

Sustaining For Future



LOLC

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS FOR 2010/11

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Introduction

The health of our triple bottom line delivers wealth to the Company, Stakeholders and the Nation. It is a simple precept that drives our every thought and action as we build our business around exemplary values across the sustainability tripod in focus and evaluate the impacts of our enterprise on social, environmental and economic parameters.

It is LOLC's ethos that all our companies seek to optimally balance cause and effect when it comes to People, Planet and Profit. In strategy and practice, it has become our goal to practice business in a manner that delivers a win-win situation for 'People, Planet and Profit'.

All of these three 'P's must co-exist, be nurtured, safeguarded and grown in a manner that heralds a healthy tomorrow for all.

LOLC is a member of the UN Global Compact and its charter on sustainability in practice. The UNGC Principles are scheduled under four main clusters - Human Rights, Labour, Environment and Anti-Corruption.

The sections depicting the 'UNGC Principles', 'Directors' Messages' and 'Formulating Our Report' are publicly published information and have been extracted from our 2010/11 LOLC Group Annual Report. The rest of the information about our Strategic CSR activities and the individual Company/Branch level CSR activities, have been descriptively narrated to provide the reader an overview of the multitude of activities that take place at Corporate as well as individual Group Company, Departmental and Branch level. The information communicated here has been widely shared amongst all staff of the LOLC Group through Press Releases, Internal Email Notifications and through various management and committee level meetings.

Principles of the UN Global Compact

Human Rights

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 - Make sure that they are not complicit in human rights abuses.

Labour

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 - The elimination of all forms of forced and compulsory labour;

Principle 5 - The effective abolition of child labour; and

Principle 6 - The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7 - Businesses are asked to support a precautionary approach to environmental challenges;

Principle 8 - Undertake initiatives to promote greater environmental responsibility; and

Principle 9 - Encourage the development and diffusion of environmentally-friendly technologies.

Anti-Corruption

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

A Message from Our Directors

“LOLC is now an adherent to the United Nations’ Global Compact (UNGC), which lends strength and basis to our already well-developed sustainability regime. In this context, we view our investments in the leisure and renewable energy sectors as a green step in the right direction. In the same vein, we take a holistic view of sustainability and are mindful of our responsibilities towards society.”



Mrs. Rohini Nanayakkara, Chairperson, LOLC Group (Pg 059, LOLC Annual Report 2010/11)

“The LOLC Group is committed to the well-being of the nation and towards nation building. This sense of social consciousness ensures that our business has a high sustainability quotient and that we have no negative impact on our stakeholders. As our portfolio of businesses grows in a natural culmination of a conglomerate, we continue to strengthen and reinforce our enterprise risk and governance systems to ensure compliance at all levels.”



Mr. Ishara Nanayakkara, Deputy Chairman, LOLC Group (Pg 063, LOLC Annual Report 2010/11)

“Sustainable investment by ‘going green’ is at the very core of our business model since inception. This core theme is reflected in every strategic move of the LOLC Group. LOLC’s vision to possess a green portfolio consisting of Mini-Hydro, Bio-Mass and Wind Power is now becoming a reality through our Companies – United Dendro Energy, Gal Oya Plantations, Maturata and Pussellawa Plantations.”



Mr. Kapila Jayawardena, Group Managing Director/CEO of LOLC (Pg 069, LOLC Annual Report 2010/11)

Formulating Our Report

The information we present in this Report appears under these cluster headings, in the interests of clarity. It is also relevant to note that the raw data that has gone into formulating this report has been collected from all Group companies, as the UNGC Principles pervade and guide every Group entity.

Human Rights

Across all Group constituents, a healthy respect and adherence to best principles of human rights are in place. To illustrate via one example of the many types of varied activity that LOLC undertakes, on Maturata and Pussellawa Plantations, we have a comprehensive strategy and body of work in place to upgrade housing and sanitation facilities and provide ready access to medical and schooling for our estate worker community.

Awareness meetings with follow up review meetings are conducted regularly to ensure that we maintain an exemplary human rights regime and are not in danger of complicity in terms of human rights abuses of any kind.

Labour

With a diverse portfolio of businesses, the LOLC Group manages a sizeable workforce in equally diverse business environments -from office and factory to plantations, motor service facilities and more. Across this varied sweep of enterprise, we have enshrined workers' rights that secure freedom of association and a voice in determining their career paths, remuneration and working conditions. In our Plantation sector, Workers' Committees and Collective Agreements address all manner of worker issues such as wages, grievance handling and more. Gender equity in these processes is maintained, with female staff in authority appointed to oversee issues pertaining to females.

LOLC is an equal opportunity employer and has no gender, race or religious bias in its recruitment, employment and career progression processes. Our endeavour is to recruit those with the best qualifications, skills, experience and mindset, without any bias. We look for people who can progress and prosper with LOLC, whilst deploying their potential to the fullest for mutual benefit of the Company and individual.

The minimum hiring age is 18 years. We abhor and shun child labour and will brook no aberration of this policy. We also enact an Anti-Sexual Harassment Policy, to which every employee must be an adherent.

LOLC does not approve of or condone forced or compulsory labour. In all of these matters, we are governed by the law of the land and the Terms of Employment agreed upon with our employees.

An Overview of Our Human Resources

The HR architecture of the Group has played a pivotal role to support the rapid expansion and integration activities. With this immense growth and diversification of the Group, the Company undertook a review of HR policies, procedures and processes which were then strengthened to cater to each business whilst being aligned to the overall Group HR framework. As businesses transformed and new businesses were acquired, the HR architecture either supported it or was created anew. At LOLC we work on a shared services platform, and therefore our services have been developed and offered in tandem with the individual company's vision and objectives.

The total staff strength of the LOLC Group as at 31 March 2011 stood at 3,326. During the year in review, an unprecedented staff growth of 40% transpired in the financial sector, with a net increase of 491 employees. With our strategic acquisition of the Confifi Group of Hotels, around 900 staff were absorbed to the total group cadre. Our staff retention rate stands at an impressive 85%, one of the highest in the industry.

95% of our staff have been trained in the disciplines of the financial sector. We have continued to provide all aspects of training including product, customer service and leadership training among others, on a regular basis.

Our Microfinance Company, LOLC Micro Credit Ltd. (LOMC), has set up a dedicated training centre which is a special highlight for this year. This concept provides Microfinance specific training, re-training and leadership programmes to a number of talented employees. LOMC witnessed a 75% growth in staff with a net increase of 106 employees.

One of the key highlights of HR in addition to the accelerated recruitment of experienced/skilled employees was the launch of a nationwide programme to attract and develop school leavers which was initiated under the banner, 'From Student To Professional'. The programme has been designed by LOLC to provide them with basic employability skills which will enable them to seize employment opportunities within the LOLC Group.

The programme was initiated to surmount the dearth of competent and skilled / employable staff in the employment market vis-à-vis the generation of employment opportunities within the diverse sectors of the LOLC Group. Following an in-depth screening process, 100 school leavers are now participating in an accelerated training programme conducted by Orient Academy, a subsidiary of LOITS.

In addition to the above initiative, several internship programmes have been offered to undergraduates of both local and overseas universities who need to pursue a period of industrial training as part of their degree programme. Internships have been offered in Microfinance, IT, Finance, Administration, Treasury and HR.

With the implementation of the FSTP programme and other alternate recruitment strategies, LOLC aims to have a ready pool of skilled candidates who can be trained in niche areas and subsequently deployed to the job openings available across the country.

Another noteworthy initiative launched over the year in review was the offering of employment opportunities to skilled youth from the regions we operate. We believe that the dynamisms of our rural youth add leverage to the strong workforce of the Group as the Company grows from strength to strength. We are also proud of our status as an equal opportunity provider which has contributed largely to the growth of a diverse workforce.

We have very effectively engaged in teamwork and rewards and recognition programmes which have driven many of our employees to continuously exceed established objectives. A young and dynamic workforce has created many opportunities for the Group to grow and expand in multiple ways. Employees who show exceptional levels of commitment and dedication combined with a dynamic leadership team have been the driving force that has contributed immensely towards the success of the LOLC Group.

At Commercial Leasing Company (CLC), an online leave and attendance system was introduced, streamlining this vital area. Training and development interventions were enhanced to include sales and credit training for all

marketing staff. A comprehensive induction programme was also formulated and put in place. Branch Managers were also afforded training in management development programmes.

At LOLC Motors Ltd. (LOMO), which was a start-up enterprise during the year in review, we built a customized HR framework and laid down the required resources from the ground up. Thus, recruitment of required personnel was followed by training after which the business of LOMO was launched.

LOLC Insurance Company Ltd. too, is a new business venture for the Group. Here, we evolved a rallying, team building theme - 'One Spirit, One Team, One Achievement'. We have put in place optimum infrastructure, sourced and recruited skilled personnel and absorbed LOLC staff to handle Insurance. Training was also imparted in relevant areas.

The Group's recreation club 'SPIRIT' as always has put forth a full calendar of activities aimed at fulfilling the social and recreational aspirations of our people. Events such as a Six-a-Side Cricket Tournament, Staff Trip, Pirith Ceremony, LOLC's Annual Dinner Dance and Kiddies Christmas Party were conducted.

In the sports arena, LOLC's badminton team became champions of the Mercantile 'D' Division Inter-Firm Badminton Championships organized by the Mercantile Badminton Association. This is the third consecutive championship win for our team in this tournament.

Environment

At the very heart of LOLC's enterprise lies environmental consciousness. It is an awareness of the impact every business process exerts on the 'health' of the planet and, in extension, is a willingness to take the necessary measures to reduce dependence on non-renewable resources, whilst putting into practice environmentally conscious business processes.

To illustrate, across our plantation holdings, we espouse best-in-class agricultural practices. Our estates are home to several Hydro Power and Dendro power projects, Reforestation projects and eco-friendly waste disposal methods.

Similarly, our group companies, Maturata and Pussellawa Plantations and all other plantation companies within the Group, engage in tree planting within its plantation sites whilst launching programmes to prevent soil erosion. During the year in review, Pussellawa Plantations has planted 310,000 timber saplings.

LOMO espouses the 'Green Garage' concept and has already begun rainwater harvesting and waste water recycling processes. LOMO collects rainwater in a 50,000 litre underground tank for use in vehicle washing and washrooms. It employs a microbiological media system for waste water treatment as well as technology to recapture refrigerant from its air-conditioning systems to prevent their escape into the environment. The unique design of this facility maximizes the use of natural lighting, whilst the Company is also planning to source some of its electricity requirements from solar power, thus reducing draw off from the National Grid. Many other initiatives have been launched with the aim of greater environmental responsibility.

LOLC Micro Credit Ltd. (LOMC) is gradually weaning away from providing financing for 2 stroke 3-wheeled vehicles as they have been deemed a potential threat to air quality. Our Group Company Hydro Power Free Lanka PLC (HPFL) is already registered with UNFCCC for its Emission Reduction Programme and is thus an active

participant in global emission reduction programmes. HPFL has already commissioned Mini-Hydro Power plants generating 3.2 MW of power whilst plans are underway for the establishment of four more such projects.

We have embarked on 14 Mini-Hydro Power projects which are expected to generate 27 MW in total at an initial investment of approximately US\$ 30 Mn. These projects are registered for carbon credit. Several estates within the Maturata and Pussellawa Plantations Groups have substituted fuel wood for fossil fuels in their tea drying process. One of the most ambitious and certainly the largest environmentally responsible installation in a commercial building is to be found at the Group's Head Office. Solar panels cover the roof of the building and generate 15% of LOLC's daily power requirements. At full capacity, this system generates 48 KW of electricity.

LOLC holds the firm belief that the way ahead for this planet is in the exploration and commissioning of renewable forms of energy and lessening the dependence on fossil and non-renewable energy resources.

In line with this belief, LOLC is involved in setting up renewable energy biomass power plants around the country that will generate and supply power to the national grid. Through its subsidiary LOLC Eco Solutions, the Group has initiated several biomass electricity power plants, hydro power plants and expects to build several wind power plants.

In 2010, LOLC made a strategic investment in United Dendro Energy (Pvt) Ltd. (UDE), a Company with a pioneering vision of fashioning a sustainable future for the nation. UDE is currently engaged in building a 6 MW fuel wood-fired plant in Sri Lanka along with several innovative agro forestry and agricultural initiatives. As the first ever mega Dendro project in the country, this plant will serve to lay the foundation for the harnessing of Dendro energy as an alternative fuel source.

The dendro power plant will be commissioned by end 2012, converting biomass into electrical energy that will be sold to the national grid under the terms of a power purchase agreement signed with the Ceylon Electricity Board. We are also in the process of securing redundant barren landmass around the country with a view to converting them into biomass fuel plantations. These lands within the plantation sector, which now lie fallow, once converted, will supply fuel to LOLC power plants while contributing to national power output. One of the added bonuses is that both the power plant and plantation operations will generate enormous employment opportunities in the local areas where they operate. Both power plant and plantation operations will qualify for carbon trading (CDM) under UNFCCC programme whilst minimizing the Group's carbon footprint which is always our goal as a responsible corporate citizen.

In tandem, the Company is also steadily building an extensive out grower network that will enhance livelihoods of impoverished farmers in surrounding areas and ensure an uninterrupted fuel wood supply. The Company's precise business model ensures that the project will be as commercially viable as it is beneficial to the environment and society. This project marks a definitive shift towards economically, socially and environmentally sustainable power generation and agro forestry methodology that will hopefully be a watershed development in the national consciousness for sustainable and 'earth-friendly' solutions that will lessen the burden on future generations.

The 'Green Investments' made by LOLC speak eloquently of the ethos we follow in being a responsible steward of good environmental practice. The Group is also actively exploring opportunities for wind power generation. On Gal Oya Plantations, which LOLC runs as a Public-Private partnership with the Government, we have revitalized

the entire project into a vibrant operation. We have rejuvenated 5,200 ha of landmass and brought it under sugar cane cultivation. As a by-product, the Company produces the bio-fuel ethanol, whilst, we expect to be able to generate 2 MW of Bagasse derived power from a special plant set up for this purpose. The Factory has provided direct employment for 4,400 farmer families and 2,000 non-irrigated farmer families and contributes towards the upliftment of their livelihoods with new revenue streams.

LOLC also promotes initiatives such as internal paper recycling, employing energy saving lighting, minimizing unnecessary power draw offs in respect of the operation of its air-conditioning, computers and lighting and replacement of its fleet of conventional vehicles with the new hybrid motors. In our credit appraisal process, we have mandated the requirement of Environmental Assessment Reports and the requirement for local Environmental Authority Clearance where applicable. Further along the process, our staff is tasked with the evaluation of these businesses with regard to their environmental friendliness.

LOLC has a Code of Conduct in place in regard to the development of new products, to ensure compliance with sustainability and environmental friendliness.

Anti-Corruption

LOLC has in place a comprehensive framework both in the regulatory and strategic sense, to combat and pre-empt any form of corruption. The Group's Anti-Money Laundering Policy commits that every precaution would be taken to ensure that the systems and processes of the Group are not used for money laundering activity as defined by the Prevention of Money Laundering Act No. 05 of 2006 (PMLA), or for financing of unlawful activities.

Among many safeguards built into this Policy is the Customer Identification and Due Diligence process, or in other words 'Know Your Customer'. This is an exhaustive exercise whereby LOLC delves into the salient details of a prospective customer, which equips the Group to make sure that financial resources, client business and relationships are all lawful and free of the taint of corruption.

Our Whistle Blowing Policy is an inclusive one, guiding and empowering every employee to report without fear on any matters of irregularity to the Internal Audit/ Enterprise Risk Management Department. LOLC is in compliance with the legislation of the Government of Sri Lanka in relation to but not limited to - the Convention on Suppression of Terrorist Financing Act No. 25 of 2005, the Financial Transactions Reporting Act No. 06 of 2006 and the Prevention of Money Laundering Act No. 05 of 2006.

The Group also ensures transparency of communication at all times and communicates with its stakeholders via – the Annual Report, announcements made through the Colombo Stock Exchange, Press Releases and our corporate website.

An Overview of Our Strategic Corporate Social Responsibility Initiative



LOLC CARE

LOLC CARE is a body incorporated to carry forward the strategic Corporate Social Responsibility initiatives of the LOLC Group. This was a result of a series of initiatives ranging from 'LOLC Viyapara Shilpa' (a program to disseminate knowledge on Financial Management to migrant workers), Educating the community on Dengue Prevention, Building of the LOLC 'Rhidee Gammanaya' and culminating with the Quarterly Road Map of the Management Team and the LOLC Sustainability Policy, which formalized LOLC's focus on the society and the environment (see annexure 1 on page 30).

Through LOLC CARE, the Group will execute its vision and mission for sustainability, which is to be aware of and sensitive to the well-being of the community and the environment around it. In 2009, we launched LOLC CARE as our inaugural strategic Corporate Social Responsibility project with an aim to undertake numerous initiatives in line with our Strategic CSR policy. Subsequently, a Committee comprising of staff members representing Board of Directors as well as management level members from different business units and divisions, was set up to streamline and oversee all LOLC CARE activities.

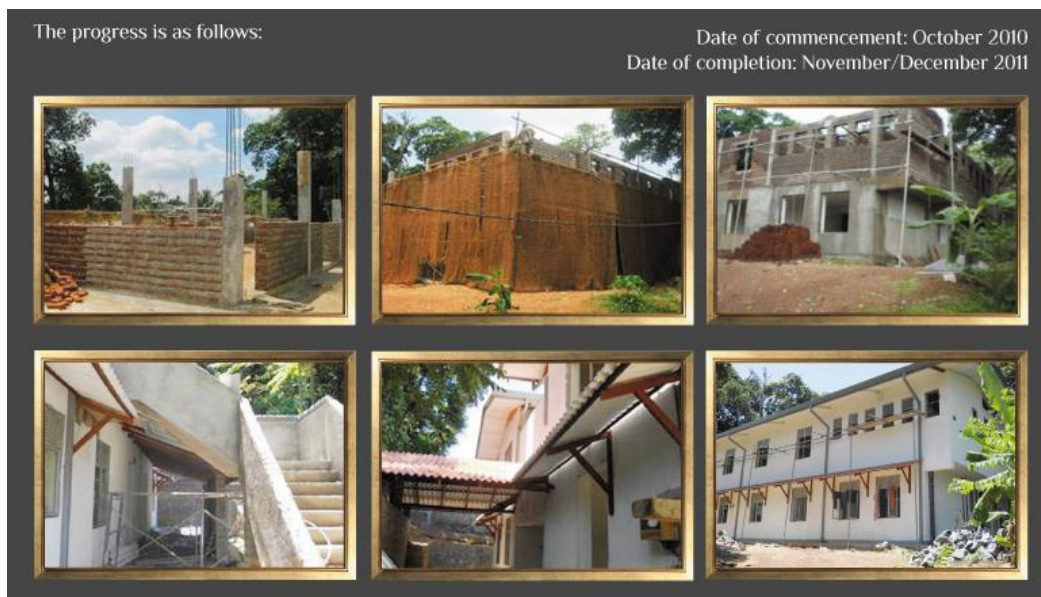
As our first initiative under the umbrella of "LOLC CARE", we partnered with the National Council for Child and Youth Welfare (NCCYW) to sponsor the renovation and maintenance work of 'Madiwela Special Education School and Home for Boys'. This Home, situated in Madiwela, Sri Jayawardenepura Kotte, is dedicated to look into the overall wellbeing of Developmentally Challenged children and adults.

The National Council for Child and Youth Welfare (NCCYW) is a non-governmental organization set up to look after the wellbeing of less privileged children. At present, they manage 7 children's homes island wide. Out of these homes, 3 are for the developmentally challenged girls and boys. The "Madiwela Special Education School and Home for Boys" is home to 34 developmentally challenged boys, and it was LOLC's aim to expand the capacity of this home to house 6 more boys as the first phase of the project.

Since then, we have been actively involved in looking into the well-being of these children with the active participation of our Company, staff, clients and other stakeholders. Through financial donations, we have increased the Home's capacity to accommodate more children, and provided them with required educational support. We have also organized various cultural and religious activities for children annually. The Home provides the children necessary facilities to further their education as well as their vocational skills.



For the second phase of the project, the LOLC Group launched a special program to construct a fully-fledged home to house and educate 50 young, orphaned boys in the adjoining land which will be managed by NCCYW. The foundation stone for the new building was laid on the 08th of October 2010 with the participation of our senior management staff members, and by December 2011, the skeletal structure of the building was completed.



Through generous donations by way of personal and voluntary contributions from staff members, customers and friends of LOLC, we have set up an LOLC CARE fund where all proceeds go to the welfare of these children of the two Homes. An important feature of this Fund is that LOLC matches every Rupee donated by others and thus, swells the gross fund significantly.

In addition, we have set up collection points (tills) at our Head Office premises, at our main branches and post office service centres, and at our Hotels to collect voluntary donations from our patrons. Similarly, we have offered LOLC CARE merchandise for sale and to create greater awareness about the project. Proceeds accumulated from donations and sales will go directly to the welfare of the Homes.



Some of the initiatives we have already undertaken and hope to continue implementing in the future are;

- Continuous maintenance of the LOLC CARE Children's Home
- Sponsorship of children from childhood to employment
- Educational support to children
- Extra-curricular activities conducted by staff members or by way of sponsorships
- Skill development of children
- Alms to the children's Home

It is the aim of the Company to provide necessary infrastructural, financial and welfare support, to ensure that these children are given the necessary skills to integrate into society as able citizens. Over the years, LOLC has provided many employment opportunities to several developmentally and physically challenged individuals by absorbing them into the LOLC staff cadre. In future, the Company hopes to extend career building opportunities to the children of the Madiwela Homes in and outside of the Group.

In conclusion, we understand that each of us individually cannot make a significant difference to these children. However, we have understood that our collective efforts can make a world of a difference, and we have made this an opportunity for all of us to take part in every step of the construction processes of the Homes and to be actively involved in the welfare activities of the Homes. Going beyond the CSR platform, it is our belief that this project will enable all of us at LOLC to be active agents of positive change, as we partner with NCCYW towards developing these children for a better and brighter future.

Social and Community Relations Projects

Gal-Oya Plantations (Pvt) Ltd

Gal-Oya Plantations (Pvt) Ltd consists of 7,659 ha of plantation land with approximately 5,200 ha of cultivatable extent allotted amongst 4,400 families. We look into uplifting the living standards of these families by way of improving their welfare and looking into their developmental requirements, such as; community based infrastructural development, healthcare campaigns, educational support, formation of farmer organizations, providing huts, water and other necessities for various community based events such as Weddings, Funerals etc, and support for various religious and cultural events.

Social and Community Relations

1. Health Care

- **Blood Donation Campaign**

Several blood donation campaigns were arranged during the year.

- i. 14.01.2011 at Galoya Plantations Premises – 40 persons
- ii. 20.01.2011 – arranged with the collaboration of the Youth Buddhist Society

- **Health Campaign**

A health campaign was held on 26.04.2011 at Gal-Oyal Plantations (Pvt) Ltd. Nearly 120 patients were treated on this day. The doctors and the health officials from Damana Rural Hospital contributed their services.



2. Child Development

- **Children's Park**

A complete and fully functional children's park was constructed at the Hingurana Maha Vidyalaya premises and handed over to the school administration.



3. Education

- **Schools**

Water, a basic need, is being provided by the Company to the following schools along with the maintenance of the schools' playgrounds.

- i. Hingurana Maha Vidyalaya
- ii. Thimbrigolla Vidyalaya
- iii. Madawallanda Vidyalaya
- iv. Paranigama Vidyalaya
- v. Seevali Vidyalaya
- vi. Uksiripura Vidyalaya

4. Religious

We participate and contribute towards the “*Katina Pinkam*” carried out by the Buddhist temples of the community.

Basic need of water is provided regularly to the following Temples.

- i. Deegawapiya Temple
- ii. Galmaduwa Temple
- iii. Hingurana Temple
- iv. Galapitagala Temple
- v. Keenawaththa Temple
- vi. Malayadi Temple

5. Cultural Activities

The Company regularly supports various cultural activities carried out by the community. A Sinhala and Tamil New Year celebration was arranged at the Company Playground.



Infrastructure Development

6. Roads

The interior roads of the following areas have been constructed and maintained regularly by the Company.

- i. Keenawaththa – 49.26 km
- ii. Ekgaloya – 23.5 km
- iii. Hingurana West – 4.5 km
- iv. Galmaduwa – 12 km



7. Canals

The canals of the following areas have been constructed and maintained regularly by the Company.

- i. Keenawaththa – 58.37 km
- ii. Ekgaloya – 64.76 km
- iii. Hingurana West – 8 km
- iv. Galmaduwa – 8.9 km



8. Formation of Farmer Societies

Two farmer societies were formed last year. They are namely, Ekgaloya Sugarcane Farmers Organization and Keenawaththa Sugarcane Farmers Organization.

i. Ekgaloya Sugarcane Farmers Organization

The society was formed on 26.10.2011. The organization consists of 243 farmers who are cultivating sugarcane in Ekgaloya area.

ii. Keenawaththa Sugarcane Farmers Organization

The society was formed on 26.10.2011. The organization consists of 331 farmers who are cultivating sugarcane in Keenawaththa area.

LOLC Micro Credit Ltd.

LOLC Micro Credit Ltd (LOMC) has placed its commitment to develop the communities it serves via its strategic CSR project, LOLC Isuru Diriya Sisu Upahara Grade 5 Scholarship Awards program. Actively held since 2010, this initiative began as a CSR project launched by the staff members of the Divulapitiya Isuru Diriya Centre to fulfill a much-needed requirement of the community, which is the lack of exam preparatory skills for children who sit the annual Grade 5 scholarship examination.

Many of these gifted students are children from rural locations around the country, whose parents have very little economic footing to invest in furthering their children's education. As a result, parents who belong to the LOMC's group borrower clients and non-clients alike approached microfinance officers operating at Isuru Diriya Centres located in the regions, requesting their assistance. Thus, the first Grade 5 Scholarship exam preparatory seminar was held in Divulapitiya with over a hundred students from the community participating. This seminar was conducted by a renowned educator with over 12 years of experience as an examiner.

Similar educational preparatory seminars were held island-wide culminating in an annual felicitation ceremony held in Colombo to reward the top achievers who have passed this examination with excellent results. The first official ceremony of the LOLC Isuru Diriya Sisu Upahara Scholarship Awards was held in 2010. This ceremony saw a total of 27 educationally gifted students from various communities across the island, receiving scholarships and educational equipment.

In 2011, this program reached a nation-wide status. An impressive total of 230 students representing the North and the South, received scholarships including Rs. 10,000 worth educational equipment and saving accounts pass books with a Rs. 1,000 initial deposit from associate company, Lanka ORIX Finance PLC.

With hopes of making it an annual event, LOLC Isuru Diriya Sisu Upahara thus became the strategic CSR program of LOMC with a clear vision for sustainability in the long run. Assisting the children of economically impoverished communities to realize their full educational potentials is at the heart of this program. This, together with the Company's unique business model of credit plus approach to microfinance, will further enable LOMC to actively pursue on its social vision for sustainable development, by empowering the economically vulnerable masses across the country.





Other CSR initiatives for financial year 2010/11 carried out by LOMC's Isuru Diriya post office service centres island wide.

BRANCH/LOCATION	ACTIVITY	MONTH 2011
Elpitiya	Sponsoring the Sinhala and Tamil New Year ceremony	April
Divulapitiya	Soorya Mangalyaya (New Year ceremony)	April
Elpitiya	Alms giving to elders' home	May
Kilinochchi	Computer lab donation to Tharnapuram Maha Vidyalaya	June
Palaviya	Computer equipment donation to a school	June
Divulapitiya, Mathugama, Horana, Chunnakkum, Ganemulla, Aththanagalla	Ayurveda Expo 2011 held at the BMICH, Colombo. Many self-employed clients of LOMC were given the opportunity to feature their products at the exhibition which was opened to many local and foreign buyers and investors.	July
Divulapitiya, Ganemulla, Aththanagalla	Scholarship examination preparatory seminar for Grade 5 students in Sinhala medium	August
Trincomalee	Scholarship examination preparatory seminar for Grade 5 students in Sinhala and Tamil medium held at 02 locations	August

Batticaloa	Scholarship examination preparatory seminar for Grade 5 students in Tamil medium held at 03 locations	August
Aralaganwila	Kiri Ithiraweeme Mangalyaya (rice harvesting ceremony)	September
Divulapitiya	Blood donation program	September
Aththanagalla	Blood donation program	November
All IDCs	LOLC Isuru Diriya Sisu Upahara Awards Ceremony 2011	December
Morawaka	NIC issuing camp	December
Palaviya & Chillaw	Bio Digester Awareness Program	December

Lanka ORIX Finance PLC

Children Savings Accounts to Grade 5 Scholars – December 2011

Children’s Savings Accounts with an initial deposit of Rs. 1,000 was awarded to 120 selected students, out of a total of 230 who had been successful at the Grade 5 scholarship examination held in 2011. These students are children of our customers who have taken Group loans through LOMC’s microfinance loan scheme. They were invited to a ceremony held on 13th of December 2011, at the Bishop’s College Auditorium, Colombo, at which, the Chief Guest was the Governor of the Central Bank of Sri Lanka, Mr. Ajith Nivard Cabraal.



SEEDS (Guarantee) Ltd – June 2010 to January 2011

Lanka ORIX Finance conducted a project titled “Leveraging Remittances for Socio-economic Development of Sri Lanka”, jointly with SEEDS (Guarantee) Ltd., the economic arm of Sarvodaya. The project focused on enhancing the financial literacy of migrant workers in Europe and their family members living in Sri Lanka, who survive on the remittances effected by those migrant workers.

LOFC conducted 16 such workshops in various locations in Sri Lanka, reaching out to approximately 350 individuals who are beneficiaries of remittances, and joined one such seminar conducted in Milan, Italy.

The participants were exposed to a full day's training session on the importance of effecting remittances through formal legal channels to Sri Lanka, and the benefits obtainable from financial institutions by doing so. They were given awareness on the importance of instilling financial discipline and developing savings habit. The participants were also educated on entrepreneur development skills and opportunities available for obtaining SME and micro credit facilities.



IFAD Project – June 2011 to May 2013

Joining hands with the International Fund for Agricultural Development (IFAD), LOFC has implemented a Project for the potential migrant workers and families of migrant workers who are in Sri Lanka. Although the country made large progress with the help of the foreign money earned by these expatriates in the past decades, these individuals have been less lucky in uplifting their own lives, owing largely to their lack of knowledge and lack of focus on financial management and investment. The Project expects to fill that knowledge gap reaching 10,400 people in rural areas, covering the North and East as well.

During each Training Program, the beneficiaries are given an insight as to how their hard earned money could be saved, what pitfalls to avoid, such as overspending on consumption goods, how to invest wisely etc. The ultimate objective is to guide them to generate substantial income even after their return to Sri Lanka. The Ministry of Foreign Affairs together with Sri Lanka Bureau of Foreign Employment have also agreed to give their fullest support to this worthy cause.



LOLC Leisure Ltd

Singing Christmas Carols with Orphaned Children



Religious Activities



Hospital Cleaning and Painting



Blood Donation Campaign



Donating Books to School Children



Art Competition for Children



Poson Poya Dansala (Alms Giving)



A Special Educational Program in view of World Tourism Day 2011

Eden educates children for World Tourism Day

Linking cultures of the world through travel, this year's World Tourism Day was observed and celebrated on 27th of September 2011 by various tourism sector establishments throughout the world.

Initiated by the United Nations World Tourism Organization to foster awareness among local communities and to highlight values of tourism and its cultural impact, a number of events have been scheduled to take place this year under the theme "Tourism - Linking Cultures".

Eden Resort & Spa, a member of the LOLC Leisure Group commemorating World Tourism Day held a special educational program for students of the Moragalla Junior School. This program was aimed at educating the students on the benefits of choosing their careers in the tourism and hospitality industry. In addition, the hotel took the opportunity



Photo Caption: At a welcoming ceremony held at the Moragalla Junior School, Eksath Wijeratne General Manager of Eden Resort & Spa together with Ms. Kumarasiri, Principle of the School lighting the traditional oil lamp.

to donate Library Books and Computer Accessories fulfilling a much needed requirement of the school. General Manager of Eden Resort & Spa, Mr. Eksath Wijeratne along with other senior managers and members of staff took part in this worthy cause.

The recent post war development efforts have witnessed a colossal increase in the arrival of tourists to the country during the recent years. As a result, Sri Lanka has aimed towards 900,000 tourist arrivals during this year and revenue of over US\$ 1 billion before the end of year

2012. Furthermore, with a target of 2.5 Million tourist arrivals anticipated by the end of year 2016, the industry has focused on developing the required support systems and resources in order to meet this target.

As a result, various institutions of this sector, in partnership with government agencies, have launched several programs commemorating the World Tourism Day with a special focus at developing the tourism and hospitality industry of the country. One such program focuses on empowering Sri Lankan youth by encouraging them to consider the hospitality industry as an option for career development. The current workforce in the industry is estimated to be around 125,000 - and by 2016 it is estimated that 500,000 employees are required to serve the future tourist inflow.

Eden CSR celebrates Tourism Day

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LOFC Horana Branch

The staff members of Lanka ORIX Finance Horana Branch, through voluntary donations, sponsored the renovation of a preschool in Mullaitivu. This preschool provides education to 45 toddlers from internally displaced families in the areas. These families have been displaced due to war and are in the process of resettling. The children of the school were taught under dire circumstances, lacking basic facilities, such as chairs, tables and other educational equipment. With the contribution made by the staff members, 45 Nos of chairs and 12 Nos of long tables were provided. In addition to it, they colour washed the school and gifted each child with colour sticks, drawing books, pencils, water bottles etc. They also donated other necessities to the school, including toys, a white board etc. At a ceremony held at the school grounds, all donated items were handed over to the children and staff members of the school.

Before refurbishment



After refurbishment



LOFC Hatton Branch

A Blood Donation Campaign was organized by Lanka ORIX Finance Hatton Branch, which was held on the 17th of December 2011, at YMBA, Hatton. During the campaign, 147 people donated blood.



LOFC Kurunegala Branch

A Donation to 'Sandagala School for Differently Abled Children' was organized by the staff members of Lanka ORIX Finance Kurunegala branch. This event was initiated by the Micro team, on the 03rd of April 2011, as a CSR project in the memory of their late colleague, Sumith Pathirana. The following activities were carried out;

- Provided morning tea with a snack to the children
- Provided lunch for the children
- Played cricket with the children
- Donated mats and mosquito nets to the school

The whole project was funded by the contributions made by staff members of Kurunegala.



LOFC Rathnapura Branch

The staff members of Lanka ORIX Finance Rathnapura branch donated Books, a PA System and other gifts to the children at Mahawatta Kanda School, Batathota, Eratna on the 07th of June 2011.



LOFC Badulla Branch

The staff members of Lanka ORIX Finance Badulla branch sponsored and organized an educational tour for the orphaned children of the “Kandurata Lama Nivasaya” in Badulla.



LOFC Nawalapitiya Branch

A CSR project was conducted by Lanka ORIX Finance Nawalapitiya Branch in aid of the General Hospital in Nawalapitiya.

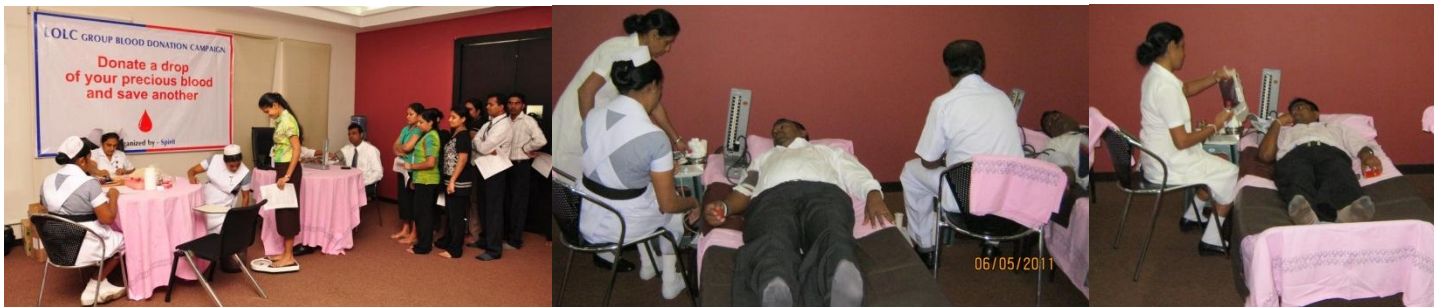
The hospital director made a request for aluminum cupboards and partitions, which was completed by the Company at a cost of Rs. 171,500/=

The project was handled by the Nawalapitiya Branch together with LOLC's administration team. The ownership of the donated items was later handed to the Hospital Director.



LOLC Head Office

A blood donation campaign was organized at LOLC Head Office premises on the 6th of May 2011. A large number of staff members donated blood, which was donated to the National Blood Bank. This event was organized by the recreational club of LOLC – LOLC SPIRIT.



LOLC CARE POLICY

LOLC CARE is an entity within the LOLC group of companies. This entity is being set up to oversee the strategic corporate social responsibility initiatives of the LOLC group. Through LOLC CARE, the LOLC group will execute the vision of LOLC CARE, which includes;

Society

1. To support society by caring for orphaned children with the setting up of orphanages.
2. To provide assistance to society to uplift the living standards of society by providing basic amenities needed for living.
3. To help the sick with the appropriate medical assistance, to relieve them from suffering.
4. To identify and provide sustainable assistance and business guidance to those with entrepreneurial skills including those in the very low income group in our society, who would otherwise have no such access, through our small and medium and micro finance business.

Environment

1. To create awareness on the importance of engaging in environmentally friendly practices and support environmentally friendly projects which are in proximity to our places of business.
2. To provide training on environments education and support and promote environmental activities.
3. To create awareness in pollution prevention and resource conservation and recycling strategies in to our business planning and operating decisions to help reduce the negative impact on the environment.

Initially a need has been identified in the area of child welfare which is also in line with point one under “Society” above.

