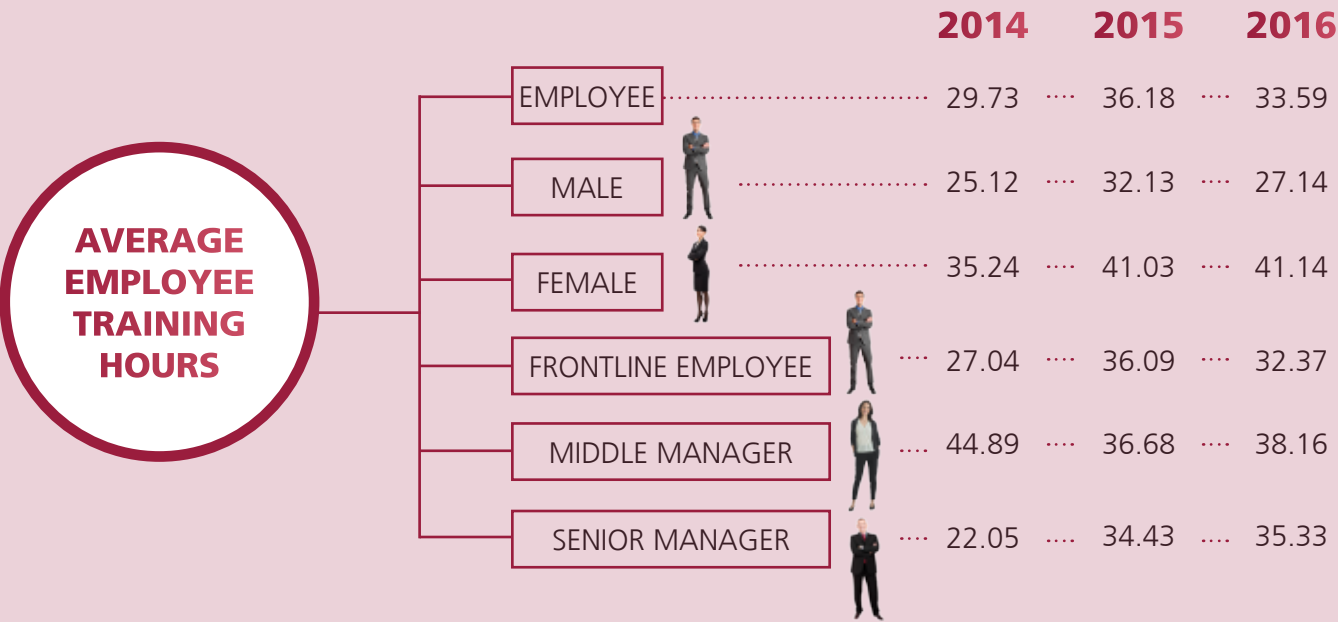
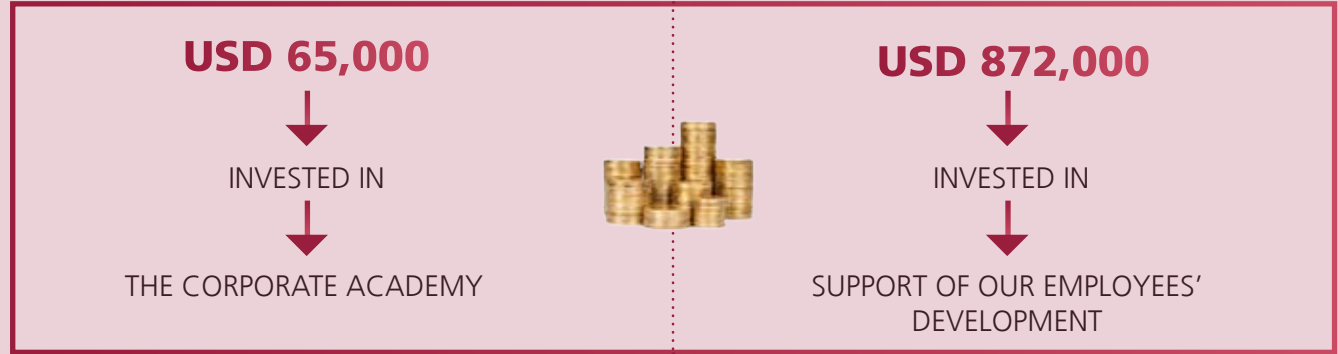
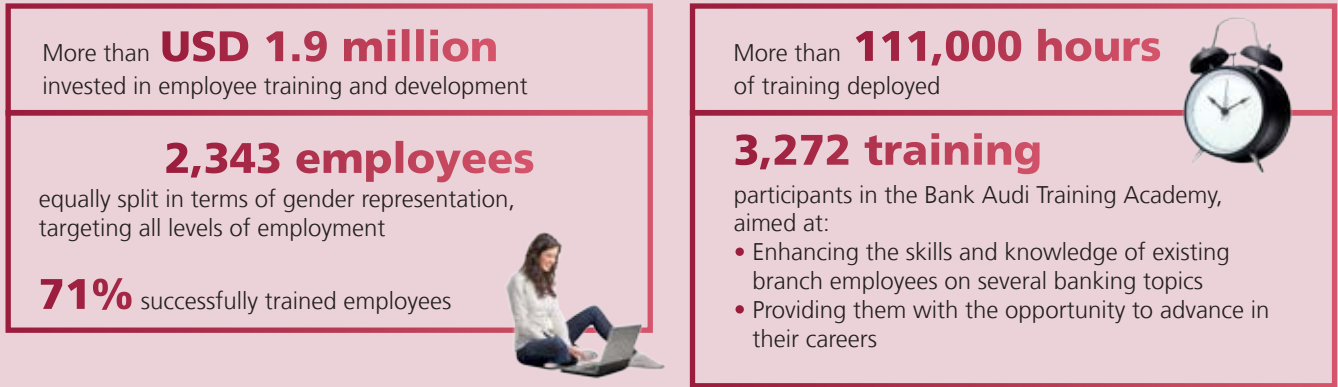




Cultivating human talent is one of our top priorities at Bank Audi. Being one of the largest private sector employers in Lebanon, we value the importance of nurturing human talent in all its guises,

whether inside the Bank by investing in our own employees, or outside it by investing in the development of external nation-wide human talent.

TRAINING, EDUCATION AND TALENT DEVELOPMENT





## DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

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

|      |                         | % OF STAFF<br>(below Grade 17) |        | % OF MIDDLE<br>MANAGERS<br>(Grade 17 to Grade<br>21 Inclusive) |        | % OF TOP<br>MANAGERS<br>(Grade 22 and<br>above) |       |
|------|-------------------------|--------------------------------|--------|----------------------------------------------------------------|--------|-------------------------------------------------|-------|
|      |                         | F                              | M      | F                                                              | M      | F                                               | M     |
|      |                         |                                |        |                                                                |        |                                                 |       |
| 2016 | BANK AUDI sal           | 38.21%                         | 37.23% | 10.49%                                                         | 12.77% | 0.36%                                           | 0.94% |
|      | OTHER LEBANESE ENTITIES | 28.60%                         | 46.32% | 5.78%                                                          | 14.45% | 0%                                              | 4.85% |
| 2015 | BANK AUDI sal           | 38.98%                         | 38.63% | 9.35%                                                          | 11.66% | 0.38%                                           | 1%    |
|      | OTHER LEBANESE ENTITIES | 30.34%                         | 49.08% | 4.44%                                                          | 11.33% | 0%                                              | 4.80% |
| 2014 | BANK AUDI sal           | 39.80%                         | 39.60% | 8.60%                                                          | 11.30% | 0%                                              | 0.60% |
|      | OTHER LEBANESE ENTITIES | 31.50%                         | 50.40% | 3.90%                                                          | 11.30% | 0%                                              | 3%    |
| 2013 | BANK AUDI sal           | 40.06%                         | 40.26% | 7.86%                                                          | 10.84% | 0.12%                                           | 0.86% |
|      | OTHER LEBANESE ENTITIES | 24.49%                         | 45.21% | 15.19%                                                         | 10.75% | 0%                                              | 4.35% |

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

|      |                         | % OF STAFF<br>(below Grade 17) |                  |        | % OF MIDDLE<br>MANAGERS<br>(Grade 17 to Grade<br>21 Inclusive) |                  |        | % OF TOP<br>MANAGERS<br>(Grade 22 and<br>above) |                  |       |
|------|-------------------------|--------------------------------|------------------|--------|----------------------------------------------------------------|------------------|--------|-------------------------------------------------|------------------|-------|
|      |                         | < 30                           | BETWEEN<br>30-50 | > 50   | < 30                                                           | BETWEEN<br>30-50 | > 50   | < 30                                            | BETWEEN<br>30-50 | > 50  |
|      |                         |                                |                  |        |                                                                |                  |        |                                                 |                  |       |
| 2016 | BANK AUDI sal           | 21.63%                         | 40.23%           | 13.57% | 0.14%                                                          | 17.80%           | 5.31%  | 0%                                              | 0.47%            | 0.83% |
|      | OTHER LEBANESE ENTITIES | 13.16%                         | 40.70%           | 21.07% | 0%                                                             | 13.39%           | 6.84%  | 0%                                              | 2.42%            | 2.42% |
| 2015 | BANK AUDI sal           | 20.89%                         | 41.71%           | 15.01% | 0.08%                                                          | 15.78%           | 5.16%  | 0%                                              | 0.50%            | 0.88% |
|      | OTHER LEBANESE ENTITIES | 16.89%                         | 39.51%           | 23.02% | 0%                                                             | 11.96%           | 3.81%  | 0%                                              | 2.08%            | 2.71% |
| 2014 | BANK AUDI sal           | 22%                            | 42%              | 15%    | 0%                                                             | 15%              | 5%     | 0%                                              | 0%               | 1%    |
|      | OTHER LEBANESE ENTITIES | 17%                            | 42%              | 23%    | 2%                                                             | 9%               | 4%     | 0%                                              | 3%               | 0%    |
| 2013 | BANK AUDI sal           | 25.49%                         | 41.08%           | 13.75% | 0.16%                                                          | 13.83%           | 4.71%  | 0%                                              | 0.29%            | 0.69% |
|      | OTHER LEBANESE ENTITIES | 22.21%                         | 34.08%           | 13.42% | 1.26%                                                          | 14.41%           | 10.26% | 0%                                              | 2.17%            | 2.17% |

Table 13: Composition of Governance Body Committees by Gender and Age Group at Bank Audi since 2013 to date

|                    | GENDER (%) |    | AGE (%) |       |     |
|--------------------|------------|----|---------|-------|-----|
|                    | M          | F  | <30     | 30-50 | >50 |
| BOARD OF DIRECTORS | 80         | 20 |         |       | 100 |

NB: Senior Management positions are mostly occupied by employees who are older, and hence have more seniority, experience and tenure within the Bank.

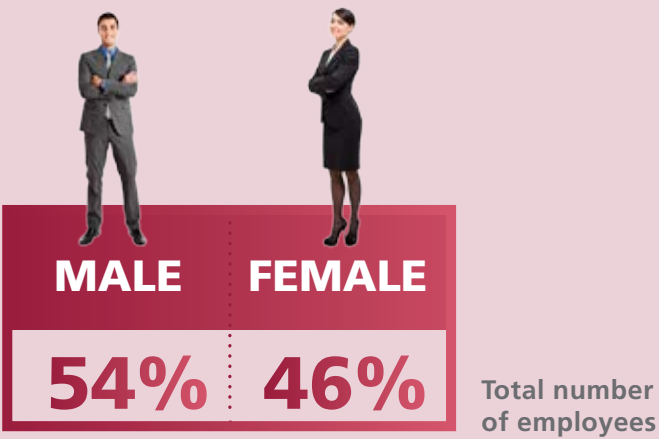


Table 14: Employee Distribution by Contract Type and Gender at Bank Audi Group Lebanon

|      |                         | TOTAL<br>NUMBER<br>OF<br>EMPLOYEES | GENDER |      | CONTRACT                          |     |                                     |      | COLLECTIVE<br>AGREEMENT |               |
|------|-------------------------|------------------------------------|--------|------|-----------------------------------|-----|-------------------------------------|------|-------------------------|---------------|
|      |                         |                                    | F      | M    | LIMITED<br>EMPLOYMENT<br>CONTRACT |     | UNLIMITED<br>EMPLOYMENT<br>CONTRACT |      | % Covered               | % Not Covered |
|      |                         |                                    |        |      | F                                 | M   | F                                   | M    |                         |               |
| 2016 | BANK AUDI sal           | 2764                               | 1372   | 1392 | 66                                | 67  | 1306                                | 1325 | 100%                    | 0%            |
|      | OTHER LEBANESE ENTITIES | 559                                | 158    | 401  | 23                                | 46  | 135                                 | 355  | 66.66%                  | 33.33%        |
|      | TOTAL                   | 3323                               | 1530   | 1793 | 89                                | 113 | 1441                                | 1680 | 83.33%                  | 16.66%        |
| 2015 | BANK AUDI sal           | 2599                               | 1266   | 1333 | 39                                | 45  | 1227                                | 1288 | 100%                    | 0%            |
|      | OTHER LEBANESE ENTITIES | 531                                | 158    | 373  | 24                                | 36  | 134                                 | 337  | 67.89%                  | 32.11%        |
|      | TOTAL                   | 3130                               | 1424   | 1706 | 63                                | 81  | 1361                                | 1625 | 83.95%                  | 16.06%        |
| 2014 | BANK AUDI sal           | 2511                               | 1217   | 1294 | 33                                | 36  | 1184                                | 1258 | 97.3%                   | 2.7%          |
|      | OTHER LEBANESE ENTITIES | 478                                | 143    | 335  | 13                                | 22  | 130                                 | 313  | 63.7%                   | 36.3%         |
|      | TOTAL                   | 2989                               | 1360   | 1629 | 46                                | 58  | 1314                                | 1571 | 80.5%                   | 19.5%         |
| 2013 | TOTAL                   | 2890                               | 1326   | 1564 | 38                                | 44  | 1288                                | 1520 | 97%                     | 3%            |



Table 15: New Employee Hires in 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 |
| 2016 | BANK AUDI sal           | 272                       | 149                                 | 123 | 187                              | 85            | 0    |
|      | OTHER LEBANESE ENTITIES | 74                        | 10                                  | 64  | 42                               | 29            | 3    |
|      | TOTAL                   | 346                       | 159                                 | 187 | 229                              | 114           | 3    |
| 2015 | BANK AUDI sal           | 223                       | 109                                 | 114 | 131                              | 89            | 3    |
|      | OTHER LEBANESE ENTITIES | 97                        | 24                                  | 73  | 48                               | 38            | 11   |
|      | TOTAL                   | 320                       | 133                                 | 187 | 179                              | 127           | 14   |
| 2014 | 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    |
| 2013 | BANK AUDI sal           | 154                       | 75                                  | 79  | 113                              | 41            | 0    |
|      | OTHER LEBANESE ENTITIES | 40                        | 30                                  | 10  | 19                               | 17            | 4    |
|      | TOTAL                   | 194                       | 105                                 | 89  | 132                              | 58            | 4    |

Table 16: Return to Work and Retention Rates after Parental Leave, by Gender

|      |                         | TOTAL NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE |    | TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE |    | TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE ENDED 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      |
| 2016 | BANK AUDI sal           | 56                                                | 55 | 56                                                                  | 55 | 54                                                                                                                            | 54 | 100%                | 100%  | 96.43%         | 98.18% |
|      | OTHER LEBANESE ENTITIES | 4                                                 | 14 | 4                                                                   | 14 | 4                                                                                                                             | 14 | 100%                | 100%  | 100%           | 100%   |
| 2015 | BANK AUDI sal           | 79                                                | 61 | 76                                                                  | 56 | 76                                                                                                                            | 56 | 96.2%               | 91.8% | 96.2%          | 91.8%  |
|      | OTHER LEBANESE ENTITIES | 1                                                 | 8  | 1                                                                   | 8  | 1                                                                                                                             | 8  | 100%                | 100%  | 100%           | 100%   |
| 2014 | BANK AUDI sal           | 81                                                | 51 | 75                                                                  | 51 | 72                                                                                                                            | 47 | 96.5%               | 100%  | 96%            | 92%    |
|      | OTHER LEBANESE ENTITIES | 6                                                 | 10 | 5                                                                   | 10 | 5                                                                                                                             | 10 | 89%                 | 100%  | 100%           | 100%   |

As part of our determination to retain our employees, we make sure that they take the needed time to nurture their newborns

and cater to their parental needs. We also provide space for them to resume their work and fulfil their career aspirations.

Table 17: Progressive Labour Practices

|                                                                            | 2014            | 2015            | 2016            |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Number of internships to university students                               | 432             | 423             | 510             |
| Cost of internships                                                        | USD 80,000      | USD 163,000     | USD 198,000     |
| Salaries and benefits                                                      | USD 165 million | USD 170 million | USD 199 million |
| Number of employees supported (for Bank Audi only)                         | 888             | 940             | 970             |
| Children's tuition fees                                                    | USD 4 million   | USD 5.3 million | USD 5.4 million |
| Support of key educational institutions through scholarships and donations | USD 640,000     | USD 746,349     | USD 961,045     |



FIRE SAFETY MARSHALS MEASURES

The fire safety manual was updated and made available to all employees via the CISBC hub on the Intranet. Fire safety awareness sessions were provided to fire marshals. Fire drills were conducted for Plaza and Palladium headquarters, evacuating approximately 2000 staff members.



TOASTMASTERS

Bank Audi Toastmasters Club, an extension of Toastmasters International, is the only corporate club in Lebanon to date. The objective is to develop and enhance its members' communication and leadership skills. Bank Audi employees can improve their speaking and leadership skills by participating in bi-weekly meetings, and practicing their presentation skills on stage in a fun and friendly environment. During 2016, our club joined efforts with "Toastmasters Lebanon", a region of 4 clubs, to deliver educational and professional workshops.



RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE: **1.48**



3.75% MALE



2.75% FEMALE

HUMAN CAPITAL TURNOVER: **6.5%**



JOB FAIRS

AUB THE AMERICAN  
UNIVERSITY OF BEIRUT  
LAU THE LEBANESE  
AMERICAN UNIVERSITY  
USJ UNIVERSITÉ  
SAINT-JOSEPH  
ESA ECOLE SUPERIEURE  
DES AFFAIRES  
NDU NOTRE DAME UNIVERSITY  
- LOUAIZE  
UOB UNIVERSITY  
OF BALAMAND

SPECIAL LOANS  
FACILITIES  
MEDICAL INSURANCE  
COVERAGE  
LIFE INSURANCE  
MUSIC STUDIO  
GYMNASIUM  
FAMILY MARRIAGE  
INSURANCE PLANS  
MARRIAGE ALLOWANCE  
END-OF-SERVICE  
INDEMNITIES  
PAID LEAVES  
TRAVEL ALLOWANCE  
INFIRMARY  
PERFORMANCE BONUSES  
CHILD TUITION ALLOWANCE  
TRANSPORTATION  
ALLOWANCE  
FAMILY ALLOWANCE  
INSURANCE PLANS

ANNUAL END OF YEAR GIFTS TO OUR EMPLOYEES:

3,338 5G GOLD UNITS: **USD 631,000**



3,290 10-LITER GALLONS OF OLIVE OIL:  
**USD 164,000**



25 YEARS OF LOYALTY – CELEBRATING THE SILVER JUBILEE OF BANK AUDI EMPLOYEES

Bank Audi staff members who have been part of the Bank since 1990 and 1991 were honoured during a special ceremony as part of an annual ritual. We regard a lifetime of service as a true testimony of dedication and loyalty to the Bank.



Employee Wellness

**USD 44,045** IN WELLNESS PROGRAMS



Table 18: Bank Audi Clubs

| ACTIVITY                           | TOTAL BENEFICIARIES | CLUB           | DESCRIPTION                                                                                                                                                       |
|------------------------------------|---------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fête de la Musique                 |                     | Music Club     | Participation of MeLAUDI in street celebrations on June 21.                                                                                                       |
| Beirut Corporate Games             | 300                 | Sports Club    | This sport festival aims at encouraging companies to support their employees' pursuit of a healthier and more active life style. This year we highlighted himaya. |
| Audi Sports Day                    | 400                 | Sports Club    | Organisation of different tournaments: football, basketball, ping pong etc. amongst various departments and branches.                                             |
| Dim Dam Doum                       | 200                 | Community Club | Sponsoring a muppet show in March.                                                                                                                                |
| Zikrayat – A Day at Sanayeh Garden | 75                  | Community Club | Joint activity with Ajialouna.                                                                                                                                    |
| Dragon Circus                      | 400                 | Community Club | Joint activity with Ajialouna.                                                                                                                                    |
| Ghinwa Show for Christmas          | 500                 | Community Club | An end-of-year show for employees' children.                                                                                                                      |
| Bint El Jabal                      | 650                 | Community Club | Sponsoring the play directed by Romeo Lahoud.                                                                                                                     |
| Knock                              | 150                 | Community Club | Sponsoring a performance of the play directed by Alain Plisson.                                                                                                   |
| Aranoun Village                    | 450                 | Community Club | Hiking, sports, activities and lunch.                                                                                                                             |
| Baskinta                           | 160                 | Community Club | Hiking and tourism in collaboration with Darb Al Jabal to visit Baskinta and Sannine.                                                                             |
| Zumba                              | 10                  | Community Club | Weekly Zumba classes.                                                                                                                                             |
| Scotland                           | 22                  | Travel Cub     | A visit of 11 days to Glasgow, Edinburgh and the highlands.                                                                                                       |



EXTERNAL HUMAN DEVELOPMENT

|                                                                                   |                                                                    |                 |                 |                 |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------|-----------------|-----------------|
|  | <b>LOANS AT PREFERENTIAL INTEREST RATES TO UNIVERSITY STUDENTS</b> | <b>2014</b>     | <b>2015</b>     | <b>2016</b>     |
|                                                                                   |                                                                    | USD 3.9 million | USD 6.4 million | USD 6.5 million |
|                                                                                   | <b>NUMBER OF BENEFICIARIES FROM THE GRANTED UNIVERSITY LOANS</b>   |                 |                 |                 |
|                                                                                   |                                                                    | 238             | 373             | 371             |

USJ PRIZE CEREMONY

Granting scholarships to students is held in high regard at Bank Audi where education is considered vital for giving the young generation a chance for a brighter future.

Like every year, Bank Audi organised an annual prize remittance ceremony at Université Saint Joseph (USJ) during which 7 students who had applied for a university loan received USD 5,000 each, to be deducted from their loan. These students were selected by USJ's Social Affairs Office based on their academic performance.

FIRST SCHOLARSHIP CEREMONY AT NDU

Bank Audi celebrated the first scholarship ceremony with Notre Dame University – Louaize (NDU) by granting 7 students scholarships which will be deducted from their tuition fees.

INVESTMENT MANAGEMENT (IM)

AUB's Olayan School of Business (OSB) established an IM program aiming to enhance OSB students' real-world experience. The IM program required that students manage an endowment. Youssef Nizam, Chief Investment Officer, Audi Private Bank, collaborated with a small group from OSB and from Concordia to develop the IM program.

PROFAMILY

For the ninth consecutive year, the sons and daughters of fellow employees were rewarded for their exceptional results in the Baccalaureate – Part II, a step meant to encourage teenagers to seek education and unrivalled academic performance, for ambitious careers and a brighter future.

This year, 12 qualified teenagers were awarded:  
**1<sup>st</sup> prize = USD 20,000** = average of 17.27  
**2<sup>nd</sup> prize = USD 15,000** = average of 16.10  
**3<sup>rd</sup> & 4<sup>th</sup> prize = USD 5,000** = average around 15  
**8 remaining = USD 1,000** = average ranging between 14 to 15

It is worth mentioning that up to this year, Bank Audi has rewarded a total of 82 qualified individuals.



MAXIME CHAYA: THE YOUTH'S ROLE MODEL

Our Corporate Ambassador, who has 7 summits, 3 poles, an ocean and a desert listed to his successes, continued to motivate our millennials at various instances such as during presentations to our interns, in schools etc., with a total number exceeding 1000 young people (aged 7 to 24).

SHADOWING FOR INTERNATIONAL COLLEGE STUDENTS

A few IC students spent a day at Bank Audi as part of their professional shadowing day. They discovered the Retail Department and familiarised themselves with the Bank's structure, products and services. Each one of them shadowed an employee for the whole day, with a view to spending a typical day at Bank Audi, with its meetings, challenges and hard work.

TRAUMA EDUCATION IN LEBANON

It was in December 2013 that years of planning and communicating with the Society of Trauma Nurses (STN) came to fruition. A select group of registered nurses from the AUBMC and the Rafic Hariri School of Nursing were fully sponsored by Roads for Life, with the support of Bank Audi, to undergo instructor training at the regional training center in King Abdul Aziz Medical City in Riyadh (Saudi Arabia). This resulted in an inaugural course held in Lebanon in May 2014.

In June 2014, Roads for Life convinced the Ministry of Public Health in Lebanon to issue Circular No. 51 that "urged governmental and private hospital to delegate the adequate people to take part in the ATLS® and ATCN® training sessions". A few months later, in October 2014, Mrs. Zeina Kassem was recognised by the American College of Surgeons Committee on Trauma for being able to promulgate and sustain all three core trauma courses and for initialising a national trauma system in Lebanon. Roads for Life and AUBMC are working hand in hand to spread trauma culture on the national and regional levels. In summary, a swift and efficient intervention by the emergency teams on the scene of the accident can prevent unnecessary deaths. For nurses, the three-day ATCN® course includes an educational model that promotes critical thinking processes, collaborative, synchronised team approach to trauma care, along with the students of the simultaneous ATLS® course. Doctors and nurses caring for trauma patients in Lebanon have the opportunity to share a common language and approach to trauma care to be able to save more lives in the Golden Period of Trauma.

The door is open for any healthcare professionals in Lebanon who are interested in expanding their skill sets and getting certified. To date, Roads For Life and Bank Audi have sponsored 150 emergency room and intensive care nurses to take the course.



SOCIAL MEDIA

Table 19: Facebook Engagement Rate

| FACEBOOK POSTS                                                                            | DATE   | ENGAGEMENT RATE             | COMMENTS                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------|--------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "How to Face Life": video of the CSR activity by our Retail team.                         | 05-May | 32% (including video views) | People were expressive of their appreciation in the comments, and shares showed an interest in the content.                                                                                             |
| Blood donation video.                                                                     | 15-Jun | 51%                         | The engagement was active. "Love" reactions indicate an appreciation of the CSR initiative. 19% of total views shared; a good amount of organic reach.                                                  |
| Volunteers spend a day with elderlies of Ayadina (video).                                 | 19-Sep | 38%                         | The high number of shares indicates raw interest in the content and led to a high number of organic reach. CSR initiatives are always favoured by our audience as they make us look more human to them. |
| Car-free day at Achrafieh 2020.                                                           | 14-Jun | 10%                         | Very good engagement rate. "Wow" reactions show that the audience was impressed with this CSR initiative.                                                                                               |
| Support to the GirlsgotIT, exploring engineering and IT.                                  | 24-Mar | 7%                          | Very good engagement rate. Always important to showcase the Bank's CSR initiatives as it shows the audience that we take part in the community.                                                         |
| Participation in the Climate Act Day: we have been keeping track of our carbon footprint. | 18-Jun | 6%                          | Good engagement rate.                                                                                                                                                                                   |



Table 20: LinkedIn Engagement Rate

| POSTS ON LINKEDIN                                               | DATE   | IMPRESSION | CLICKS | INTERACTIONS | ENGAGEMENT RATE |
|-----------------------------------------------------------------|--------|------------|--------|--------------|-----------------|
| Article in "Le Commerce Du Levant"                              | March  | 10,937     | 47     | 21           | 0.62%           |
| Financial Literacy Program for Youth                            | March  | 10,555     | 114    | 40           | 1.46%           |
| Volunteer Program (VP) with Ayadina                             | April  | 11,961     | 114    | 52           | 1.39%           |
| Celebrating Earth Day                                           | April  | 9,622      | 31     | 37           | 0.71%           |
| "My Carbon Footprint" launch                                    | April  | 7,710      | 45     | 25           | 0.91%           |
| Volunteer Day                                                   | April  | 7,685      | 11     | 24           | 0.46%           |
| Blood donation                                                  | May    | 10,837     | 30     | 52           | 0.76%           |
| "Merite Blé Vert" event                                         | May    | 9,907      | 108    | 51           | 1.60%           |
| Volunteer Internship Program                                    | May    | 9,136      | 36     | 35           | 0.78%           |
| Achrafieh 2020 Car-free Day                                     | June   | 8,140      | 51     | 48           | 1.22%           |
| CSR Annual Report 2015: Sustaining Shared Value                 | June   | 14,607     | 75     | 63           | 1.83%           |
| Donner Sang Compter – Blood donation                            | June   | 5,640      | 11     | 13           | 0.43%           |
| Books' donation with Assabil                                    | July   | 10,608     | 30     | 58           | 0.83%           |
| VP with himaya                                                  | July   | 9,326      | 136    | 66           | 2.17%           |
| Grandparents' Day with Kibarouna                                | July   | 7,588      | 27     | 31           | 0.76%           |
| VP with SOS                                                     | July   | 7,064      | 34     | 35           | 0.98%           |
| "My Carbon Footprint" winners                                   | August | 8,362      | 78     | 34           | 1.34%           |
| Inclusion of people with disabilities in the Lebanese workplace | Sep    | 8,384      | 33     | 49           | 0.98%           |
| VP with Ayadina                                                 | Nov    | 15,078     | 40     | 76           | 0.77%           |
| UNGC                                                            | Nov    | 12,468     | 43     | 40           | 0.67%           |
| VP with Ayadina                                                 | Nov    | 8,193      | 21     | 31           | 0.63%           |
| University awareness session                                    | Dec    | 19,754     | 164    | 107          | 1.37%           |
| Certificate of acknowledgment for greenhouse gas emissions      | Dec    | 18,782     | 129    | 116          | 1.30%           |

To conclude, CSR posts have an average engagement rate that is higher than the average engagement rate of Bank Audi's overall LinkedIn posts. Most appealing posts showcase Bank Audi employees engaging with the community and include images

from events, and sometimes a clear call for action. Collaborations with NGOs that cater to the elderly outperform others in terms of engagement.

# SPECIAL FEATURE STORY

## CSR SPREADS THE WORD

We continue to be involved and to share best practices in CSR through our involvement, efforts and key activities across Lebanon.

## ENGRAINING IMPACT IN OUR REGION

### "The Country Report: the State of CSR in Lebanon – Trends and Observations of National Corporate Social Responsibility" by CSR LEBANON

To further imprint the presence of CSR in the Lebanese business culture and as part of its national strategy, CSR LEBANON hosted the CSR Champions roundtable event, inviting some of Lebanon's most active CSR professionals to discuss experiences, challenges and the way forward.

Mrs. Hasmig Khoury, representing Bank Audi, was among the 10 individuals who participated in this roundtable, led by Mr. Khaled Kassar, founder and CEO of CSR LEBANON, and facilitated by the Australian expert Mr. Dwayne Baraka who spoke of CSR professionals as change managers. Participants seemed to indicate resonance with their own experiences as purveyors of change, "... passionate and engaged human beings wanting to bring about good."

"Organisations focused on bringing about a more responsible form of business have played key roles... Companies realised that in order to be leaders in business, you have to be leaders in CSR."

Identified challenges include, "...from a shared value perspective where NGOs should unite their resources and communicate better on what they are doing. They should be taught to find common interests." Other key challenges range from the need for a strategic vision, business leadership, dedicated budgets and clear implementation practices of CSR. Managing social and environmental risks to accentuate impact is a main concern for the region.

The aspects of the discussion, that centered around transparency and the importance of CSR to business strategy, drew the distinction between companies that announce versus the ones which act the part. This indicates an appetite for greater transparency on CSR issues among the leaders of CSR in Lebanon. Collaboration was recognised as key to promote sustainable development. Incentives addressing government needs can also motivate responsible actions.

In closing, participants identified the next important steps for CSR to gain traction in Lebanon. The highest score was attributed to: raising awareness, educating and a national CSR strategy.

The report sums: "It is not surprising that Bank Audi, regarded as a CSR leader in Lebanon (at least based on comments made by participants and as reinforced in publicly-available information), was (at the time of the roundtable) the only organisation in Lebanon with a formal and fully dedicated Head of CSR, and the only one having a GRI-report in the country".

## CSR UNIVERSITY AWARENESS SESSION

### INSPIRING IDEAS, MOTIVATING FUTURE GENERATIONS!

For the second year in a row, the CSR Unit held an interactive university awareness initiative leading to a competition at Bank Audi and aiming at encouraging students to be creative and pitch a feasible CSR project that is aligned with the Bank's CSR strategy. Of the 9 proposals submitted, 4 were shortlisted by an external 5-member CSR jury. They presented their projects to the Bank's CSR Committee during live presentations.

#### 1<sup>ST</sup> PRIZE WINNER

**Malak Hashmieh (LIU)** for her proposal, **"Amal"**, a program which finances startups or new businesses, and helps create job opportunities, especially for the Lebanese youth.

#### 2<sup>ND</sup> PRIZE WINNER

**Lara Macaron Sabbouri (LU)** for her proposal **"Guest-Speaker Program"**, whereby employees volunteer to give a one-session business course to university students and explain how Bank Audi applies theoretical concepts in its daily activity.

#### 3<sup>RD</sup> PRIZE WINNER

**Hind Chazbek (AUB)** for her proposal **"Eco-Friendly Car Loan"** which consists in encouraging people to buy and drive environmental-friendly cars by providing a green car loan at a low interest rate. This initiative motivates the youth to develop responsible thinking and to take action as regards sustaining the environment and positively influencing their surroundings.

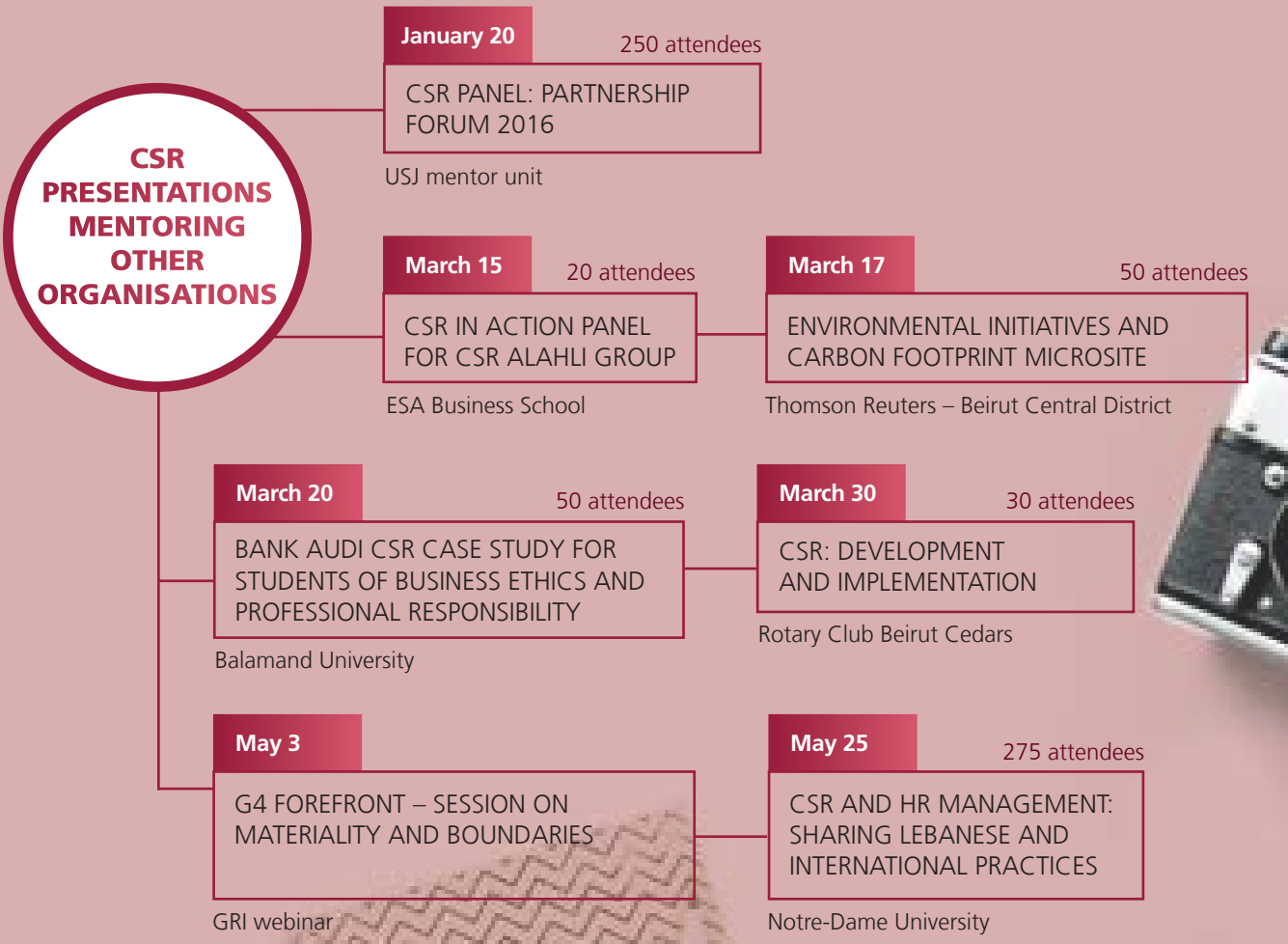
## TENTH ANNIVERSARY OF USJ'S "OPÉRATION 7<sup>ÈME</sup> JOUR"

In yet another effort to strengthen our bond with one of the best educational institutions in Lebanon, and to elevate the quality of education for the upcoming generation, Bank Audi joined Université Saint-Joseph (USJ) on December 6, 2016, on the tenth anniversary of their "Opération 7<sup>ème</sup> Jour" initiative. The main objective behind the 2016 event was to engage and educate future generations on social responsibility. As a way of backing USJ's efforts, Bank Audi granted USD 1,000 to 10 students who contributed to the community's well-being. Raising the youth's awareness on social responsibility and helping them get involved in civil and volunteer work will, no doubt, be very beneficial in paving the way for promising futures.



## CSR CASE STUDY – BANK AUDI'S SUSTAINABILITY CASE STUDY MADE PUBLIC BY CANADIAN PUBLISHER

It's always a pride and a pleasure when Bank Audi gets international recognition for its many business or CSR efforts. Bank Audi's CSR Case Study, **"Bank Audi: Leading through Sustainability"**, written by Professor **Dima Jamali**, was registered with Ivey Publishing. Reputed for publishing studies used by the world's top universities, the Canadian publishing house is a leader in distributing business case studies globally. This contribution brings in major exposure for Bank Audi, as the issue will circulate to over 25,000 faculty and staff.



# Environmental Protection

TOGETHER FOR NATURE





AWARENESS ON RESOURCES USAGE

MY CARBON FOOTPRINT

MY CARBON FOOTPRINT

Mobilising the Youth for a Better Environment!

My Carbon Footprint” competition, an initiative devised by Bank Audi in collaboration with the Ministry of the Environment and the United Nations Development Programme (UNDP).

The “My Carbon Footprint” project, whose pilot phase was launched in partnership with La Sagesse and Al Makassed schools, addresses climate change while raising awareness among the youth on the use of resources and its impact on the environment. The three winners of the project’s first edition, Joya Ayoub from La Sagesse St. Maron (1<sup>st</sup> place), Sara Khodari from Al Makassed (2<sup>nd</sup> place) – Omar Ben Al Khattab, and Francesca El Helou from La Sagesse Brasilia (3<sup>rd</sup> place), were selected for the high scores they achieved.

**my-cfp.com** is an informative and fun microsite developed by Bank Audi and specifically addressed to children aged 12 to 15 and living in Lebanon. This platform allows participants to monitor and reduce their household energy expenses and their effect on nature, by keeping track of their homes’ electricity, paper, gas and fuel consumption. The aim of this microsite is to engage our youth in reducing their household’s impact on the environment, in recognising the importance of resources, and in acknowledging the carbon footprint we leave on Mother Earth.

Today’s youth have an eagerness to learn and adopt environment-friendly and ethical resource consumption practices having positive effects on the global climate. This motivates children and teenagers to reduce their carbon footprint, thus contributing to building a generation of civically engaged citizens.

The second edition of this initiative consisted in launching a nation-wide campaign in public and private schools during the 2016-2017 school year. This comes within our partnership with the Ministry of the Environment and the UNDP, who also released the Teachers’ Guidebook on Climate Change. Additional partners for this edition were Beyond Magazine, Green Cedars Lebanon and the Association for Forests, Development & Conservation (AFDC) who initiated the "Awareness on Wheels" project, a mobile school bus for awareness on solid waste management, where children can access the microsite and receive bookmarks branded “My Carbon Footprint”. And a final partnership with e-Eco Solutions and Green Schools Certification Program, whereby schools can benefit from additional points when engaging 20% of their students and encouraging them to register.



Mobilising youth for a better environment.

EARTH HOUR



Switch off the Lights, Save the Planet!

Earth Hour is an international initiative organised by the World Wide Fund for Nature (WWF). It encourages individuals, communities, households and businesses to turn off their lights for one hour from 8:30 pm to 9:30 pm on a particular day. The movement originally started with Sydney’s 2007 lights-off event, and has grown to engage more than 7,000 cities and towns around the world. Bank Audi partakes in this initiative on a yearly basis as part of its CSR initiative to save the environment.

ENVIRONMENTAL LOANS

These loans cover a spectrum of environmentally friendly solutions applied in private houses, commercial and industrial buildings, from purchasing of an absorption chiller solution, financing energy efficient components, planting trees, renovating lighting systems and installation of photovoltaic panels, to landscaping implementations.

USD 6.2 MILLION

ENVIRONMENTAL LOANS SUBSIDISED BY THE CENTRAL BANK OF LEBANON AT PREFERENTIAL INTEREST RATES

EFFLUENTS AND WASTE

We sustained our “Grow Green” Program which encourages employees to recycle solid waste at the workplace and at home, and to dispose of it at the Bank’s three special hubs. Collected plastic bottle caps continue to be donated to “arcenciel” to provide wheelchairs for the disabled, and collected plastic bottles are donated to Association de l’Ecoute. In 2016, we persisted on tracking the impact of our “Grow Green” Program since its inception in 2012.

Table 21: Total Weight of Waste in kg

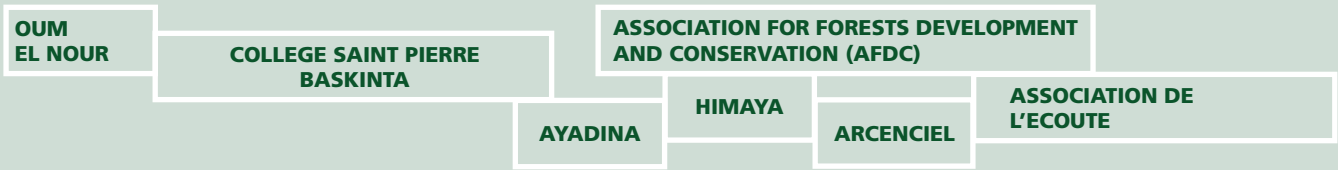


| YEAR  | E-WASTE* | PLASTIC | CANS  | PET BOTTLES* | PAPER                | TREES |
|-------|----------|---------|-------|--------------|----------------------|-------|
| 2012  | -        | 30      | 4,740 | -            | 51,770               | 1,102 |
| 2013  | -        | 130     | 690   | -            | 83,192               | 1,414 |
| 2014  | -        | 157     | 0     | -            | 103,722              | 1,763 |
| 2015  | 403      | 150     | 0     | 33           | 146,769 <sup>1</sup> | 2,495 |
| 2016  | 2,124    | 196     | 54    | 1,518        | 111,080              | 1,888 |
| TOTAL | 2,527    | 663     | 5,484 | 1,551        | 496,533              | 8,662 |

\*Initiated in 2015. <sup>1</sup>Includes not recurrent archive disposing.



E-WASTE DONATED TO THE BELOW NGO'S FOR REUSE



UPCYCLING FOR A CAUSE  
E-WASTE COLLECTION FUNDS NGO

Electronic waste or e-waste describes used and discarded electrical or electronic devices destined for reuse, resale, salvage, recycling or disposal. Processing these in developing countries can lead to adverse human health effects and environmental pollution due to various chemicals and materials used in the production of such equipment or accessories. Electronic scrap components, such as CPUs, RAMs etc. contain potentially harmful components like lead, cadmium and beryllium.

**Recycling and disposing of e-waste may involve significant risk to workers and communities, and great care must be taken to avoid unsafe exposure in recycling operations and leaking of heavy metals from landfills and incinerator ashes.**

In this respect, Bank Audi's CSR Unit extended its Recycling Program to include electronic waste for ONE day in celebration of Earth Day on April 22. Collected materials were donated to Association de l'Ecoute, an organisation established in 1990 that assists disabled persons (deaf, blind or people suffering from limited mobility) and people suffering from illnesses. Association de l'Ecoute upcycled the collected materials by creating items to fund the purchase of wheelchairs and hearing aids for the needy community.

This initiative aimed at helping:

- Reduce the amount of waste sent to landfills.
- Conserve natural resources such as wood, water and minerals.
- Prevent pollution.
- Save energy.
- Reduce greenhouse gas emissions that contribute to global warming.
- Help sustain the environment for future generations.

In sum:

|                                            |                                                     |
|--------------------------------------------|-----------------------------------------------------|
| <b>62 KG</b> WERE COLLECTED FROM EMPLOYEES | <b>903 KG</b> WERE COLLECTED FROM THE IT DEPARTMENT |
|--------------------------------------------|-----------------------------------------------------|



EMISSIONS



In partnership with a certified expert, we conducted a comprehensive audit of our carbon footprint by monitoring all our premises: branches, offices and warehouses. This process was launched in 2012, hereafter considered as base year, with a view to comply with the GRI guidelines on environmental impact. As per our Greenhouse Gases (GHG) inventory based on the GHG-Protocol Corporate Standard, we have reported on the following seven GHG: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). The GHG calculations were performed using well established tools and methodologies following the GHG Protocol developed by the World Resource Institute (WRI, 2006b, c) and using an internationally recognised tool allowing the standardisation of

the procedures and calculations, which is key in order to quantify and compare emissions accurately. The calculation of the emission factors and the global warming potential (GWP) rates used are 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 the Environment. The total GHG emissions from Bank Audi Group Lebanon in 2016 were 19,976.2 tCO<sub>2e</sub>. It is important to note that this number has decreased when compared to 2012, the baseline year; all while acknowledging that the employment and the space occupied by our business has increased.

Table 22: GHG Emissions

|                                         | 2013                       | 2014                       | 2015                       | 2016                         |
|-----------------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
| Total GHG emissions                     | 21,309.8 tCO <sub>2e</sub> | 21,065.6tCO <sub>2e</sub>  | 21,738.2 tCO <sub>2e</sub> | 19,976.2 tCO <sub>2e</sub> * |
| GHG emissions per employee              | 7.68 tCO <sub>2e</sub>     | 7.0 tCO <sub>2e</sub>      | 6.9 tCO <sub>2e</sub>      | 6.01 tCO <sub>2e</sub>       |
| GHG emissions per m2                    | 0.220 tCO <sub>2e</sub>    | 0.218 tCO <sub>2e</sub>    | 0.225 tCO <sub>2e</sub>    | 0.200 tCO <sub>2e</sub>      |
| Total GHG emissions % from scope 1      | 19.2%                      | 21.3%                      | 20.5%                      | 38%                          |
| Total GHG emissions from scope 1        | 4,101.7 tCO <sub>2e</sub>  | 4,486.2 tCO <sub>2e</sub>  | 4,448.1 tCO <sub>2e</sub>  | 7,668.2 tCO <sub>2e</sub>    |
| Total GHG emissions % from scope 2      | 75.1%                      | 72.8%                      | 72.1%                      | 53%                          |
| Total GHG emissions from scope 2        | 16,003.9 tCO <sub>2e</sub> | 15,338.3 tCO <sub>2e</sub> | 15,672.4 tCO <sub>2e</sub> | 10,506.1 tCO <sub>2e</sub>   |
| Total GHG emissions % from scope 3      | 5.7%                       | 5.9%                       | 7.4%                       | 9%                           |
| Total GHG emissions from scope 3        | 1,204.2 tCO <sub>2e</sub>  | 1,241.0 tCO <sub>2e</sub>  | 1,617.7 tCO <sub>2e</sub>  | 1,801.8 tCO <sub>2e</sub>    |
| Flight trips percentage of scope 3      | 74.3%                      | 68.4%                      | 63.3%                      | 66%                          |
| Flight trips                            | 894.9 tCO <sub>2e</sub>    | 849.5 tCO <sub>2e</sub>    | 1,024.5 tCO <sub>2e</sub>  | 1,193.9 tCO <sub>2e</sub>    |
| Courier services percentage of scope 3  | 8.4%                       | 8.2%                       | 23.1%                      | 21%                          |
| Courier services                        | 101.4 tCO <sub>2e</sub>    | 101.4 tCO <sub>2e</sub>    | 373.8 tCO <sub>2e</sub>    | 373.8 tCO <sub>2e</sub>      |
| Paper consumption percentage of scope 3 | 17.2%                      | 23.4%                      | 13.6%                      | 13%                          |
| Paper consumption                       | 209.7 tCO <sub>2e</sub>    | 290.1 tCO <sub>2e</sub>    | 219.4 tCO <sub>2e</sub>    | 234.1 tCO <sub>2e</sub>      |

\*It is noteworthy that at reporting time, given the lack of official data, some estimations were made in our electricity consumption.



ENERGY CONSUMPTION

Table 23: Energy Consumption

|                                                   | 2013             | 2014               | 2015               | 2016               |
|---------------------------------------------------|------------------|--------------------|--------------------|--------------------|
| Total fuel consumption                            | 1,489,900 litres | 1,439,665.8 litres | 1,402,789.8 litres | 2,608,853.4 litres |
| Total electricity consumption                     | 19,185.68 MWH    | 23,922 MWH         | 23,745.1 MWH       | 17,489.4 MWH       |
| % of electricity purchased from EDL               | 98.3%            | 75.9%              | 73.4%              | 44.4%              |
| % of electricity produced by owned generators     | 0.8%             | 12.7%              | 12.5%              | 31.6%              |
| % of electricity purchased from shared generators | 0.9%             | 11.4%              | 14.1%              | 24%                |

Sources of conversion factors used are the same as those used in 2013 (CSR Report 2013, Figure 20).

Figure 6: Total GHG Emissions per Year for Bank Audi (considering 2012 baseline year)

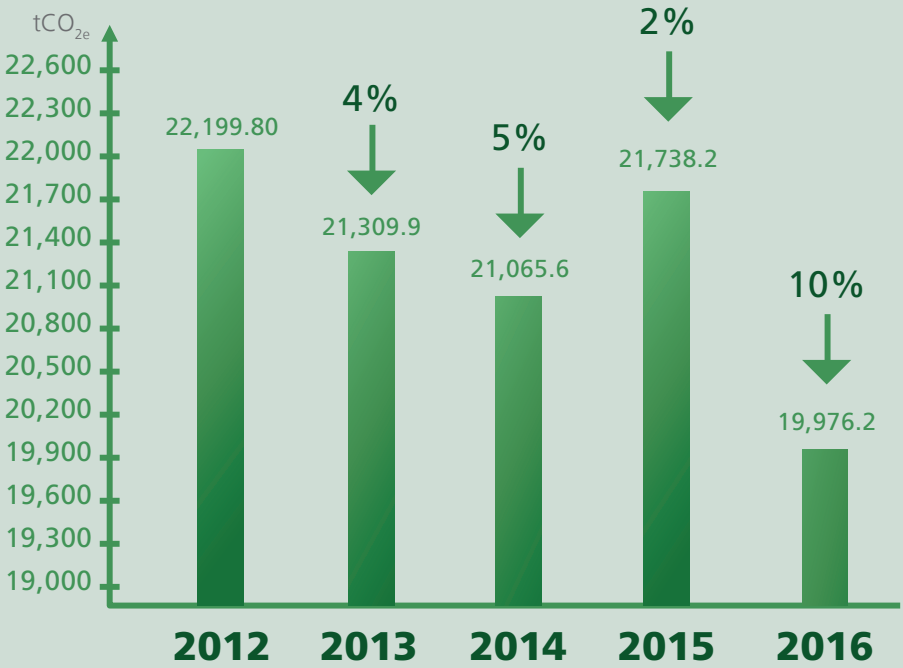


Figure 7: Bank Audi's Greenhouse Gas Emission Sources

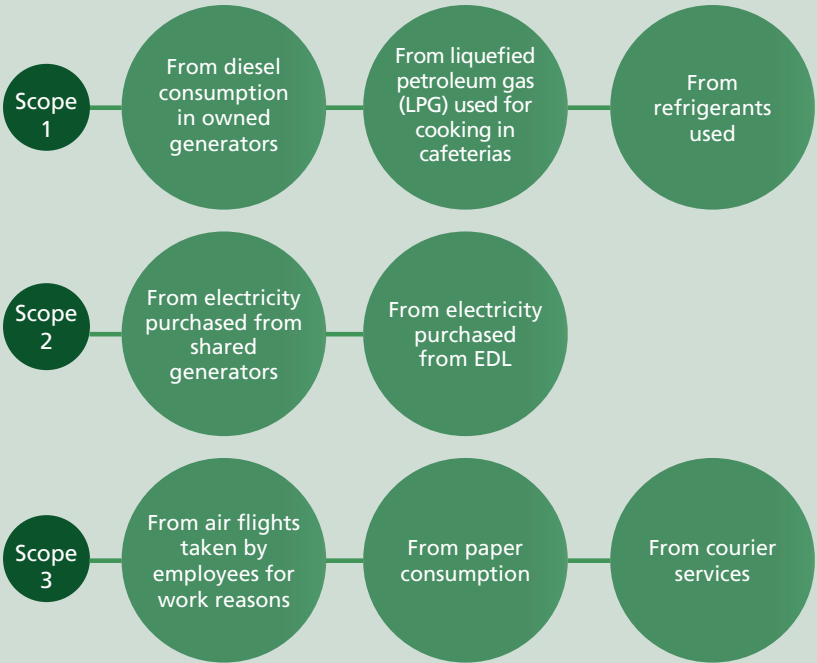
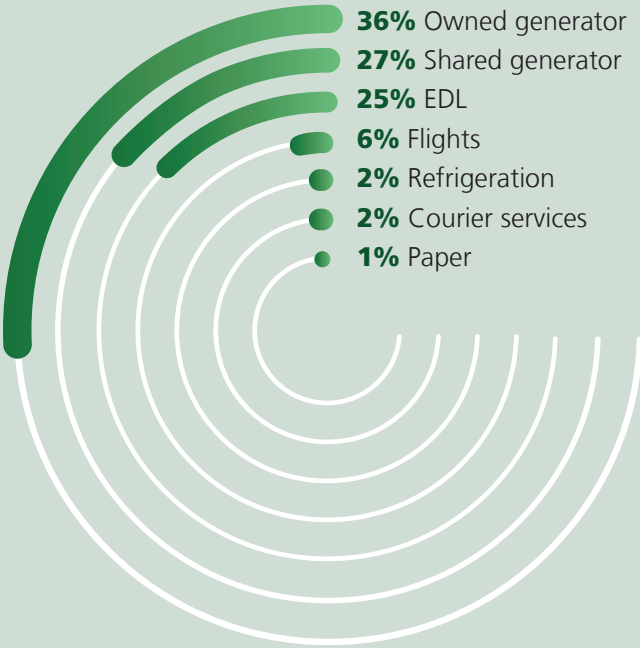


Figure 8: Emissions per Sources in 2016



## SPECIAL FEATURE STORY

### BANK AUDI SIGNS THE LEBANON CLIMATE ACT; PROMISES OF A BETTER ENVIRONMENT!

Bank Audi signed the Lebanon Climate Act, an innovative platform in developing a climate for a sound Lebanese economy in line with environmental concerns. The Lebanon Climate Act is a program organised by Green Mind in collaboration with the United Nations Development Program (UNDP) under the patronage of Central Bank Governor H.E. Riad Salameh.

The program mainly aims at creating economic growth in a way that also creates value for the society by addressing climate change challenges. The Lebanon Climate Act was launched through an inspiring power panel presided by Governor Salameh, Mr. Carlos Ghosn, CEO of the Renault-Nissan Alliance, Mr. Luca Renda, UNDP Lebanon Country Director, Mrs. Nada Zaarour, President of Green Mind, and moderated by Mr. Gilbert Tegho, CEO of e-EcoSolutions.

The Panel addressed more than 250 individuals of the private sector's elite CEOs and decision-makers, to empower them towards catalysing their involvement in the wider climate change community. Its objective was to provide a space for businesses to showcase and support climate action through concrete initiatives and multistakeholder approaches, thus helping them contribute in a sustainable and profitable manner to a strong and effective response to climate change.

Governor Salameh declared that "economic growth cannot be achieved without environmental initiatives that protect our country's environment and our health". **The Central Bank is greatly backing and believes in the Lebanon Climate Act initiative which complements the financial incentives that the Central Bank has already put in place to support the development of environmental projects through subsidised environmental loans [...]. More than 500 million dollars have been invested in the construction industry through low interest loans over 7 years."**

Mr. Carlos Ghosn underlined that "climate change is a threat, but there are many solutions and opportunities to overcome the challenge, and that is where business comes on the table. All the sectors have to contribute in order to get results while witnessing economic growth. The reality comes in changing mindsets, changing products, acting." Ghosn mentioned that **"the solution comes in a combination between technology development on one side, and taxation and financial incentives that can get the real drive towards eco-friendly products and towards reaching our CO2 reduction goals on the other."** He added, **"we should be ready to tackle the hard tasks to put things in action and reach our objectives."**

The Lebanon Climate Act was launched with the "ليرجع يتنفس لبنان وقف نفسك دقيقة" (hold your breath for a minute so that Lebanon can breathe) campaign through which hundreds of Lebanese citizens expressed their support to the program and urged the private sector to join the Act through holding their breath for one minute, filming it, and sharing it on social media.

The Lebanon Climate Act's one-year program includes a roadmap of support sessions for the private sector and non-governmental organisations entitled **"The Business Knowledge Platform"** and hosted by the **Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon.**



This platform aims at enabling businesses to design and implement activities which reduce the impact of climate change, and at capturing success stories to inspire others. Participants are led through the fundamentals of climate change and how organisations can measure and manage their impact, using case studies and practical exercises and tools. In sum, it provides the essentials for establishing a credible strategy and developing leadership in the field of climate change.



Bank Audi Signs the Lebanon Climate Act.

“  
ECONOMIC GROWTH  
CANNOT BE  
ACHIEVED WITHOUT  
ENVIRONMENTAL  
INITIATIVES  
THAT PROTECT  
OUR COUNTRY'S  
ENVIRONMENT AND  
OUR HEALTH.  
”

Governor Salameh



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# Supplementary Information

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# AWARDS AND RECOGNITIONS

Table 24: Awards and Recognitions

|                                                               |                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Best Emerging Market Bank in the Middle East 2016 for Lebanon | Safest Bank in Lebanon                                                                                                                                                                                                                                                          |
| Euromoney Award for Excellence                                | Best Bank for Wealth Management in the Middle East                                                                                                                                                                                                                              |
| Professional Wealth Management & The Banker Magazine          | Best Private Bank in Lebanon                                                                                                                                                                                                                                                    |
| First Protocol; Social Economic Award for “SME Initiatives”   | “Grow My Business” project                                                                                                                                                                                                                                                      |
| The Arab Banks Awards                                         | Best Bank in Lebanon                                                                                                                                                                                                                                                            |
| The Global Private Banking Awards                             | The Banker Global Private Banking Award                                                                                                                                                                                                                                         |
| Ministry of the Environment                                   | Recognition for reporting Greenhouse Gas Emissions                                                                                                                                                                                                                              |
| ArabSustainability.com                                        | ArabSustainability.com is an open, online platform with the most up-to-date database of organisational sustainability performance in the region. Bank Audi was listed and ranked 6 <sup>th</sup> among the registered banks in terms of women percentage in the workforce (46%) |

# INTERNAL AUDIT REPORT

Objectives: Review and evaluate the development of the Corporate Social Responsibility activities report in line with (GRI) Standards, ISO 26000 Standards, United Nations Global Compact (UNGC) Principles and best practices.

Internal Audit department conducted a review over Bank Audi 2016 Corporate Social Responsibility (CSR) report based on the objective and scope outlined above.

The Bank is continuously exerting efforts to contribute to the development of a sustainable society. Management continues to further develop the reporting mechanism and improve data collection to ensure accuracy, traceability, timeliness and quality of reported information, in line with best practices and international standards.

We conducted a review of CSR significant activities and processes. Our review was based on interviews and testing on sample basis. In conclusion, nothing has come to our attention to make us believe that the information contained in this report has not been fairly presented in all material respect.

We identified areas for potential improvements in the CSR internal reporting management system that Management should consider as follows:

- Revisit the disclosures made in line with GRI 103 standards to enhance the related reporting disclosures in the CSR report.
- Further boost the reporting mechanism and highlight the Bank forward looking CSR plans along with their expected social impact.
- Further standardize and extend the engagement of the CSR activities and further incorporate it in the Bank decision making and business processes.
- Continue to raise awareness and build competencies and capabilities for social responsibility, to engage the Bank employees at the various levels towards applying and promoting the Bank CSR principles.

Rita Merhej  
Head of Unit

Rana Nassif Sassine  
Head of Internal Audit

# APPENDICES

Appendix 1: Sampling of Bank Audi’s Brands, Products and Services

Business Lines

- Personal Banking
- Business Banking
- Private Banking
- SME

Accounts

- Sight deposit account
- Payroll account
- Spring account
- Wedding account
- Current account for individuals & businesses
- Deposit account

Loans

- Business loan
- Premises loan
- Kafalat loan
- Home Loan
- Car Loan
- Personal Loan
  - Generic personal loan
  - Public sector
  - Teachers’ loan
  - Doctors’ loan
- High tech loan
- University loan
- Schooling loan

Cards

- Debit card
- Credit card
- Power card
- Empower card
- Installment card
- Charge card
- Corporate card
- Co-Branded card
- Prepaid card
- Tap2Pay NFC series of contactless payments

Services

- TransAct packages
- POS Cash advance
- Bank Audi Mobile App
- PinPay
- ADSL service
- Calculator
- Bill domiciliation
- Audi Online
- Safe deposit box
- Car tax payment
- SMS service
- E-statement
- IAPA
- Priority Pass
- Priority Traveler
- Insurance programs
- Event Club
- Audi Assist

Loyalty Programs

- Audi Rewards
- Travel Rewards
- Kids Rewards
- Cedar Miles
- Air time
- Cashback
- Gift voucher

Bancassurance

- Aman Al Elm
- Aman Al Ghad
- Aman Al Darb
- Aman Al Madkhoul
- Aman Al Hayat
- Aman Al Dirassa
- Aman Al Dar
- Hizam Al Aman
- Hizam Obligatory

Appendix 2: Initiatives Endorsed by Bank Audi

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

Kunhadi: youth awareness on road safety

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

Orphanage Welfare Society of Saida: care for orphans

Myschoolpulse: running for a cause

G: raising awareness on environmental protection

Beirut International Marathon: running for a cause

Kibarouna: care for the elderly

Equal: protecting the vulnerable, the forgotten, and our wounded earth

arcenciel: promoting diversity, integration and development of underprivileged and marginalised communities

Lebanese League for Women in Business: encouraging women in business to “Take the Lead and Succeed”

Appendix 3: Initiatives to Enhance Financial Literacy

| Initiative                              | Target group            | Category                           | Goal                                                                                                                                                                                           | Subject Area  | Related Activities            | Beneficiary       | Language       | Information Material |
|-----------------------------------------|-------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------|-------------------|----------------|----------------------|
| Spring Account                          | Youth (18-24 year-olds) | All youth                          | Ensures practical access to money and special services.                                                                                                                                        | Promotional   | Campaign, sponsorships        | Youth             | Arabic/English | Online and brochure  |
| Sight Deposit Account                   | All                     | Low-income individuals             | Provides saving account and additional benefits.                                                                                                                                               | Promotional   |                               | All               | Arabic/English | Online and brochure  |
| Schooling Insurance Account             | Parents                 | Each age group has its own formula | Helps parents ensure their children's schooling fees.                                                                                                                                          | Promotional   |                               | Parents and youth | Arabic         | Brochures            |
| Housing Insurance Account               | All                     | All                                | Insures house from accidents.                                                                                                                                                                  | Promotional   |                               | All               | Arabic         | Brochures            |
| Life Insurance                          | All                     | All                                | Insures individuals from accidents.                                                                                                                                                            | Promotional   |                               | All               | Arabic         | Brochures            |
| University Studies Insurance            | Parents                 | Youth                              | Insures university studies fees.                                                                                                                                                               | Promotional   |                               | Youth             | Arabic         | Brochures            |
| Personal Loan                           | All                     | Low-income individuals             | Assists in spending.                                                                                                                                                                           | Promotional   |                               | All               | Arabic/English | Online and brochure  |
| Transparency Banking Tips               | All                     | All                                | Informs clients about car loans.                                                                                                                                                               | Informative   |                               | All               | Arabic/English | Online and brochure  |
| Grow My Business                        | All                     | Micro businesses                   | Encourages small businesses.                                                                                                                                                                   | Promotional   | Competition and award winning | Businessmen       | Arabic/English | Online and brochure  |
| Wedding Account                         | All                     | Newly weds                         | Helps newly weds guarantee their future.                                                                                                                                                       | Promotional   |                               | Newly weds        | English        | Online and brochure  |
| Housing Loan                            | All                     | Low-income individuals             | Helps needy individuals buy houses.                                                                                                                                                            | Promotional   |                               | All               | Arabic         | Online and brochure  |
| Visa Business Debit Card                | All                     | Businessmen                        | Helps businessmen control their internal spending.                                                                                                                                             | Promotional   |                               | Businessmen       | Arabic/English | Online and brochure  |
| All you need to know about "Chip" cards | All card holders        | All                                | Educates cardholders on the evolving "Chip" technology that was introduced in order to combat the growing levels of fraud.                                                                     | Informative   |                               | All               | English        | Online and brochure  |
| All you need to know about "PayPass"    | All cardholders         | All                                | Educates cardholders about the latest "PayPass" contactless payment technology , a new feature that makes purchases 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                                | Summarises and classifies Bank Audi cards by chip type: "Chip & PIN" or "Chip & Signature" .                                                                                                   | Comprehensive |                               | All               | English        | Brochures            |

# GRI STANDARDS

Table 25: Concordance Table

| GRI STANDARDS             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ISO 26000                                  | UN GLOBAL COMPACT | SDG            | REFERENCE             |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|----------------|-----------------------|
| UNIVERSAL STANDARDS       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |                   |                |                       |
| 102 - GENERAL DISCLOSURES |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |                   |                |                       |
| ORGANISATIONAL PROFILE    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                            |                   |                |                       |
| 102-1                     | Report the name of the organisation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6.3.10.<br>6.4.1- 6.4.5.<br>6.8.5.<br>7.8. |                   |                | P. 6                  |
| 102-2                     | Report the primary brands, products and services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                            |                   |                | P. 47                 |
| 102-3                     | Report the location of the organisation's headquarters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                            |                   |                | P. 6                  |
| 102-4                     | Report the number of countries where the organisation operates, and names of countries where it has significant operations or that are specifically relevant to the sustainability topics covered in the Report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |                   |                | P. 6                  |
| 102-5                     | Report the nature of ownership and legal form.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                            |                   |                | P. 6                  |
| 102-6                     | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                            |                   |                | P. 6                  |
| 102-7                     | Report the scale of the organisation, including:<br>- Total number of employees.<br>- Total number of operations.<br>- Net sales (for private sector organisations) or net revenues (for public sector organisations).<br>- Total capitalisation broken down in terms of debt and equity (for private sector organisations).<br>- Quantity of products or services provided.                                                                                                                                                                                                                                                                                                                                                                                                    |                                            |                   | SDG 8          | P. 19                 |
| 102-8                     | a. Total number of employees by employment contract (permanent and temporary), by gender.<br>b. Total number of employees by employment contract (permanent and temporary), by region.<br>c. Total number of employees by employment type (full-time and part-time), by gender.<br>d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.<br>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).<br>f. An explanation of how the data was compiled, including any assumptions made. |                                            | Principle 6       | SDG 5<br>SDG 8 | P. 35                 |
| 102-9                     | A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                            |                   | SDG 8          | P. 22                 |
| 102-10                    | Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain<br>- Changes in the location of, or changes in operations, including facility openings, closings, and expansions.<br>- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).<br>- Changes in the location of suppliers and the structure of the supply chain, or in relationships with suppliers, including selection and termination.                                                                                                                                                                                                         |                                            |                   |                | P. 6<br>AR P. 12 & 17 |

| GRI STANDARDS          |                                                                                                                                                                                                                                                                                       | ISO 26000                                  | UN GLOBAL COMPACT | SDG                      | REFERENCE     |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|--------------------------|---------------|
| 102-11                 | Report whether and how the organisation applies the Precautionary Principle or approach.                                                                                                                                                                                              |                                            |                   | SDG 8<br>SDG 9<br>SDG 13 | P. 6, 10 & 15 |
| 102-12                 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.                                                                                                                    |                                            |                   | SDG 8                    | P. 15 & 47    |
| 102-13                 | A list of the main memberships of industry or other associations, and national or international advocacy organisations.                                                                                                                                                               |                                            | Principle 3       |                          | P. 6          |
| STRATEGY               |                                                                                                                                                                                                                                                                                       |                                            |                   |                          |               |
| 102-14                 | Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability.                                                                                                           | 4.7.<br>6.2.<br>7.2.<br>7.4.2.             |                   |                          | P. 4          |
| ETHICS AND INTEGRITY   |                                                                                                                                                                                                                                                                                       |                                            |                   |                          |               |
| 102-16                 | Describe the organisation's values, principles, standards and norms of behaviour.                                                                                                                                                                                                     | 4.4.<br>6.6.3.                             | Principle 10      | SDG 8                    | P. 16         |
| GOVERNANCE             |                                                                                                                                                                                                                                                                                       |                                            |                   |                          |               |
| 102-18                 | The reporting organisation shall report the following information:<br>a. Governance structure of the organisation, including committees of the highest governance body.<br>b. Committees responsible for decision-making on economic, environmental, and social topics.               | 6.2.<br>7.4.3.<br>7.7.5.                   |                   |                          | AR P. 12      |
| STAKEHOLDER ENGAGEMENT |                                                                                                                                                                                                                                                                                       |                                            |                   |                          |               |
| 102-40                 | Provide a list of stakeholder groups engaged by the organisation.                                                                                                                                                                                                                     | 5.3.                                       |                   |                          | P. 9          |
| 102-41                 | Percentage of total employees covered by collective bargaining agreements.                                                                                                                                                                                                            | 6.3.10.<br>6.4.1- 6.4.5.<br>6.8.5.<br>7.8. | Principle 3       | SDG 8                    | P. 35         |
| 102-42                 | Report the the basis for identifying and selecting stakeholders with whom to engage.                                                                                                                                                                                                  | 5.3.<br>6.7.1 - 6.7.2.<br>6.7.6.           |                   |                          | P. 9          |
| 102-43                 | Report the organisation'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, 21 & 22 |
| 102-44                 | Report key topics and concerns that were raised through stakeholder engagement, including:<br>i. How the organisation has responded to those key topics and concerns, including through its reporting.<br>ii. The stakeholder groups that raised each of the key topics and concerns. |                                            |                   |                          | P. 9, 21 & 22 |

AR: Annual Report

| GRI STANDARDS      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ISO 26000               | UN GLOBAL COMPACT | SDG | REFERENCE |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|-----|-----------|
| REPORTING PRACTICE |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |                   |     |           |
| 102-45             | Report the following information:<br>a. List all entities included in the organisation's consolidated financial statements or equivalent documents.<br>b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the Report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5.2.<br>7.3.2. - 7.3.4. |                   |     | P. 8      |
| 102-46             | a. Explain the process for defining the Report's content and the aspect boundaries<br>b. Explain how the organisation has implemented the reporting principles for defining the Report's content.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                         |                   |     | P. 8      |
| 102-47             | List all the material topics identified in the process for defining the Report's content.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |                   |     | P. 8      |
| 102-48             | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |                   |     | P. 5 & 8  |
| 102-49             | Report significant changes from previous reporting periods in the list of material topic and topic boundaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                         |                   |     | P. 5 & 8  |
| 102-50             | Reporting period for the information provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 7.5.3.<br>7.6.2.        |                   |     | P. 3      |
| 102-51             | Date of most recent previous report (if applicable).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                         |                   |     | P. 3      |
| 102-52             | Reporting cycle (such as annual or biennial).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                         |                   |     | P. 3      |
| 102-53             | Provide the contact point for questions regarding the Report or its content.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                   |     | P. 3      |
| 102-54             | The reporting organisation shall report the following information:<br>a. The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards. Either:<br>i. This report was prepared in accordance with the GRI Standards: Core option.<br>ii. This report was prepared in accordance with the GRI Standards: Comprehensive option.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                         |                   |     | P. 3      |
| 102-55             | The reporting organisation shall report the following information:<br>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the Report.<br>b. For each disclosure, the content index shall include:<br>i. The number of the disclosure (for disclosures covered by the GRI Standards).<br>ii. The page number(s) or URL(s) where the information can be found, either within the Report or in other published materials.<br>iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.                                                                                                                                                                                                                                                               |                         |                   |     | P. 49     |
| 102-56             | The reporting organisation shall report the following information:<br>a. A description of the organisation's policy and current practice with regard to seeking external assurance for the Report.<br>b. If the Report has been externally assured:<br>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process.<br>ii. The relationship between the organisation and the assurance provider.<br>iii. Whether and how the highest governance body or Senior Executives are involved in seeking external assurance for the organisation's sustainability report. |                         |                   |     | P. 3      |

| GRI STANDARDS             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ISO 26000                                                             | UN GLOBAL COMPACT           | SDG                                        | REFERENCE              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------|--------------------------------------------|------------------------|
| 103 - MANAGEMENT APPROACH |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 103-1                     | For each material topic, the reporting organisation shall report the following information:<br>a. An explanation of why the topic is material.<br>b. The Boundary for the material topic, which includes a description of:<br>i. Where the impacts occur.<br>ii. The organisation's involvement with the impacts. For example, whether the organisation has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.<br>c. Any specific limitation regarding the topic Boundary. | 5.2.<br>6.<br>6.3.6.<br>7.3.1. - 7.3.4.<br>7.4.3.<br>7.7.3.<br>7.7.5. |                             |                                            | P. 10 & 11             |
| 103-2                     | For each material topic, the reporting organisation shall report the following information:<br>a. An explanation of how the organisation manages the topic.<br>b. A statement of the purpose of Management's approach.<br>c. A description of the following, if Management's approach includes that component:<br>i. Policies.<br>ii. Commitments.<br>iii. Goals and targets.<br>iv. Responsibilities.<br>v. Resources.<br>vi. Grievance mechanisms.<br>vii. Specific actions such as processes, projects, programs and initiatives.   |                                                                       |                             |                                            | P. 10                  |
| 103-3                     | For each material topic, the reporting organisation shall report the following information:<br>a. An explanation of how the organisation evaluates Management's approach, including:<br>i. The mechanisms for evaluating the effectiveness of Management's approach.<br>ii. The results of the evaluation of Management's approach.<br>iii. Any related adjustments to Management's approach.                                                                                                                                          |                                                                       |                             |                                            | P. 10                  |
| TOPIC SPECIFIC STANDARDS  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 200 - ECONOMIC STANDARDS  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| ECONOMIC PERFORMANCE      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 201-1                     | Direct economic value generated and distributed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 6.8.1 - 6.8.3.<br>6.8.7.<br>6.8.9.                                    |                             | SDG 4<br>SDG 5<br>SDG 8<br>SDG 9<br>SDG 13 | P. 19, 25, 36, 42 & 43 |
| MARKET PRESENCE           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 202-1                     | Ratios of standard entry level wage by gender compared to local minimum wage.                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 6.3.7.<br>6.3.10.<br>6.4.3.<br>6.4.4.<br>6.8.1 - 6.8.2.               | Principle 6                 | SDG 5<br>SDG 8                             | P. 36                  |
| INDIRECT ECONOMIC IMPACT  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 203-1                     | Report the following information:<br>a. Extent of development of significant infrastructure investments and services supported.<br>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.<br>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.                                                                                                                                                                           | 6.3.9.<br>6.8.1 - 6.8.2.<br>6.8.5.<br>6.8.7.<br>6.8.9.                |                             | SDG 4<br>SDG 5<br>SDG 8<br>SDG 9           | P. 19, 20, 25, 29 & 38 |
| PROCUREMENT PRACTICES     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 204-1                     | Proportion of spending on local suppliers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 6.4.3.<br>6.8.1 - 6.8.2.<br>6.8.7.                                    |                             |                                            | P. 22                  |
| ANTI-CORRUPTION           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                       |                             |                                            |                        |
| 205-2                     | Communication and training about anti-corruption policies and procedures.                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 6.6.1 - 6.6.3.<br>6.6.6.                                              | Principle 10<br>Principle 2 |                                            | P. 16                  |

| GRI STANDARDS                 |                                                           | ISO 26000 | UN GLOBAL COMPACT                         | SDG             | REFERENCE |       |
|-------------------------------|-----------------------------------------------------------|-----------|-------------------------------------------|-----------------|-----------|-------|
| 300 - ENVIRONMENTAL STANDARDS |                                                           |           |                                           |                 |           |       |
| ENERGY                        |                                                           |           |                                           |                 |           |       |
| 302-1                         | Energy consumption within the organisation.               |           | Principle 7<br>Principle 8<br>Principle 9 | SDG 8<br>SDG 13 | P. 44     |       |
| EMISSIONS                     |                                                           |           |                                           |                 |           |       |
| 305-1                         | Direct greenhouse gas (GHG) emissions (Scope 1).          | 6.5.5.    |                                           |                 | SDG 13    | P. 43 |
| 305-2                         | Energy indirect greenhouse gas (GHG) emissions (Scope 2). |           |                                           |                 | SDG 13    | P. 43 |
| 305-3                         | Other indirect greenhouse gas (GHG) emissions (Scope 3).  |           |                                           |                 | SDG 13    | P. 43 |
| 305-4                         | Greenhouse gas (GHG) emissions intensity.                 |           |                                           | SDG 13          | P. 43     |       |
| EFFLUENTS AND WASTE           |                                                           |           |                                           |                 |           |       |
| 306-2                         | Total weight of waste by type and disposal method.        | 6.5.3.    |                                           |                 | P. 42     |       |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |             |                         |       |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------|-------------------------|-------|
| 400 - SOCIAL STANDARDS |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |             |                         |       |
| EMPLOYMENT             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |             |                         |       |
| 401-1                  | Total number and rates of new employee hires and employee turnover by age group, gender and region.                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 6.4.3.                     | Principle 6 | SDG 5<br>SDG 8          | P. 36 |
| 401-2                  | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.                                                                                                                                                                                                                                                                                                                                                                                                                         | 6.4.4.<br>6.8.7.           |             | SDG 8                   | P. 36 |
| 401-3                  | Report the following information:<br>a. Total number of employees that were entitled to parental leave, by gender.<br>b. Total number of employees that took parental leave, by gender.<br>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.<br>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.<br>e. Return to work and retention rates of employees that took parental leave, by gender. | 6.4.4.                     |             | SDG 5<br>SDG 8          | P. 36 |
| TRAINING AND EDUCATION |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                            |             |                         |       |
| 404-1                  | Average hours of training that the organisation's employees have undertaken during the reporting period, by:<br>i. Gender.<br>ii. Employee category.                                                                                                                                                                                                                                                                                                                                                                                                               | 6.4.7.                     |             | SDG 4<br>SDG 5<br>SDG 8 | P. 34 |
| 404-2                  | Report the following information:<br>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.<br>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.                                                                                                                                                                                                                                                | 6.4.7.<br>6.8.5.           |             | SDG 8                   | P. 34 |
| 404-3                  | Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.                                                                                                                                                                                                                                                                                                                                                                                                     | 6.4.7.<br>6.8.5.<br>6.4.3. |             | SDG 5                   | P. 34 |

| GRI STANDARDS                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | ISO 26000                             | UN GLOBAL COMPACT                                        | SDG            | REFERENCE |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|----------------|-----------|
| DIVERSITY AND EQUAL OPPORTUNITY |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |                                                          |                |           |
| 405-1                           | Report the following information:<br>a. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories:<br>i. Gender.<br>ii. Age group: under 30 years old, 30-50 years old, over 50 years old.<br>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).<br>b. Percentage of employees per employee category in each of the following diversity categories:<br>i. Gender.<br>ii. Age group: under 30 years old, 30-50 years old, over 50 years old.<br>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). | 6.2.3.<br>6.3.7.<br>6.3.10.<br>6.4.3. | Principle 6                                              | SDG 4<br>SDG 5 | P. 35     |
| 405-2                           | Ratio of basic salary and remuneration of women to men for each employee category, by significant locations of operation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 6.3.7.<br>6.3.10.<br>6.4.3.<br>6.4.4. |                                                          | SDG 5<br>SDG 8 | P. 36     |
| HUMAN RIGHTS ASSESSMENT         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |                                                          |                |           |
| 412-2                           | Report the following information:<br>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.<br>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.                                                                                                                                                                                                                                           | 6.3.5.                                | Principle 1<br>Principle 2<br>Principle 4<br>Principle 6 |                | P. 16     |
| SOCIOECONOMIC COMPLIANCE        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |                                                          |                |           |
| 419-1                           | Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 4.6.                                  |                                                          |                | P. 16     |

|                              |                                                                                                                                             |  |  |                                            |            |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--|--|--------------------------------------------|------------|
| SECTOR SPECIFIC INDICATORS   |                                                                                                                                             |  |  |                                            |            |
| LOCAL COMMUNITIES            |                                                                                                                                             |  |  |                                            |            |
| G4-FS13                      | Access points in low-populated or economically disadvantaged areas by type.                                                                 |  |  | SDG 8                                      | P. 22      |
| G4-FS14                      | Initiatives to improve access to financial services for disadvantaged people.                                                               |  |  | SDG 8<br>SDG 9                             | P. 21 & 22 |
| PRODUCT AND SERVICE LABELING |                                                                                                                                             |  |  |                                            |            |
| G4-FS16                      | Initiatives to enhance financial literacy by type of beneficiary.                                                                           |  |  | SDG 4                                      | P. 28 & 48 |
| 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.        |  |  | SDG 4<br>SDG 5<br>SDG 8<br>SDG 9<br>SDG 13 | P. 15 & 22 |
| G4-FS8                       | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose. |  |  | SDG 8<br>SDG 9<br>SDG 13                   | P. 15      |

\*Principle 5: Child Labor, N/A



# ACKNOWLEDGEMENTS

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For this report all departments, branches and numerous individuals have made a significant contribution. We would like to thank them all, as well as employees and stakeholders who have participated in the assessment process, providing feedback and helping our continuous improvement. We would also like to thank our consultants for their comments and suggestions which have contributed to our efforts to integrate best practices in this report.

Protecting further our environment, we have opted to have a soft version only of our full-fledged 2016 CSR Report with an executive summary in print.