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Management Approach

As a leading Bank, our main purpose is to contribute to the socio-economic wellbeing of all Sri Lankans. Value creation for our shareholders and other stakeholders is therefore the primary reason that inspires the Bank to achieve profitability and financial stability. In order to create shared value for our stakeholders, our focus is on both profit maximisation as well as wealth maximisation.

The shared benefits of profit maximisation result in an increase in the direct value distributed to stakeholders each year, in terms of dividend paid to shareholders, salaries and benefits to employees and taxes paid to regulators. Profit maximisation also means a higher annual spend on community investments.

Wealth maximisation benefits our shareholders by way of increased market capitalisation, leading to better trading prospects in the equity market. On a broader scale, wealth maximisation creates a platform through which the Bank can expand its market presence and contribute towards nationwide growth through increased job creation and financial inclusion.

How is it Managed

Aggressive focus on net operating income growth coupled with disciplined cost management strategies to improve the cost-to-income ratio, are the key drivers of the Bank's profit maximisation model.

Wealth maximisation is achieved by optimising the allocation of capital resources to meet our strategic objectives as well as by managing asset quality and impairments through portfolio diversification and proactive risk assessments vis-à-vis the Bank’s risk appetite.

Coupled with a strong governance framework and an innate compliance culture, the Bank extends its commitment to ensure all regulatory requirements, relevant to different parts of our business are met with at all times.

Essentially, our goal is to combine a robust business model, strong governance and an integrated risk management and compliance framework to ensure long-term profitability and continued financial stability in a highly competitive industry.
Channel Management

- **Management Approach**
  The purpose of our channel management initiatives is to establish the broadest possible range of touch points through which customers can access our products and services. Meanwhile, to ensure that each channel is effective in meeting its stated objectives, we remain deeply committed to innovate, develop our expertise and experience so that our customers enjoy the convenience of world class banking systems through each of our channels.

- **How is it Managed**
  Customer-centricity and relevance are the key pillars on which our channel management strategy rests. Accordingly, the choices we make are centered on meeting our strategic priority to offer our customers the best in class experience. It is why we strive to benchmark our channels against international banking standards and globally accepted best practices.

  The Bank’s leadership continuously reviews the effectiveness of our channels and makes necessary improvements to ensure each one stays relevant in tandem with the evolving needs of our customers.

- **Strategic Imperatives of 2019**
  - Branch Network
  - ATM Network
  - Digital Channels

- **Goals and Targets**
  (Refer Manufactured Capital Report on pages 64 to 67 of the Annual Report 2019)

Digitisation Agenda

- **Management Approach**
  The need for state of the art IT systems and processes are essential for the Bank to achieve its vision and mission. Digitisation is therefore deemed to be a critical success factor in our business. Three key objectives continue to underpin our digitisation agenda. These are broadly;

  - To strike the right balance between cost and customer experience to drive the Bank’s “cheaper-better-faster” strategy
  - Improve operational efficiency and productivity to bring down the cost-to-income ratio (CIR)
  - Collaborative partnerships with Fin-tech companies to set up IT architecture needed to capture new markets

- **How is it Managed**
  We have in place a comprehensive Board approved digital strategy to facilitate the digitisation of critical business processes. Execution and monitoring of our digitisation strategy is overseen by the Bank’s IT Department in compliance with the ISO 27001:2013 Information Security Management Standards. As part of this process, we carry out continuous assessments to determine gaps and weaknesses with necessary remedial action implemented promptly.

- **Strategic Imperatives of 2019**
  - Strengthening IT infrastructure

- **Goals and Targets**
  (Refer Manufactured Capital Report on pages 64 to 67 of the Annual Report 2019)
Business Continuity Plan (BCP)

- **Management Approach**
  Sampath Bank’s BCP provides a framework for building resilience and the capability and triggering an effective response to safeguard the interests of key stakeholders, the Bank’s reputation, brand and business activities, in the event of unforeseen disruptions. Our BCP is designed to resume operations as quickly as possible, given the scope and severity of the business disruption.

  While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, it is our aim to restore operations and be able to resume business operations as per predefined “Recovery Time Objectives (RTO)”.

- **How is it Managed**
  Our BCP addresses: data backup and recovery, all critical systems, financial and operational assessments and assuring our customers prompt access to their funds and securities, in the event of a disruption.

  Sampath Bank’s BCP consists of two key components; the Business Impact Analysis (BIA), through which we quantify adverse impacts to the business based on the criticality of the process and the relevant RTOs to prioritise the business process and the Disaster Recovery Procedure (DRP), which facilitates the swift recovery of IT systems following an interruption to the business.

  The success of our BCP depends on the following factors:
  - Independent relocation centers for critical departments to ensure smooth functioning of core banking activities
  - Regular risk analysis and business impact analysis to consider both internal and external factors
  - Proper communication and training to ensure employees are made aware of the purpose of the BCP and understand the proper use of the BIA and DRP
  - Conducting responsive critical process reviews to promote continuous improvement in line with business continuity management best practices
  - Conducting system drills to check the readiness of our DR Centre operations
  - Conducting emergency evacuation drills to ensure safety of every occupant in the building

Anti-Corruption Practices

- **Management Approach**
  To realise its vision to be “The growing force in Sri Lankan financial services”, Sampath Bank is fully committed to conduct its business in an honest and ethical manner and strictly adheres to best practices including all applicable laws, rules and regulations with respect to anti-corruption behaviour. The Bank rejects bribery and corruption by all employees and Directors.

  The Bank promotes a culture of honesty and fair dealing and encourages employees to observe ethical business practices at all times without attempting improperly influence others or be influenced by others (directly or indirectly) by paying or accepting bribes or kickbacks in any form.

- **How is it Managed**
  The key drivers in this regard are the Code of Conduct for Employees, which outlines the Bank’s stance on fair dealing and compliance, Code of Conduct for the Corporate Management and the Code of Conduct and Governance Requirement for Directors through which the employees and Board of Directors are bound to execute duties ethically, observing Bank’s values. Employees who violate the code will be dealt with disciplinary action.

  To further ensure measures of upholding Bank’s policy on maintaining ethical behaviour, upholding values, rejecting bribery and corruption, the Bank has, in place, its Policy on Managing Conflict of Interest, its Anti-Fraud Policy, its Procedure in dealing with Related Party Transactions and its Whistle Blowing Policy. Raising awareness among staff is a key part of enforcing bank-wide adherence to these policies and procedures. In recent years, the Bank has taken measures to educate staff regarding money laundering and terrorism financing, two areas that have the potential to give rise to corruption in the banking and financial services industry.
Brand Equity

**Management Approach**

Brand equity is perhaps one of the most potent indicators of our success. Since the inception, we have worked with a clear purpose - to build a distinctive brand identity that reflects our core values and lives up to our vision, “To be the growing force in Sri Lankan financial services”.

Our strategic journey over the past 30+ years has focused on building customer confidence and generating a loyal customer following, with equal emphasis on strengthening stakeholder perceptions of the brand. Essentially, our aim is to position “Sampath Bank” as truly authentic Sri Lankan Bank that adds lifetime value to customers by offering unique, innovative and tailor-made financial solutions with an international flavour.

**How is it Managed**

We want to ensure that our brand is known for contributing positively to the lives of all Sri Lankans and in doing so, truly optimises what we stand for - our core values of innovation, integrity, trust, and patriotism. Premised on this, we have continued to invest in the latest and most sophisticated path-breaking technologies to create world-class financial solutions, while staying true to our roots as a true Sri Lankan bank. Furthermore we have adopted an agile business model to ensure our strategies are fluid and continue to evolve in order to meet key stakeholder deliverables. At the same time we remain firm in our commitment to conduct our business with the utmost integrity and transparency warranted of a world-class bank.

Meanwhile to prevent any ambiguity and maintain consistency regarding our brand, strict brand guidelines are in place to bind all those who work with the Sampath Brand and enforce them to adhere to standardised brand architecture that will ensure the Bank’s stakeholders receive a consistent message at all times.

**Strategic Imperatives of 2019**

- **Building Brand Equity**

**Goals and Targets**

(Refer Intellectual Capital Report on pages 68 to 71 of the Annual Report 2019)

Research and Development (R&D)

**Management Approach**

At Sampath Bank R & D is a continuous and ongoing process. Given its growing importance as a competitive lever, a significant allocation from the annual budget is made to ensure adequate resources are available for all Sampath Bank R & D requirements.

Our research activities are based on two interconnected elements; 1) market research to identify how customer needs are evolving in order to realign our existing product portfolio accordingly and 2) product research to develop new products and services in order to become the preferred bank among all key customer segments.

**How is it Managed**

The decision to conduct market research lies with the Bank’s Marketing Department. If there is a need for market research the Marketing Department will usually commission an independent third party to carry out the desired activities. In general, market research would be required to;

- Identify at which point in its lifecycle a specific product currently is
- Test the market prior to the launch of a new product or service
- Scope out the market for new products / services
- Seek opportunities to tap into new customer segments

Market research serves as a conduit for product research, with the results of market studies often being used to make improvements to existing products and services or trigger the development of new products. In addition, the in-house IT Department also conducts extensive product research in order to develop new digital solutions that would give Sampath Bank secures first-mover advantage in key customer segments.

**Goals and Targets**

(Refer Intellectual Capital Report on pages 68 to 71 of the Annual Report 2019)
Information Security

• Management Approach
With financial institutions around the world increasingly becoming the target of cyber security attacks, we believe a well-documented and actively managed controlled environment is vital to build trust in our brand. We also feel a solid information security framework serves as a key enabler in advancing our digital journey to position Sampath Bank as the leading digital bank not only in Sri Lanka but also in the wider South Asian region. Hence we have in place a robust Information Security strategy, which centers on three key elements;

• Investing in the latest developments in the global Information Security related products.
• Raising awareness among staff regarding cyber risks and in particular new social engineering and phishing techniques.
• Strengthening the governance framework to ensure risks are regularly reviewed and appropriate proactive and reactive measures are in place as and when needed.

• How is it Managed
Information Security management comes under the purview of the “Information Security Department” headed by the newly appointed “Chief Information Security Officer” (CISO). The cross functional “Information Security Committee” (ISC) also plays a key role in supporting the Bank’s Information Security programme. In this regard, playing a key role in formulating and implementing the Bank’s information security strategy, the ISC meets monthly to discuss operational and strategic matters relating to Information Security and cybercrime. Meanwhile under the supervision of the CISO, the “Incident Response Team” (IRT) handles incidents related to information security breaches as per the guidelines set out in the contingency plan.

In addition, the Bank’s IT systems have been ISO 27001:2013 (Information Security Management System) certified since 2016. Stemming from this, we have implemented a range of multi-layer security protocols, among them a clear segregation of authority to access different systems and continuous monitoring of privilege user access are some of the safeguards implemented in order to prevent potential security breaches. Furthermore, thanks to the commitment of IT team towards ongoing improvement, the Bank’s IT systems were re-certified under the ISO 27001:2013 standard for another 3 years from July 2019 - July 2022.

• Strategic Imperatives of 2019
• Strengthen Cybersecurity Governance
Employee Engagement

• Management Approach
In an increasingly competitive market, it is crucial to have highly engaged employees who feel valued and take pride in the growth of the business. We believe that employees who feel good about what they do and why they do it are most likely to stay motivated; thereby creating greater value for all stakeholders.

It is why we are committed to creating a work environment where our employees feel recognised for their talents and valued for their commitment to the Bank’s Strategic Vision. Led by HR Policies, we continue to invest considerable resources each year, to keep our employees happy and motivated through multiple engagement opportunities that encourage them to pursue their career aspirations as well as develop their personal strengths.

• How it is Managed
We have a planned approach to Employee Engagement and have implemented a robust activity calendar to provide opportunities for employees to showcase their talents both on and off the job.

Appreciation for our employees for their long service as well as their exemplary contribution and commitment to business and various other spheres are considered as a very important aspect in our recognition scheme.

We foster team spirit and camaraderie through sports and recreation activities.

We encourage and provide opportunities for our employees to rally round our Corporate Social Responsibility endeavours to make them feel good about themselves while making a positive impact to the community we live in.

We have also implemented a range of programmes to recognise the children of our employees. The key effort in this regard is the “Daru Daskam” event held to showcase the talents of our employees’ children. Further, “Rewards for Children” programme organised annually recognises children of our employees who have excelled in national examinations, sports and special achievements in different fields.

In recent times we have set up special disaster relief programmes to provide assistance to our employees affected by natural disasters.

• Strategic Imperatives of 2019
  • Strengthen Employee Relations and Employee Engagement
  • Enhance Employee Productivity

• Goals and Targets
(Refer Human Capital Report on pages 72 to 81 of the Annual Report 2019)
Talent Acquisition and Management

- **GRI Topics covered under this Material Topic**
  - Employment
  - Diversity and Equal Opportunity

- **Management Approach**
  To retain our competitive position at the forefront of Sri Lanka's banking industry, it is important for us to always stay ahead of our peers. It is what motivates us to provide a challenging and rewarding environment, where our employees have the opportunity to strive for excellence. Our goal is to attract the best people with the right mix of technical and behavioural competencies to meet our targeted business requirements. Moreover, underpinned by our HR Philosophy that advocates the "Develop from within" approach, we invest in sustainable initiatives to develop and retain our human capital in the long term.

  We are an Equal Opportunity Employer and remain fully committed to comply with same in managing our employees.

- **How it is Managed**
  We continue to invest in building our Human Capital with the aim of supporting the long-term business imperatives. Our Reward Management Policy offers competitive remuneration to all employees. We regularly review our salary and benefit packages to assess our position vis-à-vis industry benchmarks and ensure our team benefits from market competitive pay and rewards at all times.

  Meanwhile, our Performance Management Policy, and our Code of Conduct for Employees, focus on embedding a high-performance culture into business objectives at every level. To support this, we regularly engage employees in performance discussions and have established clear and open communication to enable our staff to understand how their roles contribute to the Bank's goals and vision.

  For our Goal Setting as well as our Mid and End Year Reviews, we employ an approach that links strategy to performance, thereby allowing our employees to align their goals with the Bank's annual Key Performance Indicators and long term strategic agenda. This process also seeks to bring out employees' career aspirations and development opportunities, enabling them to identify their strengths and prospective career tracks. Our Performance-Based Bonus Scheme further demonstrates the commitment to this high-performance work culture.

  We also constantly engage with our people through shared value initiatives to ensure that our people stay connected to the Bank's culture and purpose.

  Further we continue to pay special attention to minimise repetitive tasks carried out by our employees through digitisation of business processes enabling them to contribute to more value adding functions and to enhance productivity.

- **Strategic Imperatives of 2019**
  - Enhance Employee Productivity

- **Goals and Targets**
  (Refer Human Capital Report on pages 72 to 81 of the Annual Report 2019)
Employee Relations

- **GRI Topics covered under this Material Topic**
  - Labour Management and Relations
  - Employee Health and Safety

- **Management Approach**
  In order to manage and drive our workforce we believe that a strong Employee Relations climate is vital. Therefore, we consider constructive dialogue between Management, employees and their representatives is of paramount importance in our journey.

  In doing so, we continue to work towards creating an inclusive work environment encompassing gender diversity and a multi-cultural and multi-generational workforce. This means creating an inclusive environment where the diversity of experiences, knowledge and approaches allows employees to thrive.

- **How it is Managed**
  We have well defined set of HR Policies covering all Key Result Areas of HR. These policies are reviewed annually to ensure that they align with internal and external requirements. At the same time, we continue to increase the effectiveness of internal communication channels to build a strong rapport with our team members at all levels.

  Sampath Bank Employees Association (SBEA) is a vital stakeholder in our business. With over 98% of Team Sampath being members of the SBEA, our relationship with the SBEA is based on mutual respect and understanding. The Management works closely with SBEA on matters on mutual interest. Further, it also serves as a platform for the exchange of ideas for the improvement of working conditions, benefits etc. for the betterment of employees.

Training and Development

- **GRI Topics covered under this Material Topic**
  - Training and Education

- **Management Approach**
  Our industry-leading position is largely dependent on the level of competency of our people. Hence our goal is to build a strong Leadership pipeline and a future ready workforce by equipping our employees with the desired level of knowledge and skills that encourage them to innovate and lead the change in the industry. In recent years we have begun enabling our employees to embrace a digital frame of mind through greater experimentation and experiential learning that will enable them to keep pace with our accelerated digitalisation agenda.

- **How it is Managed**
  The objective of our Training and Development policy is to offer focused and relevant learning solutions to our people, by prioritising and aligning learning to strategic priorities and business needs. We continuously tap into our in-house expertise as well as external sources including overseas training, to expose our employees to areas pertaining to their jobs as well as on industry, business, current and regulatory matters.

  The Bank engaged Senior Management team as knowledge leaders to further strengthen the learning and development function of the Bank and to ensure tacit knowledge is shared among the future leaders of the Bank.

  Further, foreseeing the future talent requirements of the Bank, we have formulated a robust training plan encompassing 3 years commencing from 2019.

- **Strategic Imperatives of 2019**
  - Develop Employee Capabilities
  - Enhance Employee Productivity
  - Strengthen Customer Orientation

- **Goals and Targets**
  (Refer Human Capital Report on pages 72 to 81 of the Annual Report 2019)
Accordingly, on an ongoing basis, we conduct programmes to uplift the health and wellbeing of our employees.

The Bank has established a formal Grievance Handling mechanism to provide employees the opportunity to escalate their grievances and receive appropriate feedback and solutions.

- **Strategic Imperatives of 2019**
  - Enhance Employee Productivity
  - Strengthen Employee Relations and Employee Engagement

- **Goals and Targets**
  (Refer Human Capital Report on pages 72 to 81 of the Annual Report 2019)
Customer

Complaint Management

• **Management Approach** [GRI 418]

  We believe that effective complaint resolution is a key measurement of customer satisfaction. Therefore we endeavor to provide the best in-class customer experience, which includes promptly responding to complaints raised by customers. At Sampath Bank, we consider all complaints equally important and work towards offering a speedy yet credible solution to ensure the customer is satisfied that his/her issue is resolved.

  In the long term our aim is to reduce the number of customer complaints with each successive year. In this context, we remain committed to tackle the root cause for repetitive complaints and engage necessary remedial action to prevent a recurrence of the same issue.

• **How is it Managed**

  Sampath Bank customers have access to a wide range of channels to voice their complaints. These include; mail, email, fax, telephone, online through the corporate website and through social media platforms. Alternatively customers are also welcome to walk into any branch to make a complaint.

  A comprehensive complaint resolution framework is in place to record and investigate complaints and respond to the customer within a specified period of time. Benchmark response times have been set at 72 hours from the time of receiving the complaint, with each complaint rigorously tracked to ensure target response times are met. All complaints are analysed centrally by the Customer Care Center on a monthly basis, with recurring complaints being escalated to the management along with recommendations for appropriate policy/procedural changes.

• **Strategic Imperatives of 2019**
  • Strengthen the Complaint Management Process

Customer Convenience

• **Management Approach** [GRI 102-11]

  As a multi-service bank, our diversified line of products and services are designed to serve different categories of customers; individuals, corporates, SMEs, Credit Card users etc. In each case, we strive to differentiate our offerings from peers by helping our customers to make their banking experience simple, quick and convenient.

  We are always looking for new and more innovative ways to give our customers a more convenient banking experience and in doing so strive to capture the diverse needs of each customer segment and create customised solutions that are best suited for each target group.

  We want to be known as a truly customer centric bank and in that sense seek to provide our customers with the utmost level of convenience they desire at every stage of their life.

• **How is it Managed**

  The relationships we have built with our customer base over the years have given us the opportunity to continuously monitor their banking habits. In turn, we use these findings to feed our innovation processes and help create products and services that reflect the needs of our customers.

  More recently we have also begun using advanced analytics to study customer behaviour to facilitate more customised digital solutions. In this context, our digital innovation team takes the lead in developing top of the range products that offer the ultimate in customer convenience.

• **Strategic Imperatives of 2019**
  • Enhance customer convenience through the use of breakthrough technology
  • Aligning with current market trends

• **Goals and Targets**

Customer Health and Safety

- **Management Approach**
  We believe in acting responsibly in everything we do and strive to ensure that our products and services do not result in damaging consequences for our customers in any way. Our key priority in this regard is to make certain that our products or services are not used in the furtherance of financial crime, such as money laundering, financing of terrorism, fraud and corruption.

  Accordingly our efforts are centred on; 1) protecting customers from security threats and preventing them from falling prey to financial theft and 2) ensure customers can transact safely through all channels.

- **How is it Managed**
  Protecting customers from security threats and prevent them from falling prey to financial theft

  1. Adherence to the Bank’s Anti-money Laundering Policy and Anti-fraud Policy to prevent our products and services from being used to facilitate fraudulent or money laundering activities. Both the Anti-money Laundering Policy and Anti-fraud Policy have been formulated in compliance with all applicable local legislature and regulatory directives; including:
     - The Money Laundering & Terrorist Financing Risk Management for Financial Institutions Act No. 01 of 2018
     - Financial Institutions (Customer Due Diligence) Rules No. 01 of 2016
     - The Financial Transaction Reporting Act No. 06 of 2006
  2. Proactive action by the Risk Management Unit to detect the Bank’s vulnerability to a cyber crime attack at any given time.

- **Ensuring customers can transact safely through all channels**

  - Periodic checks to identify the existence of PIN/card data skimming devices at ATMs
  - Special awareness campaigns conducted through email, posters and social media to remind our customers to be mindful about protecting their money, PIN, ATM and credit cards
  - Provide customers with tips (via email, social media, corporate website etc.) on protecting personal information and accounts against fraud and misuse
  - Multi-level security verification protocols have been installed across all online channels, to ensure the security of account information and related details
  - The Customer Contact Center is tasked with conducting several layers of positive identification before assisting clients with their needs
  - Investing in training activities to ensure staff are adequately aware of the policies and procedures
  - Regular follow up by the Compliance Function to ensure conformity with policies and procedures
  - Well trained IT personnel equipped to respond to customers who become victims to phishing and other similar scams

- **Goals and Targets**
Customer Privacy

Management Approach

In delivering our value proposition, we require certain personal and often confidential information from our customers. This includes information we receive from customer applications / account forms, the KYC forms as well as information about the customer’s transactions history with the Bank and data we gather from third parties such as the Credit Information Bureau.

With large volumes of such information collected within each business day, we believe the confidentiality and protection of customer information is one of our fundamental responsibilities. We consider the customers’ willingness to share personal information as a sign of trust in the Bank and as such remain fully committed to respect the privacy rights of customers at all times.

How is it Managed

As a policy, the Bank does not disclose customer information to third parties, unless otherwise compelled by law.

All personal information provided by the customer at any time throughout their banking relationship with us, is stored within our operational and data processing systems, which are maintained in a secure environment to prevent information from being accessed by third parties. Several layers of physical, electronic and procedural safeguards are also in place to restrict the access to customers’ personal information, only to those employees who need to know such information.

Furthermore, any information deemed sensitive is transmitted via Secure Socket Layer (SSL) technology and then encrypted into protected databases, with such information made accessible to a limited number of persons who have special access rights to such systems.

In addition, the Sampath Bank corporate website contains a comprehensive Privacy Policy that outlines the framework for safeguarding all customer information obtained through online channels.

Goals and Targets


Marketing and Labelling

Management Approach

Our aim to deliver a fair, honest and equitable service to our customers and in doing so ensure that their interests are protected throughout their relationship with us. An important part of this commitment includes ensuring that all product promotions, sales and marketing communications are designed to provide our customers with adequate, timely and relevant information to enable them to make informed decisions.

How is it Managed

While taking cognizance of the generally accepted ethical rules, industry norms, the rules of institutions that we are a member of, such as Visa and MasterCard, the CBSL Customer Charter for licensed commercial banks, along with any other regulations that govern such matters, our marketing and promotional activities strive to provide information such as fees, commissions and interest rates, in a clearly understandable manner.

All such information is made available publicly through multiple channels covering electronic, print and social media platforms, while all mandatory customer disclosures are openly displayed at our branches.

Further, we invest in regular product training initiatives to ensure all front line employees are kept informed regarding and new disclosure requirements that may become relevant from time to time for certain banking products or services.

Strategic Imperatives of 2019

Tactical Marketing

Goals and Targets

Community

**Community Development**

- **Management Approach**

Being a leading Bank in Sri Lanka, we consider it is our duty to do more to address the challenges that hinder the progress of our people. As a responsible corporate citizen, our aim is to respond to Sri Lanka’s emerging socio-economic needs in a manner that would trigger meaningful societal change for the longer term. By working to help people grow and prosper, we believe, we can create lasting change for the betterment of society.

We begin by linking our corporate goals to socio-economic issues that are deemed national priorities. In doing so we are also guided by the United Nations Sustainability Development Goals (SDGs).

Our efforts are driven by a socially responsible CSR model, through which we strive to deliver grass root level change, vis-à-vis four key sustainability pillars:

<table>
<thead>
<tr>
<th>Socially Responsive CSR Model</th>
<th>Transparency &amp; Governance</th>
<th>Community Engagement</th>
<th>Employee Volunteerism</th>
<th>Sustainable CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship Development</td>
<td>Community Capacity Building</td>
<td>Education for All</td>
<td>Environment Protection &amp; Conservation</td>
<td></td>
</tr>
<tr>
<td>Empower entrepreneurs to facilitate their development through better technical support and financial assistance</td>
<td>Address grass root level issues by providing basic infrastructure or necessities to enable the community to improve livelihoods and living standards</td>
<td>Dissemination of knowledge and information at a grass root level in order to reduce social and economic inequalities and bridge the poverty gap</td>
<td>Minimise environmental issues based on social priorities, extend the message to a large captive audience of stakeholders and thereby create knowledge on environment conservation</td>
<td></td>
</tr>
</tbody>
</table>

**How is it Managed**

Sampath Bank allocates 1% of the annual profit after tax to a CSR Fund, which is used to meet the cost of all community-based projects. The overall stewardship of the fund is listed under the purview of Corporate Sustainability Committee led by the Managing Director with designated appointees assigned to execute projects under each CSR/Sustainability pillar. The Corporate Sustainability Department provides oversight for projects carried out under each CSR pillar and as such is responsible for the evaluation, resource allocation, implementation and successful completion of these projects.
We expect our team to understand and appreciate the purpose of our community efforts and therefore, encourage them to get involved in projects in their localities. Employee volunteerism is therefore an important part of our Project Management Process. We provide a range of opportunities for employees to get involved, either individually or as teams, enabling them to use their professional and personal skills to the betterment of society at large.

Community engagement and project sustainability are other crucial elements of our Project Management Process. These are managed by the Corporate Sustainability Department through regular and ongoing dialogue with community stakeholders. The feedback/grievances that result from this process is what determines what projects we undertake in response to these issues. For more details please refer pages 84 to 90 of the Annual Report 2019.

Identified Key Grievances/Community Needs

- Develop entrepreneurs
- Livelihood development
- Development of community infrastructure
- Improve community health facilities
- Improve of basic education facilities
- Develop career path of students
- Competency/skills development

In addition to our structured community interventions, we are always proactive in our emergency response initiatives. In the event of an emergency, we do not hesitate to meet the need of the hour and are always ready to support affected communities. In such cases, rapid response teams are deployed to act quickly to bring relief to where it is needed most.

Strategic Imperatives of 2019

- Entrepreneurship Development
- Community Capacity Building
- Education for All

Goals and Targets

(Refer Social & Relationship Capital - Community Report on pages 84 to 90 of the Annual Report 2019)

Operations with Local Community Engagement, Impact Assessments & Development Programmes

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment (Rs Mn)</th>
<th>No. of Beneficiaries</th>
<th>Employee Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurship</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>‘Sampath Saviya’ SME Business Forum</td>
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<td>182</td>
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<tr>
<td>‘Sampath Saviya’ Women Entrepreneurship Programme</td>
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<tr>
<td>‘Sampath Saviya’ Youth Entrepreneurship Programme</td>
<td>0.7</td>
<td>250</td>
<td>17</td>
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<tr>
<td>‘Sampath Saviya’ Entrepreneurship Workshops for Students of Technical Colleges (Kurunegala, Matawa, Beliatta, Polonnaruwa, Kegalle)</td>
<td>*</td>
<td>487</td>
<td>26</td>
</tr>
<tr>
<td>‘Sampath Saviya’ Business Planning Sessions for Export-ready Customers (Matawa, Colombo, Anuradhapura, Rathnapura)</td>
<td>*</td>
<td>109</td>
<td>33</td>
</tr>
<tr>
<td>‘Sampath Saviya’ Entrepreneurship Development Programme - Sri Lanka Air Force Base, Anuradhapura</td>
<td>*</td>
<td>66</td>
<td>6</td>
</tr>
<tr>
<td>SME Trade Workshops</td>
<td>0.3</td>
<td>140</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>4.5</td>
<td>3,392</td>
<td>40</td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>‘Wayamba Isuru’ Farmers’ Market</td>
<td>1.4</td>
<td>Approximately 9,000</td>
<td>6</td>
</tr>
<tr>
<td>‘Hope for a Life’ Programme</td>
<td>0.4</td>
<td>Approximately 120,000</td>
<td>44</td>
</tr>
<tr>
<td>Historic Nallur Kandaswamy Kovil Festival 2019</td>
<td>0.3</td>
<td>Approximately 250,000</td>
<td>31</td>
</tr>
<tr>
<td>Others</td>
<td>0.3</td>
<td>Approximately 1,655</td>
<td>63</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 5 Scholarship Seminar Programme</td>
<td>2.0</td>
<td>378,000</td>
<td>20</td>
</tr>
<tr>
<td>‘Sampath Daham Thilina’ Programme</td>
<td>1.5</td>
<td>9,250</td>
<td>30</td>
</tr>
<tr>
<td>‘Soar Above The Rest, Intern With The Best’ - Internship Programme for School Leavers and Undergraduates</td>
<td>75.2</td>
<td>1,351</td>
<td>33</td>
</tr>
<tr>
<td>‘Sampath Pasala’</td>
<td>0.3</td>
<td>Approximately 561</td>
<td>138</td>
</tr>
<tr>
<td>Investment in CSR Communication and Other Miscellaneous Projects</td>
<td>1.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Conducted through partnerships

Note 1 - Investment from CSR fund: Rs 5.5 Mn  Note 2 - Investment from Bank’s other funds: Rs 82.4 Mn
Disclosures on Procurement Practices

Management Approach

In managing our day-to-day operational processes, we are required to seek the services of numerous suppliers and service providers. In dealing with suppliers and service providers, we strive to engage in fair and equitable procurement practices at all times.

At the same time we work to ensure that all suppliers and service providers with whom we have dealings, are aligned to our corporate values and conform to the same high standards that we follow. In this context we promote greater transparency in internal and external communication, and continuously work on developing suppliers through sustainable supply chain management practices.

As part of this commitment, whenever possible and practical, we engage in local sourcing to procure based on the emergency of requirement at branch level.

How is it Managed

To ensure fair and equitable purchasing practices we maintain a supplier registry which includes a minimum of two suppliers for each supplier category. Meanwhile as a BCP measure for critically important supplies and services, the registry is required to have a minimum of three suppliers in order to obtain services without interruption. Under the supervision of the procurement function, the Supplier Registry is updated every three years. This gives new suppliers the opportunity to register, while existing suppliers are also expected to re-register at this point.

Number of Registered Suppliers & Service Providers in 2019

<table>
<thead>
<tr>
<th>Department</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Department</td>
<td>319</td>
</tr>
<tr>
<td>Logistics Department</td>
<td>231</td>
</tr>
<tr>
<td>IT Electronic Data Processing Department</td>
<td>120</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>58</td>
</tr>
<tr>
<td>Total</td>
<td>728</td>
</tr>
</tbody>
</table>

Selecting suppliers from the Supplier Registry is done through a Tender procedure that creates a healthy level of competition, where all applicants are considered on an equal basis.

The Bank’s Procurement Committee is responsible for the screening and selection of suitable suppliers/service providers, a process that allows us to assess the risks involved in purchasing from different sources.

Strategic Imperatives of 2019

• Supplier Development

Goals and Targets

(Refer Social & Relationship Capital - Supplier Report on page 91 of the Annual Report 2019)
• **How is it Managed**

Sampath Bank Supplier Evaluation Model

Note: Our supplier evaluation model remain unchanged compared with the previous year.
Environmental Management

- Management Approach
  As a Bank, our business has a very little direct impact on the environment. However, we realise that as regulations evolve and markets change, our relationships with customers, suppliers and other stakeholders, as well as our growth prospects, will depend on the way we manage the environmental impact of our business. That is why we are committed to understanding and managing even the smallest impact on the environment resulting from our work.

  By understanding natural capital considerations and integrating them into our day-to-day decision-making and risk assessment processes, we seek to do our part in finding solutions to such global challenges as climate change, resource scarcity and natural capital loss. We expect that doing so would bring us closer to our goal to become Sri Lanka’s first “Green Bank”.

- How is it Managed
  Having undertaken to minimise the business impacts on the environment, we have implemented a broad-ranging Environmental & Social Management System (ESMS) designed in line with internationally accepted best practices. The key principles of the ESMS are:
  - Energy management through exploring energy efficient lighting solutions and alternative energy sources
  - Measuring direct and indirect emissions using the GHG Protocol Carbon Footprint Calculation process to track environmental performance and benchmark our progress against our peers in the industry

Strategic Imperatives of 2019

- Resource Efficiency
  - Energy Management
  - Emission Control
  - Waste Management
  - Water Management
  - Awareness and Training
  - Strategic Partnerships

- Responsible Lending
- Green Products and Services
- Special Projects

Goals and Targets
(Refer Natural Capital Report on pages 92 to 97 of the Annual Report 2019)

Environmental CSR

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment (Rs Mn)</th>
<th>No. of Beneficiaries</th>
<th>Employee Engagement (No. of Volunteered Employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wildlife and Nature Protection Society of Sri Lanka (WNPS)</td>
<td>1.2</td>
<td>Approximately 150</td>
<td>8</td>
</tr>
<tr>
<td>Biodiversity Conservation Project</td>
<td>0.8</td>
<td>Ongoing project</td>
<td>6</td>
</tr>
<tr>
<td>The ‘Earth Watchman’ programme</td>
<td>1.4</td>
<td>498</td>
<td>35</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
<td>4,134</td>
<td>285</td>
</tr>
</tbody>
</table>

Note 1 - Investment from CSR fund: Rs 2.5 Mn
Note 2 - Investment from Bank’s other funds: Rs 1.4 Mn