



BANK  
OF ALEXANDRIA

بنك الإسكندرية

# Corporate Social Responsibility Strategy in Bank of Alexandria

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# Contents

<b>1- VISION</b>	2
<b>2- OUR MISSION</b>	2
<b>3- TOOLS</b>	2
3-1 CODE OF ETHICS	2
3-2 NON ARMED BANK CONCEPT	3
3-3 ENVIRONMENTAL POLICY	3
3-4 EQUATOR PRINCIPLES	3
<b>4- PRINCIPLES OF CONDUCT</b>	3
4-1 IN ALL STAKEHOLDER RELATIONS	3
4-2 IN EMPLOYEE RELATIONS	3
4-3 IN CUSTOMER RELATIONS	4
4-4 IN SUPPLIER RELATIONS	5
4-5 IN SHAREHOLDER RELATIONS	5
4-6 REGARDING THE COMMUNITIES	5
4-7 REGARDING THE ENVIRONMENT	6
<b>5- CSR GOVERNANCE</b>	7
5-1 CODE OF ETHICS	7
5-2 POLICIES AND BUSINESS STANDARDS	7
5-3 ROLES AND RESPONSIBILITY	7
5-4 REPORTING LEVEL	7

# CSR Strategy

## *1- VISION*

Corporate Social Responsibility “CSR” is a strategic value driver to be embedded within Bank of Alexandria “BA”, as a member of Intesa Sanpaolo “ISP” group, decision making process. We want to be and be perceived as local and international best practice for the social and environmental responsibility.

## *2- OUR MISSION*

Our mission is to provide quality banking and financial services to our customers and activate ways to promote development in all the areas where we operate, to promote a style of growth that is attentive to sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of the Bank employees and close monitoring of the needs of the community and the local area.

We compete fairly on the financial market and ready to cooperate with other economic entities, to reinforce the overall capacity for growth of the economies of our country.

We take responsibility for prudent savings management; undertake to widen the access to credit and financial instruments to everyone, and the sustainable development of the commercial system, being aware that our decisions have important impacts, direct and indirect, on the natural environment and the community.

## *3- TOOLS*

**3-1 Code of Ethics:** The code explains the values in which we believe and to which we commit ourselves, it outlines the principles of conduct which derive from the context of the relationship with each stakeholder and as a consequence raises the standards which each person, within the Bank, must maintain in order to merit the trust of all the stakeholders.

The values declared in the Code are the expression of our cultures and backgrounds from which it comes and will characterize our activities over the next few years.

### *3-1-1 OUR VALUES*

**3-1-1-1 Integrity:** we pursue our goals with honesty, fairness and responsibility in the full and true respect of the rules and professional ethics and in the spirit of signed agreements.

**3-1-1-2 Distinction:** We set ourselves the goal of continuous improvement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover we recognise and reward merits.

**3-1-1-3 Transparency:** we are committed to making transparency the basis of our actions, advertising and contracts in order to allow all our stakeholders to make independent and well informed decisions.

**3-1-1-4 Respect for individuals:** it is our intention to combine large-scale operations with profound local roots and to be a bank with a broad vision, without losing sight of individuals.

**3-1-1-5 Equity:** we are committed to eliminating all forms of discrimination from our conduct and to respect differences in sex, age, race, religion, political and union persuasions, language or disability.

**3-1-1-6 Individual values:** the value of each single person is a guide for our routine, which adopts listening and dialogue as tools for continuously improving our relationships with all stakeholders.

**3-1-1-7 Responsibility in the use of resources:** we aim to use all our resources attentively, promote behaviour based on the best use of resources and the avoidance of waste and ostentation, and give priority to choices that take sustainability into account.

**3-2 Non Armed Bank concept:** in keeping with the values and principles set forth in the Code of Ethics, we are compliant with the ban on setting up new customer financing operations for transactions involving the sale and production of weapons or armament systems.

**3-3 Environmental policy:** protection of the environment is one of the key aspects of our commitment to social responsibility. The basic principles of ISP's environmental policy are the reduction of waste and attention to the environmental and social consequences of its decisions. On the 1<sup>st</sup> July 2008, BA appointed a Protection Representative responsible for health and safety of workers in the workplace as well as those about the environment, waste management and restoration. BA decided to adopt ISP Environmental Policy by virtue of BoD resolution in the meeting number 7/2008 held on 22/7/2008.

**3-4 Equator principles:** BA credit policy, approved by BoD in the meeting 7/2008 held on 22/7/2008, is consistent with these principles. The Credit Committee shall be responsible for implementation, assessing, monitoring and reporting on compliance with these principles to ensure that the projects financed are carried out in compliance with the values of social responsibility and best practices.

## ***4- PRINCIPLES OF CONDUCT***

### **4-1 IN ALL STAKEHOLDER RELATIONS**

All the communities, both domestic and outdoor, who participate in the Bank's business, are recognized as stakeholders. These people are customers, shareholders, employees as well as suppliers, service providers and consultants not to mention the environment itself and, ultimately, society as a whole.

In line with the Egyptian applicable laws, regulations and the Code of Ethics principles promoted by Intesa Sanpaolo, with which the Bank complies, we therefore undertake to:

- Sustain the protection of human rights;
- Recognize the principles of labor rights;
- Contribute to the fight against financial crimes.

### **4-2 IN EMPLOYEE RELATIONS**

We believe that more than 5600 employee in Bank of Alexandria expect equal professional growing opportunities, long life learning, participation and responsible restructuring and delocalization. In return, they offer skilled work, fidelity, loyalty, enthusiasm and creativity. Therefore, our principles in relationship with our employees are:

- **Respect for the individual;** we believe that respect for the personality and dignity of each employee is fundamental for developing a work environment based on reciprocal trust and loyalty which is enriched by the contribution of each individual.
- **Appreciation and motivation;** we intend to apply fairness, equality and merit in the assessment, rewards, motivation and career development of our staff.
- **Listening and dialogue;** we believe that listening and dialogue are the foundation of relationships that generate trust.
- **Cohesion;** we intend to foster and strengthen the spirit of consistency in all employees who work well together and are proud to belong to a large Bank within a strong and shared community.

#### 4-3 IN CUSTOMER RELATIONS

We believe that more than 1,500,000.00 of our customers expect affordable products and services offered in a transparent way with clear information of explicit and implicit costs. In return, they offer retention, willing to pay a higher price and market share increase. Therefore, our principles in relationship with our customers are:

- **Listening and dialogue:** we believe that our customers should always be at the centre of our attention and that only through on-going dialogue we can truly understand their actual expectations and maintain excellent relations.
- **Transparency:** we believe that enduring relationships based on trust require communication that allows customers to understand always the features and value of all the Bank's products and services.
- **Equity:** we believe that our products and services must be accessible to everyone.
- **Access to credit:** we believe that expanding credit accessibility to the lesser social levels is a fundamental way for social inclusion, enabling people to improve their condition and fully exercise their rights of citizenship. While considering the principles of prudence in the assessment of creditworthiness, which safeguard not only the Bank's interest but also that of the customers themselves.
- **Supporting the development of the country:** we believe that a great bank has a specific responsibility to promote economic and social growth in the country where it operates.
- **Promotion of local economies and strong roots in Egypt and abroad:** we believe in effective support for all the areas where we operate, linking economic results with respect for the fundamental values of local communities.
- **Socially responsible investments:** It is our belief that investments must always give more weight to social and environmental criteria.
- **Security and safety:** we believe that protecting the security of our customers' assets and confidential information is not only a primary duty but also the basis of a trusting relationship that we wish to maintain with them.
- **Assessment of social-environmental risk:** we believe that our investment decisions and credit policies must take into account social-environmental risks in as much as a business that produces economic value can be sustainable only if it does not simultaneously destroy social or environmental value.

#### 4-4 IN SUPPLIER RELATIONS

We believe that suppliers expect fair treatment and respect of human and worker rights. In return, they offer stability of the partnership, quality of the provision, standard identification for each supply chain. Therefore, our principles in relationship with our suppliers are:

- **Listening and dialogue:** we believe that behavior based on listening and sharing ideas with suppliers fosters the on-going improvement of those relationships, reinforcing them and generating reciprocal value through attitudes based on trust and measuring the level of satisfaction of suppliers and determining the areas that need improvement, particularly regarding transparency, communication and compliance with terms of payment.
- **Transparency:** we believe that a clear and transparent attitude contributes to maintaining enduring relationships with suppliers and that integrity is a fundamental premise of these relationships.
- **Equity:** we guarantee equal opportunity in the selection of suppliers. We intend to make sure that the contracts stipulated with suppliers are based on fairness, especially regarding terms of payment and administrative routine.

#### 4-5 IN SHAREHOLDER RELATIONS

We believe that our shareholders, represented by Intesa Sanpaolo who acquire 80% of the Bank shares and the Egyptian Government who owns the remained 20%, expect clear identification of medium and long term risks for every stakeholder. In return, they offer stability of the investment, stability of the investors, active stakeholder management. Therefore, our principles in relationship with our shareholders are:

- **Equity:** we act in such a way that the value of all shareholders' capital invested in the Bank is protected and increased in a sustainable manner.
- **Transparency on the market:** all the financial communications of the Bank, those submitted to the Control Authorities and the parent company, are based on transparency, exhaustiveness and timeliness of the information, and on full respect for the applicable law and the codes of self-discipline adopted.

#### 4-6 REGARDING THE COMMUNITIES

We believe that communities expect environmental respect, distribution of produced value and involvement in the decision process and in the definition of strategies. In return they offer social peace, partnership, innovation in the information flow. Therefore, our principles in relationship with communities are:

- **Dialogue with associations representing stakeholders:** we believe that dialogue with associations is of strategic importance for the sustainable development of our business. We listen to and take into account observations about our activities expressed by various organizations throughout society, e.g. the General Assembly, the Central Bank of Egypt 'CBE', the Federation of Egyptian Banks "FEB", the Central Auditing Organization, the General Authority for Investment, Cairo and Alexandria Stock Exchange and others. We keep a channel of communication open with associations that represent the interest of our stakeholders.
- **Support to non-profit organizations:** we acknowledge the role of non-profit organizations, such as 57357 Children's Cancer Hospital and others, in promoting the fair and cohesive development of society. We intend to support them and develop partnerships to carry out projects that benefit the community.

- **Responsibilities to the global community:** we seek to influence the global scenario by giving utmost consideration to the issue of sustainable development, orienting the policy of our corporate customers and supporting them to raise standards of social-environmental protection.
- **Support to communities through contributions and sponsorships:** we intend to determine the needs of the community and support them, to pay special attention to the observance of our reference values and the importance of the social needs they will respond to, among which the protection of historical, artistic and cultural heritage, making sure that our grants and sponsorships are unrelated to the pursuit of commercial interests.
- **Relations with institutions:** We intend to establish dedicated and authorized channels of communication with all institutional contacts to represent our interests in a transparent manner, to adopt specific organizational models to combat financial crimes and thereby protect the interests of society and all its stakeholders, to actively contribute to the initiatives taken by the Central Bank of Egypt and the Egyptian Money Laundering Combat Unit or other institutions and business organizations aimed at the growth, stability and fairness of the banking and financial system.

#### 4-7 REGARDING THE ENVIRONMENT

Environmental protection is one of the key dimensions of our commitment to fulfill our responsibilities. We are aware that we have significant influence in terms of environmental sustainability, particularly in the social and environmental context in which we carry out our operations, both in the short-term and long-term. This influence is attributable to the consumption of resources and the generation of emissions and waste directly connected to our business activities (direct impact) as well as activities and behaviors which we do not control directly because these have been put in place by third parties, i.e. customers and suppliers, with whom the Bank deals (indirect impact). In this regard we: guarantee substantial compliance with Egyptian applicable laws in respect of environment protection, continuously seek new and effective solutions for the environment, spread best practices regarding environmental responsibility, and we are open to dialogue and exchange with all those who represent the “voice” of the environment such as Ministry of State for Environmental Affairs “MSEA”, Egyptian Environmental Affairs Agency “EEAA” and the Environmental Protection Fund “EPF”. Therefore, we pay utmost attention to the following:

- 4-7-1 Responsible and efficient use of resources:** one of the areas of our social responsibility is the refusal to waste resources and pay attention to the environmental consequences of our decisions. We pursue the careful consumption of the resources by implementing an environmental management system and actively improving the energy efficiency of activities. We attempt to monitor environmental data and motivating the awareness of our employees.
- 4-7-2 Environmental and social responsibility along the supply chain:** we recognize that our responsibility to the environment and society extends along the entire supply chain and for this reason; we intend to try to orient the policies of our suppliers and subcontractors towards environmental protection and the respect of human and workers’ rights, to value suppliers who base their business on environmental and social sustainability and who adopt the measures and instruments needed to minimize the negative impacts caused by their activities. We intend to make our suppliers sensitive to adopting a responsible attitude that favours awareness of the environmental, social and ethical risks and opportunities deriving from their activities.

## 5- CSR GOVERNANCE

5-1 Code of Ethics: approved by BoD in the meeting 2/2007 held on 18 July 2007.

5-1-1 Description: The Code is the “constitutional paper” of the Bank; it is a tool of governance and strategic management.

### 5-1-2 System of Controls

**5-1-2-1 Business Divisions:** to ensure compliance within own fields of activity.

**5-1-2-2 CSR Delegate:** to map potential issues, implement actions; coordinate with heads of key functions.

**5-1-2-3 CSR Officers network + Heads of Departments + Branch Managers:** to identify and prevent CSR risks, in charge of implementing actions to fill gaps.

**5-1-2-4 Internal Audit:** to ensure ongoing control over daily operations and process, and respect of rules, including those deriving from corporate responsibility commitments (ethical audit).

## 5-2 POLICIES AND BUSINESS STANDARDS

**5-2-1 Environmental policy:** approved by BoD in the meeting 7/2008 held on 22 July 2008. On the 1<sup>st</sup> July 2008 an HSE “health and safety of workers & environment” responsible was appointed to ensure the Bank’s compliance with the legal requirements about safety and health of workers in the workplace as well as those about the environment, waste management and restoration.

**5-2-2 Concept of Non Armed Bank:** approved by BoD in the meeting 3/2007 held on 31 October 2007. This concept has been acknowledged by all Bank staff by virtue of the Chairman & CEO circular No. 13/2007 issued on 31/10/2007.

**5-2-3 Equator principles:** “integral part of the environmental policy”, Embedding social/environmental risks within the whole credit process (beyond project finance) will be part of a cross project that will involve both the division and the bank.

### 5-3 Roles and responsibility (BoD, CEO, AC, etc.)

**5-3-1 BoD:** Take charge of CSR and get board members engagement.

**5-3-2 CEO:** Monitor and support implementation of CSR.

**5-3-3 AUDIT COMMITTEE:** Obtain regular updates from management and CSR delegate regarding relevant matters. Review the process for communicating the code of ethics to Bank personnel, and for monitoring compliance therewith.

**5-3-4 CSR DELEGATE:** Head of Compliance is appointed. Coordinate between the Bank and the CSR competent parties in the Parent Company.

**5-3-5 CSR OFFICERS NETWORK:** Compliance Officers network all over bank branches and head office units shall take charge of ensuring implementation of social responsibility into operations and behaviour of Bank staff and units.

## 5-4 REPORTING LEVEL

- **CSR Officers Network:** Report to CSR Delegate through Compliance Div.
- **CSR Delegate:** Reports to CEO, to BoD via AC and to CSR counterpart in ISP.
- **Audit Committee:** Reports to CEO and BoD.
- **CEO:** Reports to BoD.
- **BoD:** Reports to shareholders.