

## **SOCIAL AND ENVIRONMENTAL CAPITAL**

The sustainability of society and the environment are built into the core values and strategy of the Bank. Thus, the Bank enlists all its resources and encourages its employees to address social and environmental issues, and to engage in community development efforts. Issues and concerns regarding the society and environment can always be escalated to the Bank's Management and Board of Directors.

### **Social Capital**

#### **Socioeconomic Impact**

Since its inception in 1955, DFCC Bank has supported economic development initiatives in Sri Lanka and transformed rural economies, enhanced livelihoods,

generated employment, and encouraged capital formation along the way. The Bank remains committed to advancing financial inclusion through its expansion programmes, bringing its products and services to the rural populace in every corner of the island.

The Bank is committed to developing the communities it operates in. In addition to financial services, the Bank provides value added services for emerging communities, including training and development programmes for entrepreneurs and SMEs.

Beyond traditional brick and mortar structures, the Bank embraces technology to provide its customers with greater accessibility to its products and services, and greater convenience through products such as the DFCC Virtual Wallet.

Province	GDP (LKR million) 2015 (b)	Provincial % of Total GDP	DFCC Bank Branches	Bank's Provincial Presence (%)	Rank Based on Total GDP
Western	4,357,581	41.2	38	27.54	1
Central	1,152,391	10.3	18	12.32	3
Southern	1,159,693	10.4	21	15.23	2
North Western	1,223,830	10.9	12	8.69	5
Eastern	670,760	6.0	10	7.25	6
Sabaragamuwa	781,112	7.0	16	11.59	4
North Central	607,118	5.4	9	6.52	7
Uva	587,118	5.2	9	6.52	8
Northern	390,689	3.5	6	4.34	9

(b) Provincial

Source – adapted from Central Bank of Sri Lanka

### **Strategic CSR**

DFCC Bank's Corporate Social Responsibility (CSR) is based on a 4E strategy covering Entrepreneurship, Environment, Emergency Relief, and Education. This holistic approach is inspired by the Bank's brand values, strengths, and processes.

#### **Schemes Launched Under Strategic CSR During the Year**

##### **"Samata English" Pilot CSR Project**

DFCC Bank firmly believes in the positive impact that education can have on children, and the lasting impact it can leave on the nation. Hence, the Bank considers education to be a key pillar of its CSR initiatives. In line with this, DFCC Bank has actively supported education in the country through various initiatives over the years.

During the year, as a part of its commitment to uplifting the standards of education in the country, the Bank initiated a pilot English education programme, “*Samata English*”, in the Gampaha and Kalutara areas, aimed at enhancing competency in English among youth aged 16-22 and equipping them with the basic English knowledge required to enter the workforce. The Bank tied up with Winner International, an institution specialising in teaching Spoken English to youth for this purpose.

The Spoken English course was conducted at DFCC’s Gampaha and Kalutara branches from April to August 2017, with approximately 45 youth participating. The initiative had a satisfactory outcome, and the Bank plans to expand the initiative to other areas across the country in the near future.

### **Community-based CSR Initiatives**

#### ***CSR by DFCC REDS***

During the year, the DFCC REDS organised school supplies to assist children from under privileged backgrounds, partially funded by staff contributions.

#### **Disaster Relief Initiatives**

The Bank participated in disaster relief efforts for significant segments of the community who were impacted by the inclement weather.

The Bank, along with the employees, generously donated funds to assist impacted colleagues and the larger community. Employees also contributed their time and effort to prepare ration packs for victims, and assisted at medical camps organised by the Bank in Akuressa and Deniyaya.

#### ***Flood Relief Programme***

#### **Helping Hand to Schools Affected by Floods**

Having identified the needs of six schools affected by the May 2017 floods, DFCC Bank provided necessary school items for students at Mihindu Vidyalaya in Ratnapura, Gamini Central College, Kalawana, and Lankagama Junior Model School in Lankagama, off Deniyaya. The Bank also donated Duplo machines to Matara Primary Model School and Weragampitiya Olcott Model School, and 300 chairs to Diyagama Vidyalaya in Kalutara.

### ***Eye Donation Campaign***

DFCC Bank became the first bank in Sri Lanka to partner with the National Eye Bank (NEB) in conducting a successful Eye Donation Campaign, which resulted in 300 donors comprising DFCC employees and the general public donating their eyes towards the cause of alleviating corneal blindness.

### ***Scholarship Seminar***

Special workshops were conducted for Grade five Scholarship students and their parents by specialist lecturers who shared knowledge on preparing children for the exam, parenting tips and more. The seminars were conducted under the strict supervision of past teachers/principals’ associations. These seminars were held in Gampaha, Kurunegala, Kandy, Tangalle, Anuradhapura, Bandarawela, Matara, Dambulla, and Kaduruwela.

### ***Sponsorships***

DFCC Bank often sponsors selected events across the country that appeal to various target segments. Sponsorships are verified based on internal policies of eligibility, transparency, and due process. The following are some of the significant initiatives that DFCC Bank supported during the period under consideration:

#### **Strategic Partner of the Colombo International Tea Convention**

As part of its ongoing commitment to the country’s business community, DFCC Bank supported the Colombo International Tea Convention held in August 2017 as “Strategic Partner”. Marking 150 years of the Ceylon Tea Industry, the Colombo Tea Traders Association organised the event which attracted over 100 foreign delegates, over 500 local participants, and high level dignitaries and Government officials. By partnering with such key events, DFCC Bank created value and growth opportunities for customers in the Tea Industry.

The Bank highlighted its comprehensive range of financial solutions aimed at the tea industry during the convention. Together with its IT subsidiary; Synapsys, the Bank presented its revolutionary supplier settlement system. The system supports Sri Lanka’s well-established community of private tea manufacturers and tea leaf suppliers by enabling suppliers to have revenue from their sales managed by a bank and be transferred directly into their bank account.

### **Gold Sponsor of the Sinhala and Tamil New Year Celebrations of the Sri Lanka Coordinating Committee Qatar (SLCC)**

DFCC Bank was the Gold Sponsor of the 2017 Sinhala and Tamil New Year Celebrations organised by the Embassy of Sri Lanka in collaboration with the Sri Lanka Coordinating Committee Qatar. The event had a line-up of many traditional and sports events with the participation of community members.

### **Official Banking Partner for Gajaba Super Cross 2017**

DFCC Bank was the official banking partner for the Gajaba Super Cross 2017, an annual racing championship held by the Gajaba Regiment of the Sri Lanka Army in collaboration with the Sri Lanka Autosports Drivers Association (SLADA). The event celebrated its 16th successive year in 2017 at the Supercross track in Saliyapura, Anuradhapura.

### **Joint Title Sponsorship of the 2017 Inter-School Golf Tournament**

DFCC Bank has been a proud sponsor of sporting events in Sri Lanka. The Bank believes that sports brings people together, to work and grow together – core beliefs in DFCC Bank's own philosophy for growth.

DFCC Bank was the Joint Title Sponsor of the 2017 Inter-School Golf Tournament, conducted by the Royal Colombo Golf Club (RCGC). Held in December 2017 at the Royal Colombo Golf Club for the fourth consecutive year, the Tournament featured over 250 Golfers from over 25 of the country's top schools, including five girls schools.

## **Environment Capital**

### **Managing resources**

DFCC Bank adopts the 3R concept – Reduce, Reuse, Recycle – when procuring and managing resources. The Bank periodically review its resource consumption and look at innovative methods of conserving energy and providing business solutions in a proactive manner.

### **Waste Management Projects**

#### **Promoting Reusable Bags through a Paper-Recycling Project**

DFCC Bank's Community Projects team collaborated with the Sustainability Unit to launch a DFCC-branded reusable bag for staff members – a first in the banking industry. By encouraging the "Take Your Own Bag (TYOB)" concept among staff, the Bank expects to reduce the use of polythene bags by one million per year.

In light of the garbage crisis facing Colombo city and suburbs, this initiative engages staff in making a direct contribution to resolving the problem of garbage disposal. The initiative was partly funded by proceeds received from a paper recycling week conducted by the Community Projects team across the entire branch network of the Bank.

### **e-waste Drive 2017**

Initiated by the Sustainability Unit, the e-waste collection and disposal initiative encouraged staff members to bring their e-waste and put them in a designated bin, which was then collected by an approved e-waste recycling company. The initiative engaged DFCC Bank staff to participate in a sustainable activity, making a direct contribution to resolving the problem of garbage disposal.

### **GHG Emissions**

DFCC Bank is reporting its greenhouse gas (GHG) emissions on a voluntary basis for the sixth consecutive year. The physical boundary remains the same as in the previous years which is "DFCC Banking Business".

As before, the calculations are based on the WBCSD/WRI Greenhouse Gas Protocol Corporate Standard and the most recent versions of applicable calculation tools. The reporting under ScopWe 1 and Scope 2 is complete except for fugitive emissions from air conditioning plants, which are relatively insignificant. Reporting on Scope 3, which is optional, is selective based on significance and data availability.

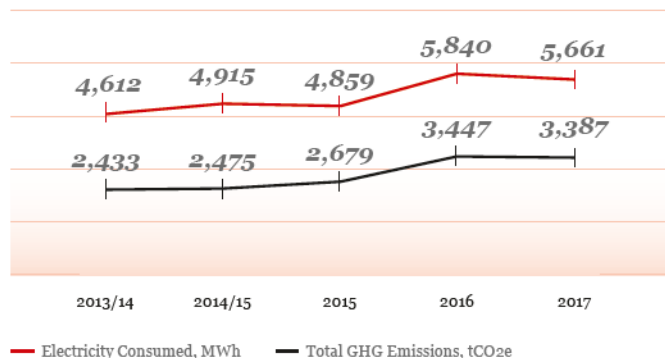
### **Carbon Footprint**

Scope	Source	GHG emissions			
		2017		2016	
		tCO <sub>2</sub> e	%	tCO <sub>2</sub> e	%
Scope1 (direct)	Stationary combustion	5.22	0.15	38.1	1.1
	Mobile combustion	172.8	5.1	117.3	3.4
	Total scope 1	178.01	5.26	155.4	4.5
Scope 2 (indirect)	Purchased electricity (CEB)	1,040.4	30.71	1,032.3	30.0
	Total scopes 1 and 2	1,218.40	35.97	1,187.6	34.5
Scope 3 (indirect)	Stationary combustion	91.27	2.69	102.4	3.0
	Purchased electricity (CEB)	2,028.08	59.87	2,132.8	61.9
	Employee air travel	49.69	1.47	24.0	0.7
	Total scope 3	2,169.04	64.03	2,259.1	65.5
	Total scopes 1, 2 and 3	3,387.44	100.0	3,446.8	100.0

*Note: Totals may not tally exactly due to rounding*

The total GHG emissions during the period under review amounted to 3,387 tonnes carbon dioxide equivalent (tCO<sub>2</sub>e), a decrease of 1.72% over the previous year.

### Managing Environmental Impact



Indirect GHG emissions from purchased electricity was by far the single largest contributor, accounting for 30.71% of the total in respect of Bank-owned premises (2016: 30%) and another 59.87% of the total in respect of rented premises (2016: 62%), bringing its total share to 90.58% (2016: 92%).

Given the nature of business, the relatively high proportion of electricity in our total GHG emissions is to be expected.

### Environmental Friendly Initiatives

#### Tree Planting Campaigns Commemorating Staff Birthdays

In line with its long-term sustainability initiatives and the “Great Place to Work” programme, DFCC Bank, through the Sustainability Unit, launched a commemorative staff tree-planting campaign in 2017. The campaign saw the Sustainability Unit planting trees on a monthly basis to celebrate every staff member’s birthday. Staff members are sent personalised invitations to attend the tree-planting campaign with their families, and given an e-tree-dedication certificate with a Google Maps link of the exact location of the tree.

During 2017, 11 tree planting campaigns took place in areas such as Aranayake, Kaduwela, Jaffna, Duplication Road, Thalawila, Athurugiriya, Kahathuduwa, Beddagana, Bellanwila, and Batticaloa. 7,355 trees were planted, with approximately 1,700 trees planted to commemorate staff birthdays. Some campaigns were carried out with

11

**tree planting campaigns with  
7,355 trees planted**

**Winner of the Merit Award for**

**Outstanding  
Business  
Sustainability  
Achievement**

**at Karlsruhe Sustainable  
Finance Awards 2017**

**Winner in the  
SME Development  
category at ADFIAP  
Development Awards 2017**





“Reforest Sri Lanka”, a voluntary organisation committed to building a better environment.

Many endemic and native species, such as *Mee, Kumbuk, Karanda, Gammalu, Kos/Jack Fruit, Veera, Ehala, Rath Handun, Sudu Handun, Hora, Ranawara, Atamba, Wara, and Olinda* were planted during these campaigns. The trees planted under this initiative will help to reforest key areas across the island, help to improve soil quality and minimise soil erosion.

The campaigns were well attended by staff members and their families, including senior management, and members of the local community. The commitment and support of the Bank’s top management, including the Chairman, Board of Directors, CEO, and Deputy CEO were a key success factor for the initiative. The hope is that the initiative instills in staff and their families, a greater commitment towards protecting the planet and operating as responsible corporate citizens.

### ***Beach Clean-up***

The DFCC Community Projects team held their first Beach Clean-up Day on 19 August at the Mount Lavinia Beach. Situated close to Colombo, the beach is one of the most polluted areas, littered with plastic bottles, polythene, glass, fishnets, and other refuse. Over 80 large garbage bags were filled by a large number of DFCC staff, including CEO Mr Lakshman Silva, and their families, who volunteered their time to help out on the day, together with locals.

### ***Celebrating World Earth Hour 2017***

Earth Hour is a global event organised by the World Wildlife Fund. DFCC Bank supports this initiative by switching off all signboard lights across all its branches, serving as an example to the wider community to adopt a more responsible attitude towards the environment. The Bank raises awareness on climate change by requesting staff to turn-off all non-essential lighting and electrical appliances during the World Earth Hour in their households.

### ***Establishment of a Social and Environmental Management System (SEMS)***

The Bank recognises the impact economic development can have on the environment and social aspects of life. Therefore, the Bank places high importance on environmental and social appraisal when making investment-decisions and managing internal operations.

To this extent, the Bank has established the Social and Environmental Management System (SEMS), as implemented by the Sustainability Unit. SEMS ensures that the performance of existing operations and environmental/social implications due to existing/proposed projects are reviewed, and subsequent monitoring is carried out to maintain stipulated environmental standards.

### ***Playing an Active Role in the Sustainable Banking Initiative***

The Sri Lanka Sustainable Banking Initiative (SBI) is promoted by the Sri Lanka Banks Association (SLBA) and funded by DEG of Germany, OeEB of Austria, Proparco of France, and FMO of Netherlands. In November 2015, DFCC Bank joined 17 other banks in Sri Lanka for signing up for 11 Sustainable Banking Principles for Sri Lanka, under Phase I of the initiative.

Commenced in August 2017, Phase II of the initiative will provide guidance documents, training, coaching, E-learning, and case studies over a period of 18 months. DFCC Bank plays an active role in the SBI, with its Assistant Vice President for Sustainability being a member of the core team, which was formed to take Phase II forward.

### ***Winning Sustainability Awards***

DFCC Bank was awarded a Merit Award for “Outstanding Business Sustainability Achievement” at the Karlsruhe Sustainable Finance Awards in July 2017, in recognition of its success in incorporating sustainability in its corporate strategy and its business processes.

DFCC Bank was a winner in the “SME Development” category for setting up a specialised unit for development of MSMEs at the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Awards, held in May 2017 in Macau, China.