

BANQUE LIBANO-FRANÇAISE'S SUSTAINABLE PROCUREMENT POLICY





Banque Libano-Française (BLF) adheres to ISO 26000 guidelines¹ on social responsibility, as well as to the United Nations Global Compact's (UNGC) 10 principles² in the areas of Human Rights, Labor Practices, Environment and Anti-Corruption. Within the context of its commitment to Corporate Social Responsibility, BLF's General Services Division has embedded sustainability into its procurement practices and strives to promote ethically, economically, socially and environmentally responsible business practices amongst its network of suppliers.

OBJECTIVE

This policy details how the General Services Division at BLF selects the suppliers to ensure that the products and services it procures have the lowest environmental impact and most positive social and economic impacts possible. The aim is not to favor Sustainable Procurement "at all costs", but to select the "most competitive offer" basing the procurement decisions on a rational analysis of costs, quality and risks as well as CSR criteria.

The policy also sets out a code of conduct the Bank expects from its suppliers and those within their suppliers' sphere of influence.

SCOPE

This policy applies to all potential and current suppliers working with BLF.



BLF'S COMMITMENT WHEN DEALING WITH SUPPLIERS

1. ASSESS THE COMPETITIVENESS OF OFFERS

- Over and above the price of the services or goods, the General Services Division takes into consideration other costs, such as the associated logistics costs borne by the buyer (transportation, etc), the after-sales costs calculated on the basis of equivalent services, the whole length of the technical development process, the commercial relationship of the supplier with the Bank, as well as the costs of CSR.
- The General Services Division incorporates in its evaluation of subcontracting costs elements such as the financial health of the supplier, supply disruption, product & service compliance, disputes risks, currency fluctuations, social and political risks not covered by insurance, reliable and robust after-sales service as well as potential repercussions in terms of operating losses and impact on corporate image.
- The General Services Division integrates in its decision-making process the analysis of the environmental and social impact of the goods and services it purchases.

2. ENSURE A FAIR COMPETITIVE SELECTION PROCESS FOR SUPPLIERS

- BLF selects suppliers in a fair and equitable manner, free from discrimination, giving preference to local suppliers, when their offers are competitive.
- BLF employees engaged in the selection process should avoid situations of conflicting interests and avoid dealing with suppliers with whom they have personal interests.
- During bidding periods and discussions with suppliers, BLF employees involved in the decision-making process are neither allowed to accept cash and in-kind gifts nor invitations from suppliers involved in the consultation.
- Outside of bidding periods, employees are only allowed to receive in-kind gifts or invitations from suppliers that do not exceed an acceptable amount, and only after informing their superior.

3. GUARANTEE FAIR FINANCIAL TREATMENT FOR SUPPLIERS

BLF is committed to act responsibly towards suppliers, make payments consistent with the applicable laws and regulations. It also commits to avoid, in its dealings with small and medium-sized enterprises some practices such as imposing excessive discount rates, applying an unreasonable deduction for disputes, except where otherwise stipulated by contractual provisions, withholding information from the supplier in the event of a dispute and intentionally delaying the handling of a dispute.

4. REDUCE THE RISKS OF MUTUAL DEPENDENCE IN THE BANK'S RELATIONS WITH ITS SUPPLIERS

The Bank should not entrust the same supplier with contracts exceeding the critical threshold of 20% of the supplier's turnover, to prevent the latter from becoming dependent on the Bank and devoid the Bank from any moral obligation to maintain the contract beyond commercial interest due to this dependency.

5. ADOPT A SUSTAINABILITY APPROACH WITH SUPPLIERS

BLF seeks to promote the suppliers that are in line with its CSR policy and that offer solutions that support the Bank in reducing its environmental impact or in improving its social impact. The Bank integrates a sustainability clause in all its contracts with suppliers to make sure that the latter share the same socially responsible commitment as BLF.



SUPPLIER CODE OF CONDUCT

BLF expects their suppliers to comply with the following principles and to obtain similar commitments from their own suppliers, subcontractors and distributors:

1. COMPLY WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS OF THE COUNTRIES IN WHICH THEY OPERATE

2. RESPECT INTERNATIONALLY RECOGNIZED RIGHTS OF WORKERS IN THEIR SUPPLY CHAIN AND ENSURE FAIR LABOR STANDARDS AS WELL AS A SAFE AND HEALTHY WORKING ENVIRONMENT:

- Recognize and respect the rights of its employees to associate freely and to organize and bargain collectively in accordance with the local laws in which they are employed.
- Not engage or benefit from any use of forced or compulsory labor.
- Not engage or benefit from any use of child labor, respecting the minimum age for employment in the country of operation.
- Have employment policies that are free from discrimination based on gender, religion, age, skin color, disability, social background, marital status, and promote equal and non-discriminatory remuneration, etc.
- Refuse to tolerate power abuse, psychological or physical harassment.

- Ensure that the conditions of work comply with national laws and regulations and are consistent with applicable international labor standards.
- Provide decent conditions of work with regards to wages, hours of work, weekly rest, holidays, health and safety, maternity protection, access to skills development and training.

3. DEMONSTRATE THE HIGHEST STANDARDS OF BUSINESS ETHICS AND FIGHT CORRUPTION

- The supplier will act in accordance with national competition laws.
- The supplier will not attempt to win a contract through unfair or corrupt practices, such as giving cash & in kind gifts that contradict BLF rules.
- It is strictly forbidden to propose to BLF employees invitations to leisure events, unless they are solely intended to give BLF the opportunity to have a better knowledge of the supplier's goods or services.
- The supplier will not accept any type of cash or in kind compensation from an end supplier if he acts as an intermediary between BLF and that end supplier, without the agreement of BLF.
- The supplier will report any breach of the code of conducts by one of its employees (or by one of its suppliers) that may damage BLF's reputation.
- The supplier will respect the property rights of others.

4. ACT IN AN ENVIRONMENTALLY RESPONSIBLE MANNER BY STEADILY REDUCING THE ENVIRONMENTAL FOOTPRINT OF THEIR OPERATIONS AND UNDERTAKING INITIATIVES TO HELP PRESERVE THE ENVIRONMENT

- Define an environmental strategy addressing issues such as recycling, waste management, product life cycle, etc.
- Adopt an environmental management system such as ISO 14001 or equivalent, to monitor the progress of its environmental policy and certifications.
- Propose environmentally-friendly products and services to BLF (environmentally friendly material and technologies, etc).

5. GENERALLY, COMMIT TO INCORPORATE SUSTAINABILITY PRINCIPLES INTO THEIR BUSINESS OPERATIONS BY FOLLOWING ISO 26,000, UNGC OR ANY OTHER STANDARDS ON SOCIAL RESPONSIBILITY

6. THE SUPPLIER WILL PROVIDE BLF WITH RELEVANT INFORMATION

The supplier is expected to provide all data required for the pre-qualification, as well as any available data required by BLF for its CSR Reporting.

ANNEXE 1 : CORE SUBJECTS OF ISO 26000 GUIDANCE ON SOCIAL RESPONSIBILITY



ORGANIZATIONAL GOVERNANCE

HUMAN RIGHTS

- Due diligence
- Human rights risk situations
- Avoidance of complicity
- Resolving grievances
- Discrimination and vulnerable groups
- Civil and political rights
- Economic, social and cultural rights
- Fundamental rights at work

LABOUR PRACTICES

- Employment and employment relationships
- Conditions of work and social protection
- Social dialogue
- Health and safety at work
- Human development and training in the workplace

THE ENVIRONMENT

- Prevention of pollution
- Sustainable resource use
- Climate change mitigation and adaptation
- Protection and restoration of the natural environment

FAIR OPERATING PRACTICES

- Anti-corruption
- Responsible political involvement
- Fair competition
- Promoting social responsibility in the sphere of influence
- Respect for property rights

CONSUMER ISSUES

- Fair marketing, information and contractual practices
- Protecting consumers' health and safety
- Sustainable consumption
- Consumer service, support and dispute resolution
- Consumer data protection and privacy
- Access to essential services
- Education and awareness

COMMUNITY INVOLVEMENT AND DEVELOPMENT

- Community involvement
- Education and culture
- Employment creation and skills development
- Technology development
- Wealth and income creation
- Health
- Social investment

ANNEX 2: THE 10 PRINCIPLES OF THE GLOBAL COMPACT



The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards and environmental practices:

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.

LABOR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labor.
5. The effective abolition of child labor.
6. The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

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