



Promoting Sustainability – Together



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS REPORT FOR 2018/2019

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FOREWORD

LOLC's efforts to enhance the value of the natural capital are two-pronged: to minimise its environmental footprint and to proactively seek ways to contribute to the sustainability of the environment. The Group has embarked on two key sustainability initiatives through its LOLC Green Programme:

Reforestation

The LOLC Green initiative commenced with the implementation of its island wide Schools Tree Planting Programme promote the habit of tree planting and to raise awareness on deforestation and its impact to Sri Lanka, amongst the school children. The first step of this wider programme which has already commenced, will see the planting of trees in 300 identified schools in all 25 districts, that will not only help in absorbing odours and pollutant gases but also produce food for consumption. The LOLC Group's island wide presence through its network of 245 locations is aptly utilised to drive this programme which has now reached the halfway mark. Having recognised the adverse effects of climate change and its major effects on human health, the LOLC Group is committed to working closely with all its stakeholders to effectively drive forward its reforestation and renewable energy programmes, spearheaded under the LOLC Green banner to ensure a safer and greener tomorrow for everyone. The LOLC Sustainability committee has also decided to organise an awards ceremony to reward the schools and branches that have taken good care of the saplings planted through LOLC Green.

We are also committed to provide employees with a stable work environment that includes equal opportunity for learning and personal growth. The Group's central HR function is tasked with establishing, administering and effectively communicating corporate values, policies and practices that treat employees with dignity and equality, in compliance with employment and labour laws, corporate directives and labour agreements.

Encouraging Solar Power: The Group's Solar Power initiative was

launched as an internally driven project which mainly focused on the two following areas: Identify and convert some of the Group's properties to solar power generation buildings. Initially four properties have been selected to be converted and the adaptation is currently in progress.

Corporate Social Responsibility (CSR) has been a long-standing commitment that has been embedded into the very fabric of the LOLC Group. It also forms an integral part of our strategy to tackle the issue of social inequalities by aligning our business model to address major national priorities. Our goal is to identify critical areas of development that require investments and intervention, followed by proactive support to ensure meaningful socio economic development reaches a broader island wide demographic. We believe that in doing so, we can enable a larger number of people to participate in, and benefit from economic progress.

PRINCIPALS OF THE UN GLOBAL COMPACT

The LOLC Group is a signatory to the United Nations' Global Compact (UNGC's) established code of principles. The Group is thus guided by the 10 principles concerning human rights, labour, environment and anti-corruption promulgated by the UNGC, and the solid framework they provide is espoused by LOLC and its subsidiaries in every facet of their many activities. Some of the ways in which we practice these principles are communicated in this Sustainability Review as well as elsewhere in this Annual Report such as the Governance Report.

The Ten Principles of UNGC:

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 should 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 corruption in all its forms, including extortion and bribery.

IMPLEMENTING THE UNGC PRINCIPALS

LOLC's commitment to the established 10 principles of the UNGC initiative can be found rooted into the functions of all its business operations which are demonstrated in their Annual Reports, Press Releases and Websites.

Our commitment to Sustainability is outlined in the LOLC Annual Report for the FY 2018/19 which is submitted together with this review.

- Statement of continued support: Group Managing Director / CEO - Page 22-24
- Sustainability Report - Pages 67-78
- Enterprise Risk Management Report - Page 102

All above mentioned material can be accessed via www.lolc.com