



စာပါနာ လီမိတက်  
SATHAPANA LIMITED



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SATHAPANA LIMITED

# UN Global Compact **Communication On Progress (COP) Report** **Year 2020 and 2021**

SATHAPANA Makes Your Life Better

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## About This Report

This report is SATHAPANA Limited's first communication on progress (COP) report. It was prepared with an intention to submit to UN Global Compact about the progress on implementing its ten principles and provide public disclosure to all our stakeholders.

This report reflects who we are and what we are doing, and how we are running our business activities transparently and responsibly. Although SATHAPANA Limited joined UN Global Compact as a signatory member on 19 May 2020, this COP report was prepared for a two-year period, from January 2020 to December 2021, in order to be in line with calendar year. All operational activities and quantitative data cover that reporting period.

Although this two-year period was highly crucial with a high of unprecedented challenges, we have overcome them together as a team by the help of our staff. Taking this opportunity, we would like to express our sincere thanks to all our stakeholders for their continuous and strong supports, especially in this time of crises and hardships.

SATHAPANA shall submit calendar-wise UN Global Compact (COP) report in the future, once all quantitative data are audited by an independent third-party auditor. Should you have any comments or questions about our report, please do not hesitate to reach us via email at [info@sathapana.com.mm](mailto:info@sathapana.com.mm).

## CEO'S STRATEGIC STATEMENT FOR CONTINUOUS COMMITMENT

Dear Stakeholders,

It is my honor and great privilege to inform that SATHAPANA Limited is committed to support the Ten Principles of the United Nations Global Compact in the area of Human Rights, Labor, Environment, and Anti-Corruption.

Being one of the leading microfinance institutions in Myanmar, SATHAPANA is providing affordable and sustainable financial services to empower entrepreneurs for start-up and expansion of their businesses to generate employment opportunities, increase their household income, and upgrade their living standards. SATHAPANA Limited follows good corporate business practices and ethics while providing responsible financial services to its clients, and the ten principles have been being practiced since SATHAPANA has started its business operations in Myanmar.

SATHAPANA joined the UN Global Compact as a signatory member on 19 May 2020. As a member of the UN Global Compact, a global network of more than 12,000 signatories over 160 countries are committed to building a sustainable future, SATHAPANA Limited is pleased to reaffirm our commitment that the ten principles shall always be practiced and incorporated into our corporate governance, management, business strategy, and day-to-day business activities, and decision-making at all levels.

We are very proud to be a member of UN Global Compact, and we will continue to provide the best sustainable financial services to our clients and the people of Myanmar, by following and practicing the Ten Principles of UN Global Compact, to build a sustainable future together.

Yours Sincerely,

Seang Serey  
Director & CEO





## ABOUT US



### VISION

To be the leading financial institution in entrepreneurship building in Myanmar.

### MISSION

To empower entrepreneurs and to generate employments in order to upgrade their living standard through access to financial services in sustainable manner.



CORE VALUES are the operating philosophies or principles that guide employees' internal conduct as well as their relationship with customers, partners and other stakeholders. SPNM has defined its own statement of core values as below:

**MORALS** - To be decent citizens, all SPNM's staff are expected to abide by the local laws and regulations to avoid committing crimes, corruptions or any illegal activities. Staff have to communicate with people in a kind and gentle manner at all circumstances in order to earn more recognition and respect of the societies.

**ADORATION** - SPNM's staff should always show great love, admiration, and respect for people in general without discriminations or treating people unequally. They must be those who are honest and willing to forgive, encourage and look at each other's work and criticize it for better improvement.

**COOPERATION** - There must always be close cooperation between colleagues to achieve the common goals. Cooperation is to be built by SPNM's staff in order to maintain good liaison with such targeted people as clients, local authorities, suppliers, and other stakeholders. Staffs are encouraged to participate in contributing ideas or making some decisions.

### CORE VALUES

**SERVICES** - Service is a kind of invisible things that responds to the needs of customers, colleagues and other stakeholders. All stakeholders, especially customers shall be deserved professional service as possible as SPNM could do. The professional customer service training shall be delivered to all staff of SPNM.

**ENTREPRENEURSHIP** - Entrepreneurial spirit of either clients or employees shall be renovated from time to time. Capacity development, commitment, ambition and willingness to generate higher income are the spirits of entrepreneurship that SPNM commits the best to mainstream into its operations in order to make all stakeholders succeed in sustainable manner.



## COMPANY PROFILE

SATHAPANA Limited was founded in January 2015 by MARUHAN Investment Asia Pte. Ltd. and obtained a Temporary License in June 2015 to operate Microfinance Business with 15 million US Dollars authorized capital.

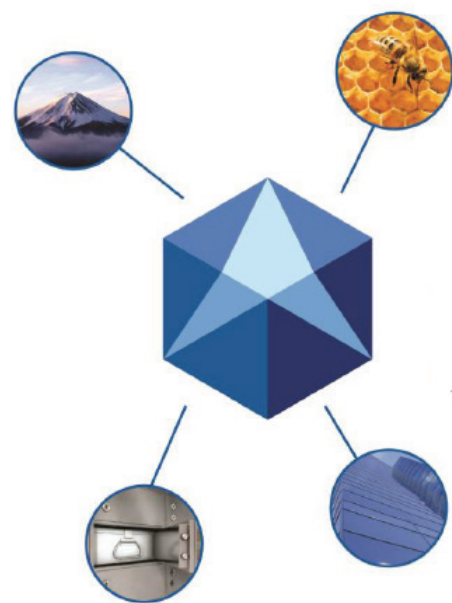
The name “SATHAPANA”, derived from SATHAPANA Bank Plc., which is one of the leading banks in Cambodia, was born out of the merger between a bank (Maruhan Japan Bank Plc.) and a leading Microfinance Institution (SATHAPANA Limited, Cambodia). The word “SATHAPANA” means “to build or to construct” in Khmer language.

SATHAPANA began its microfinance operations in August 2015 and obtained a Permanent License in July 2016. Additional USD 5 million capital was injected in January 2020 which has brought total capital of USD 20 million.

The second time USD 5 million capital injection was done in October 2021 in order to strengthen more of SATHAPANA's financial position. The total authorized capital of SATHAPANA is USD 25 million as of today.

Since the start of its operations, SATHAPANA Limited has contributed greatly to the development of Myanmar's economy through financial inclusion and providing access to credit to more and more people, especially to the grassroots people living in the rural areas. SATHAPANA Limited has accomplished remarkable growth and achievements over the period and today, SATHAPANA Limited has reached to be the second and third largest microfinance institution in Myanmar in terms of the number of borrowers and loan portfolio.

## SATHAPANA LOGO



*The subtle LOGO change is it represents mount Fuji, a widely recognized symbol of Japan, where our shareholder is, and as a source of solidity, and harmony. The Hexagon rim of the crest represents the honeycomb structure of a beehive, the nature of ideal storage of valuable assets. Its strength is reinforced when multiple hexagons are placed next to one another, dispatching the company's ability to provide service to its customers through its branch network. The crest also represents a vault, or a safety deposit box and five shades of blue are the reflections of the blue sky, a sign of modernity and progress.*

## KEY MILESTONES

### 2015-2019

#### ► 2015-2016 (April - March)

- Obtained temporary microfinance business operations license
- Launched Business Operations

Number of Branches - 4  
Number of Clients - 10,261  
Loan Portfolio - 3,305,741,600



#### ► 2016-2017 (April - March)

- Obtained permanent microfinance business operations license
- Expanded business operations

Number of Branches - 11  
Number of Clients - 66,576  
Loan Portfolio - 17,334,529,500



#### ► 2017-2018 (April - March)

- Became Top 2 MFI in terms of loan portfolio

Number of Branches - 17  
Number of Clients - 157,303  
Loan Portfolio - 45,133,042,900

#### ► 2018-2019 (April - March)

- Changed Logo

Number of Branches - 31  
Number of Clients - 228,896  
Loan Portfolio - 74,156,396,250



### 2019-2021

#### ► 2019 (April - September)

- Obtained voluntary savings license

Number of Branches - 38  
Number of Clients - 286,613  
Loan Portfolio - 111,063,077,650



#### ► 2019-2020 (October - September)

- Recognized as a signatory member of UN Global Compact
- Achieved Client Protection Certification from Inclusion (Social Ratings)
- Achieved BBB status from MFR Financial Rating
- Achieved SPIR-3 Status from Inclusion (Social Ratings)
- Achieved successful accomplishment of Oracle Flexcube Core Banking System

Number of Branches - 50  
Number of Clients - 351,518  
Loan Portfolio - 178,298,390,146



#### ► 2020-2021 (October - September)

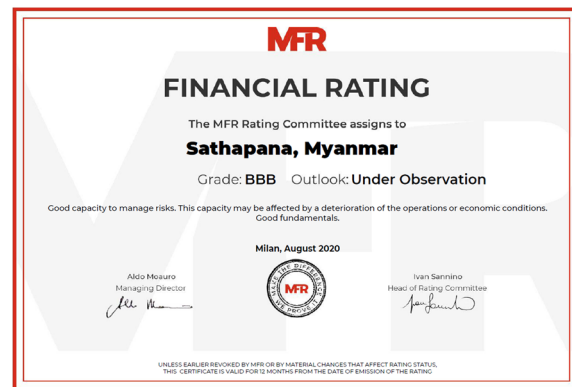
- Launched Voluntary Savings Deposit

Number of Branches - 59  
Number of Clients - 348,157  
Loan Portfolio - 203,943,755,005



## AWARDS AND RECOGNITIONS

### Financial Rating / August 2020



SATHAPANA Limited has been recognized and certified as “BBB” Financial Rating Result by International Rating Agency, Microfinanza Rating (MFR).

The FR rating process was accomplished with a comprehensive assessment and thorough analysis of risks and performance. This achievement of the remarkable rating result identified SATHAPANA as a strong and reliable financial institution with good capacity to manage risks, having creditworthiness and good fundamentals for long-term sustainability.

SATHAPANA Limited was awarded ISR Client Protection Certification for successful completion of all requirements with highest standards in the financial inclusion industry.

ISR Client Protection Certification is the leading-edge certification offered to the microfinance sector to recognize financial institutions that meet the highest standards of quality in customer service and care. During the development process, numerous stakeholders, including microfinance networks, microfinance institutions, regulators, consumer financial protection experts and investors were consulted by Inclusion (Social Ratings) to adapt the certification to current industry challenges.

Being one of the responsible financial institutions and one of the leading microfinance organizations in Myanmar, SATHAPANA Limited practices the following core Client Protection Principles, the minimum standards that clients should expect to receive when doing business with a financial service provider.

This outstanding achievement identified SATHAPANA Limited as not only strong in commercial value but also protects its clients and microfinance industry as a responsible financial institution with good business ethics.

### ISR Client Protection / August 2020



1. [Appropriate Product Designs and Delivery](#)
2. [Prevention of Over-Indebtedness](#)
3. [Transparency](#)
4. [Responsible Pricing](#)
5. [Fair and Respectful Treatment of Clients](#)
6. [Privacy of Client Data](#)
7. [Mechanism for Complaint Resolution](#)

### UN Global Compact Membership / May 2021



SATHAPANA Limited has been accepted as a signatory of the United Nations Global Compact, the world's largest corporate sustainability initiative, and a global network of over 9,500 companies and 3,000 non-business participants that are committed to building a sustainable future.

Being one of the leading microfinance institutions in Myanmar, this is an important step for SATHAPANA Limited in its sustainable journey to help create the world that we all want joining thousands of businesses around the world in committing to UN Global 10 principles in the areas of Human Rights, Labor, Environment, and Anti-corruption.

### Oracle Flexcube Core Banking System / August 2020

SATHAPANA successfully launched the new core banking system, Oracle Flexcube with the efforts and endeavors of our dedicated staff. After the intensive efforts of parameter setting, customization, and testing at Head Office, SATHAPANA rolled out Flexcube to 50-plus branches in just six weeks in August 2020 amidst COVID-19 pandemic, even in the midst of daily service to approximately 350,000 customers across the country.

With the flexibility and scalability of Flexcube, SATHAPANA will be able to improve its operational efficiency while speeding the release of its products and service to its lending and depositing customers as well as the faster expansion of the branch network. The platform will also empower the institution to process real-time transactions, and access, track and manage information about lending, deposit, and fixed assets.

Together with the implementation of the new core banking system, SATHAPANA also established a fast, secured, and resilient data network among its Head Office and branches with the newly established data center and its backup site.

SATHAPANA would like to proudly express that the successful implementation of this project is a proof to reinforce our commitment to provide better financial service to our valuable clients.

Digital capability, adaptability, and a spirit of innovation will continue to guide SATHAPANA forward with the help of this new core banking system and robust data network, as the situation evolves around the globe toward financial technology solutions.





# KEY BUSINESS OPERATIONS INDICATORS

1 January 2020 - 31 December 2021



**336,394**

Number of Borrowers



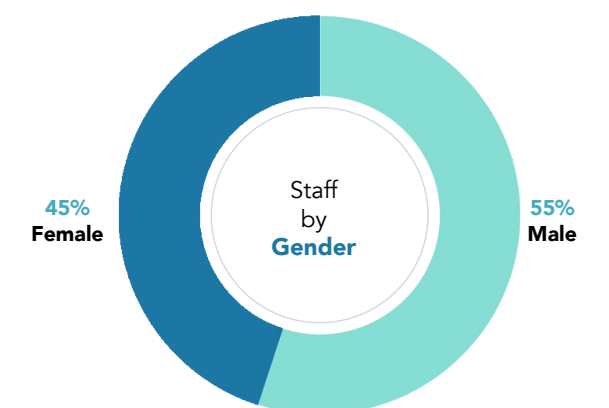
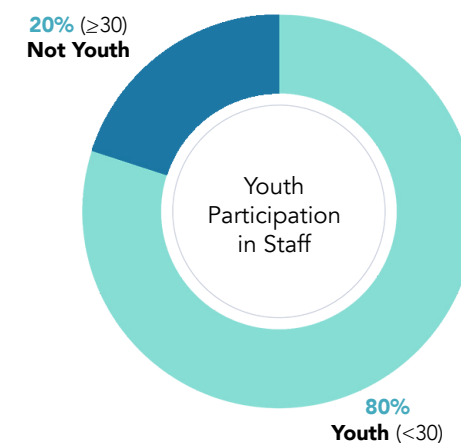
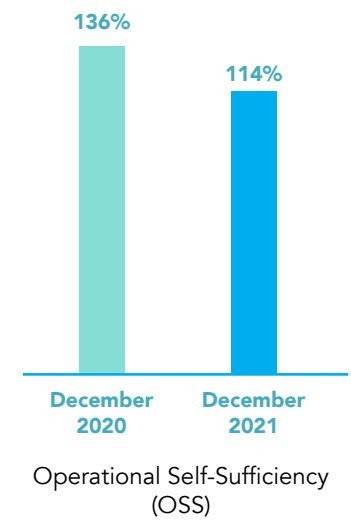
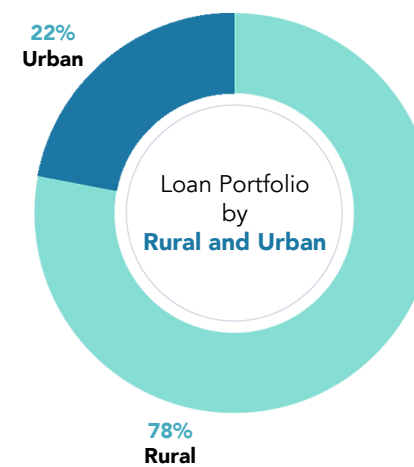
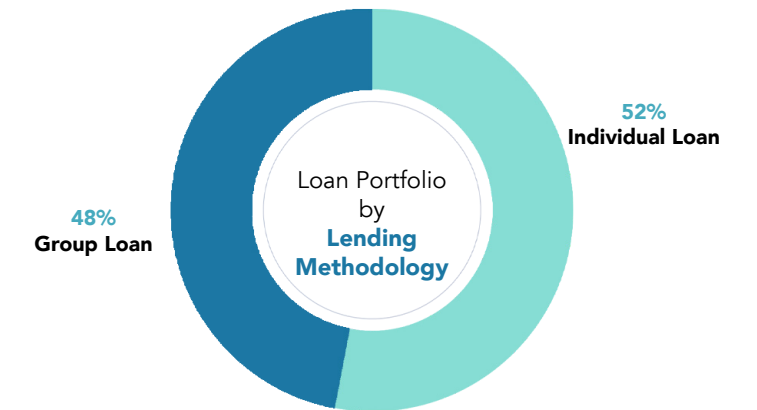
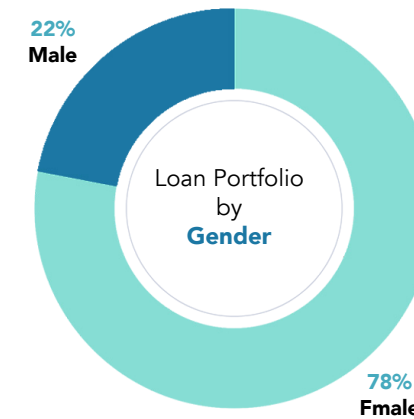
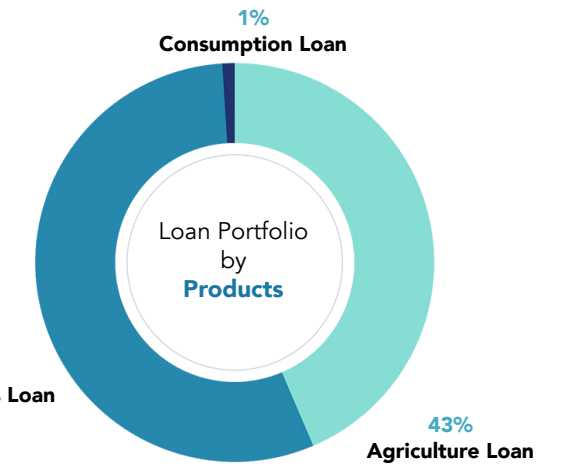
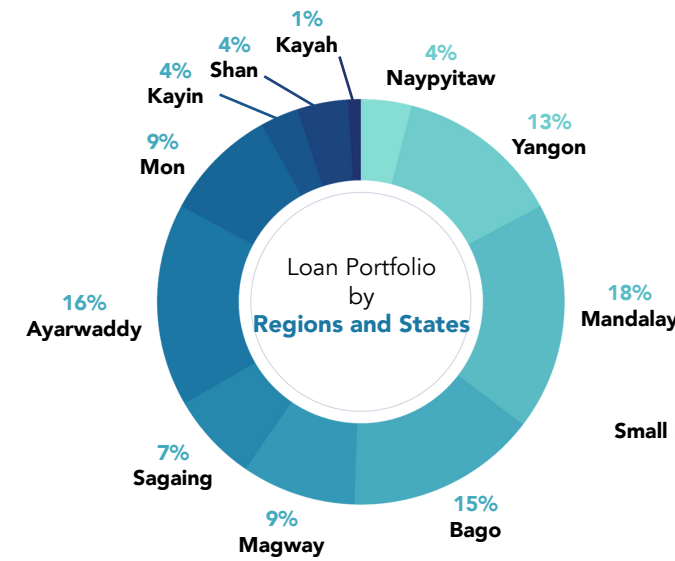
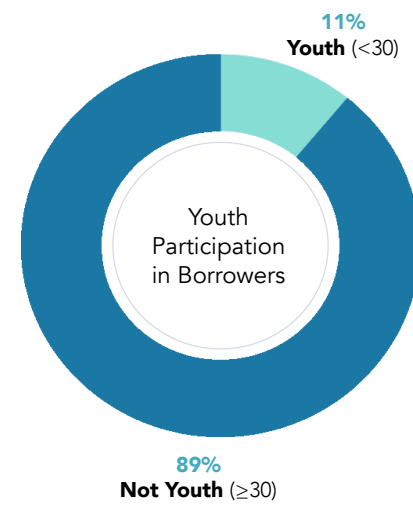
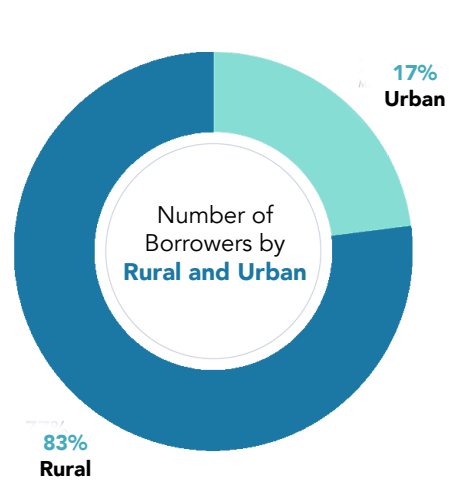
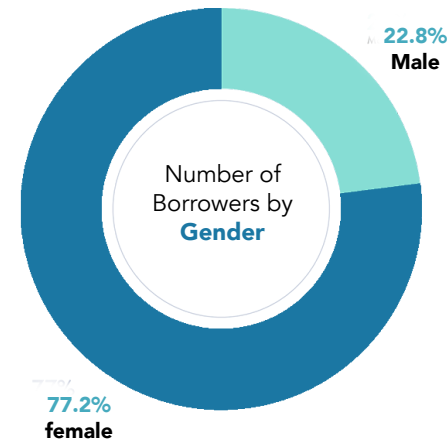
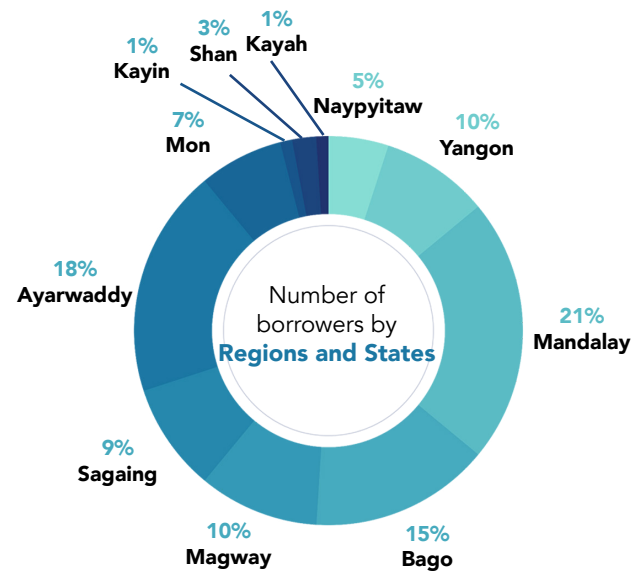
**203,449,130,390**

Loan Portfolio (MMK)



**1,628**

Number of Staff



## CORPORATE GOVERNANCE POLICIES

### Corporate Governance Framework

There is no commonly accepted single definition for corporate governance. It is an internal system comprised of company's structures, policies, procedures, rules, guidelines, and practices by which a company is directed and controlled in managing its business operations and corporate affairs. Corporate governance guides a company to take effective strategic decisions with not only business sustainability but also impartiality and ethics for all stakeholders.

SATHAPANA believes that good corporate governance is of prime importance to have appropriate people and process and that strong corporate governance will improve SATHAPANA's business performance and operational efficiency to finally result in a good business outcome. SATHAPANA always cares about good corporate governance, and our corporate governing policies are built on the following pillars & criteria.

#### 1. Responsibility & Accountability

Everybody in the organization is accountable for performing their responsibilities. It shall apply to each person including shareholders, BOD, management, and staff at all decision-making levels.

#### 2. Sustainability

SATHAPANA Limited regards itself as a responsible financial institution and looks after its clients, business operations and microfinance industry. Sustainability is one of the core criteria and SATHAPANA has always been providing sustainable financial services to its clients and people of Myanmar.

#### 3. Fairness

SATHAPANA respects and protects the rights of all stakeholders involved in its business operations, and always cares to balance the interests among stakeholders.

#### 4. Transparency

SATHAPANA believes in transparent policy and makes sure of accurate disclosure of related information to stakeholders concerned in a timely manner. No hidden business behaviors and tricks of trade shall ever be practiced in SATHAPANA's business operations at all levels.

#### 5. Compliance

Compliance is one of the key elements of corporate governance in financial service industry. Being one of the leading microfinance institutions in Myanmar, SATHAPANA complies with not only Myanmar Laws, rules and regulations, but also international best practices commonly followed in financial service industry.

#### 6. Ethics

By definition, business ethics refers to the standards for morally right and wrong conducts in business. Law partially defines the conduct, but "legal" and "ethical" are not necessarily the same. Business ethics enhances the law by outlining acceptable behaviors beyond government control.

Being an organization driven by ethical business principles and guidelines, SATHAPANA commits to apply ethical business standards and behaviors across SATHAPANA's business operations nationwide.

### AML/CFT Policy

Protecting financial system of Myanmar is one of SPNM's main obligations in contributing to the sustainability of the country's economic development by preventing the institution's financial channel and services from being used illicitly in money laundering and terrorism activities. To honor this commitment, SPNM must be vigilant at all times in detecting and preventing identified or potential money laundering and other suspicious activities. The Board of Directors determines strategic navigations of SPNM and creates effective operational environment and structure for the Anti-Money Laundering and Combating Financing of Terrorism ("AML/CFT"). The AML/CFT Policy is in response to the aforementioned commitment and legal requirements of Anti-Money Laundering Law ("AML Law") of Myanmar and other regulations in effect. It shall help define the institution's financial practices to effectively ensure the countering of money laundering and financing terrorism activities. The AML/CFT policy is used as a shield to protect SPNM from being used both intentionally and unintentionally as a means for money laundering and financing terrorism, and also serve as framework of compliance management.

### Compliance Policy

Compliance starts at the top. Compliance laws, rules, and standards generally cover matters such as observing proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer advice. Our Board of Directors is responsible for determining the strategic direction of SPNM's compliance management, and for creating the environment and structure for the compliance framework to operate effectively in business operations. SPNM is strictly preventing any compliance risks that may result in significant reputational damage to the shareholders, customers, employees, and the markets through management of the internal Compliance Policy. This policy is to build compliance culture of the organization, and it concerns with all staff in SPNM. The policy typically includes specific obligations such as the prevention of money laundering and terrorist financing regulations, compliance monitoring of external and internal regulations, regulatory reporting, breach reporting, and compliance training.

### Whistleblowing Procedure

The Whistleblowing procedure is designed to support the good corporate governance of SPNM and to comply with all applicable laws, regulations, SPNM's policies and procedures. SPNM is committed to the culture of openness, integrity, ethical behavior and high responsibility by helping to foster and maintain an environment where staff can disclose and report an allegation with good faith, on suspicious fact misconduct committed by any staff. SPNM aims to support and encourage staff to report any misconducts committed by any staff so that, management shall be informed to detect an early stage of any act of misconduct and, ensure that those disclosures are properly handled and treated with immediate and effective actions by considering all reports of allegation as protected and confidential, providing protection for staff reporting in good faith from any action of punishment or retaliation such as discrimination or unfair integrity, creation of a culture of openness, accountability and integrity; and strengthening the effectiveness and capacity of control system in SPNM.



# UN GLOBAL COMPACT PRINCIPLES AND ACTIONS OF SATHAPANA LIMITED

## On Human Rights

### UNGC Principles

1. Businesses should support and respect the protection of internally proclaimed human rights, and
2. make sure that they are not complicit in human rights abuses.

### Aspects Taken Into Account

- No Forced Labour
- No Child Labour
- Non-Discrimination
- Gender Equality
- Right to Privacy

### SATHAPANA's Policies & Practices

- Within an overall Corporate Code of Conduct
- SATHAPANA's Business Operations Policies and Guidelines
- Training and Awareness Program for employees
- Complaint Handling Procedures
- Employee Performance Assessment
- Multi-stakeholder Dialogue

## On Labour

### UNGC Principles

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in aspect of employment and occupation.

### Aspects Taken Into Account

- No Forced Labour
- No Child Labour
- Freedom of association and other rights at work
- Safe Working Conditions
- Offer Living Wage to employees
- Work-Life balance measures

### SATHAPANA's Policies & Practices

- HR Policies and Procedures
- Complying with all rules and regulations of Myanmar including Labour Law and related directives
- Non-discrimination and equal opportunity Policies
- Provide various training on technical and soft skills
- Inclusion of people with disabilities
- Ensure the right to collective bargaining
- Monitoring and evaluation on performance
- Public disclosure of labour policies and practices

## Environment

### UNGC Principles

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### Aspects Taken Into Account

- Environmental Conservation
- Environmental Sustainability
- Sustainable consumption and responsible use of objectives
- Energy saving
- Proper waste management
- Business ethics

### SATHAPANA's Policies & Practices

- Internal policy on prohibited business activities
- Corporate Social Responsibilities (CSR) Policy
- Administration Policies
- Using environmentally-friendly technologies
- Training and awareness programs for staff and clients
- Public disclosure of environmental policies and practices

## Anti-Corruption

### UNGC Principles

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

### Aspects Taken Into Account

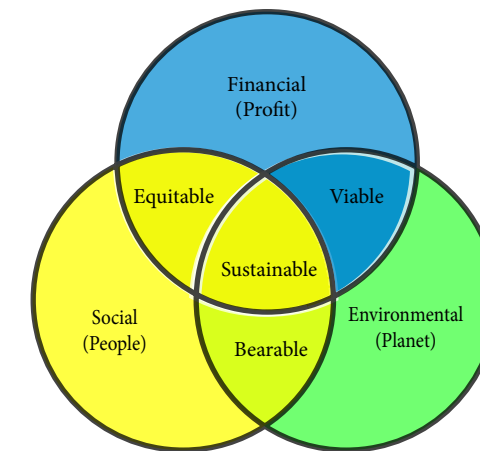
- Ethical business behaviors
- Within an overall corporate code of conduct
- Zero-tolerance policy toward corruption
- Management System
- Engage in collective action taken

### SATHAPANA's Policies & Practices

- SATHAPANA's HR Policy and Code of Conduct
- SATHAPANA's Core Values
- Compliance Policy / Whistle Blowing Guidelines
- Risks and Fraud Management Procedure
- Training and awareness program for staff and clients

# KEY HIGHLIGHT WITH TRIPLE BOTTOM LINES APPROACH

SATHAPANA operates its business activities focusing on not only profits but also environmental and social impacts in its consideration cycle. Hence, SATHAPANA has continuously practiced the triple bottom lines approach (social, environmental, and financial) to create greater business values and to evaluate its performance from broader perspectives.



## PRODUCT (Financial)

SATHAPANA always focuses on the effectiveness and efficiency of its financial service products as we take into consideration of not only sustainability of SATHAPANA's business operations but also improvement of client's businesses, which are all in turn significant for promotion of living standards, generation of employment opportunities, and household income for the clients. All these aggregate outcomes shall create direct and indirect positive impacts for the development of the economic development of Myanmar through access to formal financial services and financial inclusion.

### Product Development Policy

SATHAPANA's financial service products and its unique features are designed according to the company's business strategy, the requirement of clients, and market demand. The unique characteristics of each client category are considered to meet the needs of clients in different market segments and the following principles and guidelines are taken into account in reviewing the appropriateness and suitability of each existing product and new product development. SATHAPANA's financial products shall:

- *Be appropriate, suitable, safe in transaction, and no harm to clients.*
- *Respond to market demand and expectations of clients.*
- *Comply with all rules and regulations of Myanmar.*
- *Comply with core client protection principles and good international practices.*
- *Sustain SATHAPANA's business operations.*

The above guidelines are followed not only for the developing and selling of SATHAPANA's products and services but also for delivery channel and after-sales services. SATHAPANA Limited actively and spontaneously listens to the needs of the clients and seeks their feedback in various ways for further improvement of the quality of SATHAPANA's products and services are ongoing process.



Loan Product

Agriculture Loan

The agriculture sector contributes around 40% participation in the country’s Gross Domestic Product (GDP) and 25%-30% participation in total export earnings. Besides since more than 60% of the workforce population are engaged in agriculture sector, it remains the life and blood of the economy of Myanmar.

Agriculture and husbandry not only promote food security of the country, but also enhance the household income level of the family, especially that of the people living in the rural areas. SATHAPANA promotes agricultural loan that is designed to provide financing for all kinds of investments for the business activities in agricultural productions (including husbandry, fishery, and forestry) such as purchasing of seeds, fertilizers, agricultural equipment, paying labor charges, and so on.

Small Business Loan

More than 90% of all businesses in Myanmar are classified as SMEs, and the SME sector plays a vital and important role in the economic development of Myanmar. It promotes household income through generation of various employment opportunities by initial start-up and business expansion of entrepreneurs. SATHAPANA Limited encourages and empowers entrepreneurs in both rural and urban areas by providing access to sustainable financial services for start-up and expansion of their businesses.

Consumption Loan

Consumption loan is designed to be used in the purchase of home and household appliances such as furniture, home renovation, motorbikes, and other compulsory household utilities. It can also be used in social capital expenses such as education and health in a time of financial needs for clients. SATHAPANA aims to promote the socio-living standards and businesses of clients and to generate higher income by provision of this consumption loan.



Savings Product

Compulsory Savings

Compulsory savings is mandatory for all loan clients in the sense that a maximum 5% of total disbursement must be deposited as compulsory savings at the time of disbursement itself. These savings deposits, both principal and savings interest, shall be paid back to clients when all repayments are fully settled and loan account is closed. At the time of closing the account, the compulsory savings balance can be transferred to voluntary savings account upon clients’ request.

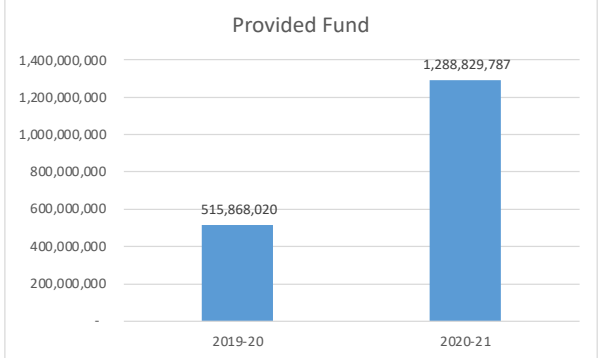
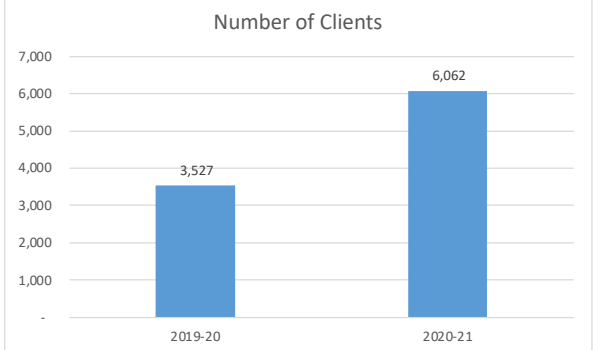
Voluntary Savings

In order to offer a wider range of savings services, SATHAPANA provides voluntary savings deposits with two different savings methods; Passbook savings and Term Deposit. Passbook savings can be available as a Normal Savings Account with regular interest rate of 10% per annum, and Loyal Savings Account with a higher interest rate up to 11% per annum based on savings deposit balance. The much higher interest rates (Up to 12% per annum) are paid back to those savings clients who have deposited their savings with a fixed term period starting from 6 months to 24 months.

Social Welfare

All loan customers are mandatorily required to participate in social welfare program. Membership shall be granted to customers immediately upon their fund contribution to the program. All members of the program shall contribute 0.5% of loan disbursement amount per annum at the time of disbursement of each loan cycle, in which no partial contribution shall be accepted. The tenure of program membership shall be exactly as the loan tenure and the membership shall expire if client does not continue their loan into new cycle after closing or maturing of the existing loan.

SATHAPANA Limited has implemented social welfare program starting from FY 2019-2020 with an aim to protect the socio-economic life of clients in accordance with the direction of the Financial Regulatory Department (FRD). SATHAPANA provides the social welfare benefits for childbirth, death, and disability according to the internal policy and procedure.



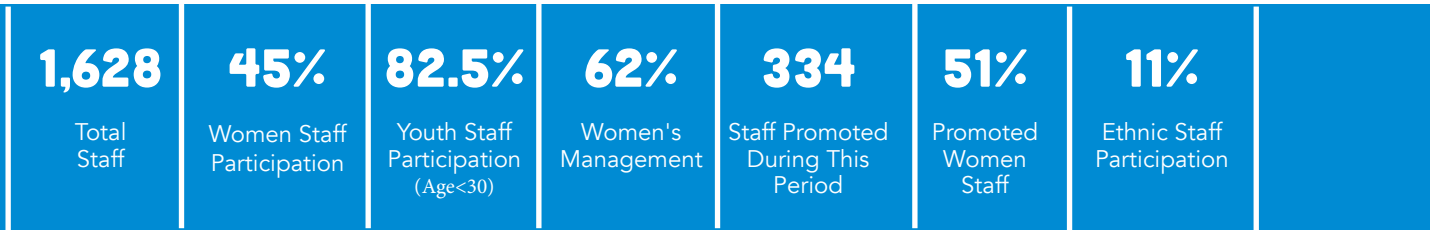


# PEOPLE (Social)

SATHAPANA limited operates its business activities focusing on not only commercial value and profits but also full considerations of social impacts. One of the social goals of SATHAPANA is to promote better socio-economic life in the communities where SATHAPANA undertakes its business operations. Since the beginning of its operations in Myanmar, SATHAPANA has been putting all possible efforts to provide social benefits to people in the communities by promoting their general income level, health & safety, education, living standards, gender equality, women empowerment, and so forth.

## Inclusiveness

SATHAPANA Limited encourages unity in diversities and promotes inclusive philosophy. SATHAPANA always focuses on participation of youth, women, and local ethnic people among our staff, clients, and business operations.



## Community Engagement

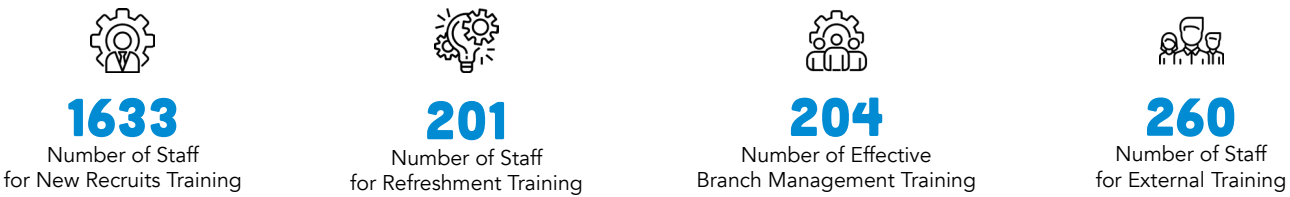
SATHAPANA Limited always seriously takes charge of the well-being of the communities where we live and work by focusing on community engagement which is the dynamic process of collaborative work involving communications, interactions, and exchange of views on the social and organizational outcomes in the areas such as health, education, agriculture, microfinance knowledge, disaster rehabilitation, voluntary and philanthropic activities, and so forth. SATHAPANA always ensures the incorporation of proper community engagement in its business operations and the avoidance of any negative impacts and externalities on local communities in either commercial, social, and environmental means.



# Human Capital Development

Human Capital Development is considered to be one of the most important elements of company success. Therefore, SATHAPANA Limited continuously invests in the personal and career development of its employees by establishment of a separate Learning and Development unit in HR department, effective use of annual training budget, and the creation of learning environment in which employees can learn better and apply innovative ideas acquire new competencies, develop skills, behaviors, and attitudes. SATHAPANA provides both in-house training and training programs with outsourcing professionals.

There are different kinds of training programs such as New Recruits Training, Refreshment Training, Effective Branch Management Training, Skill Development Training Management Trainee Program, and Talent Management Program. All these programs are designed with an aim to meet the skills and requirements of different staff levels in the organization.



By the end of each training, Learning and Development Unit follows up by collecting training evaluation assessments and Training Needs Analysis in order to measure the effectiveness of each and individual training program.



Here at SPNM, different channels of both in-house and external programs have been instituted to meet the skills and requirements of different employment levels in the organization. The below-mentioned are the core in-house training programs SPNM is providing to employees of varying levels, apart from the ranging external skill development pathways available for them upon request.



## CORE IN-HOUSE TRAINING PROGRAMS

### New Recruits Training

The New Recruits Training is provided by respective departments in regular terms to newly recruited employees in both Head Office and branches in order to sharpen the pre-existing confidence of employees in carrying out their work duties and responsibilities from the very beginning, and become familiar with SATHAPANA's company policies, procedures, rules, practices, and regulations so as to prevent unnecessary mistakes at the workplace.

### Effective Branch Management Training

The Effective Branch Management Training is provided to supervisor-level positions such as BM, Sub-BM, CLO, DCLO, and Accountant/Assistant Accountant, all of them are eligible as potential successors of the company. It not only hones their management capacity but also promotes their comprehensive understanding of Microfinance industry with ethical and responsible manner.

### Career Development

A career at SATHAPANA Limited is truly one of a kind experience. Every person has the opportunity to create a long and successful career as well as personal growth. SATHAPANA Limited shall support career planning by allowing staff to rotate jobs based on skills, talent, performance, experience and etc.

### Management Trainee Program

Management Trainees are significant for SATHAPANA Limited in order to develop leaders and experts with the capacity to bring new ideas and energy into the company. We seek for young professionals nationwide to take part in shaping the future of SPNM, become a part of our management team and grow rapidly within fast-growing multinational company, SATHAPANA Limited Myanmar. We provide unique opportunities for young professionals to take a multi-rotational traineeship in Finance, Operations, Marketing, Credit, Risk & Compliance, Human Resources, Administration, Internal Audit, and IT & MIS department.



### Refreshment Training

The refreshment training aims to update employees' skills and knowledge by providing updates and new developments of company's policies and procedures. In addition, this training provides leadership skills and other functional knowledge to boost employees' productivity at workplace.

### Skill Development Training

This program is designed to improve the quality of internally-promoted first-line Managers or trainers of our company with better training skills and knowledge. The participants in training are not only equipped with necessary technical and soft skills but also with human skills in order to understand and develop the broader concept.

### Talent Management Program

Talent Management program aims for the potential employees among the staff at all levels from Branch and Head office. It is designed to attract, develop, motivate, retain productivity and energize employees to deal with any potential changes in the future. This program helps employees feel engaged, skilled, and motivated, allowing them to work in the direction of the company's business goals, which in turn, increases client satisfaction and business performance. Talent management also works to retain current employees and advance them to higher positions in the organization.

## Social Performance and Impact Rating

SATHAPANA limited operates its business activities by focusing on not only commercial values and profits but also social impacts at its maximum. One of the social goals of SATHAPANA is to promote better socio-economic life in the communities where SATHAPANA undertakes its business operations. Since the beginning of its operations in Myanmar, SATHAPANA has been putting all possible efforts to provide social benefits to people in the communities by promoting their general income level, health & safety, education, living standards, gender equality, women empowerment, and so forth.

SATHAPANA Limited was awarded Social Performance & Impact Rating Certificate (Level – SPIR3) by “Inclusion (Social Ratings)”.



Social Performance & Impact Rating is the certification offered to recognize financial institutions that have achieved required scores by making significant positive impact on social performance while doing their business operations, and achieved required scores. During the evaluation process, all factors and aspects of SATHAPANA Limited such as its mission statement, staff hiring policies, staff training on social performance topics, financial products, loan assessment procedure, fair & respectful treatment to clients, proportion of women participation to staffing and clients, business practices related to environmental issues, and so forth are fully taken into account comprehensively by “Inclusion (Social Ratings)” to adapt this certification.





Corporate Social Responsibilities (CSR) Activities

For SATHAPANA, Corporate Social Responsibility (CSR) is a continuous commitment to behave ethically to improve the well-being of the communities where it undertakes business activities for achieving its commercial goal. This philosophy and ethics apply across SATHAPANA’s business operations nationwide, and is incorporated into its corporate governance, management, business strategy and day-to-day activities, and decision-making at all level. The ethics contained in this philosophy also cover our business relations with creditors and other third parties.

Donation at Sagaing

One of the CSR focus areas of SATHAPANA is Community Engagement, which can create positive impact enhancing the well-being of the community where we live and work. Health is the fundamental and most crucial of all for human beings and likewise, access to pure drinking water is also of vital importance for a healthy body and mind which is turn helps learning and education, especially for students. With an aim to promote the advocacy in community health issues, SATHAPANA donated water purification system to Mya Yadanar Post Primary School of Shwe Min Won Ward, at Sagaing on 3rd March 2020. The Purification System is Reverse Osmosis Drinking Water Treatment System and the Capacity is of 500-gallons per day.



Donation to Kayin State Government

With an aim to contribute to the prevention, control, and treatment of Covid-19 in Kayin State, SATHAPANA Limited donated 5 sets of ROS Water Purification System (Kangaroo), 100-Sets of PPE (Including masks, gloves, socks), and 5 sets of Kangaroo Floor Cleaning Tools to Kayin State Government on 10th June 2020 at Zweekabin Hall, after regular weekly coordination meeting of the State level departments and the Kayin Government.



Donation for Fired Victims in Magway

Giving a helping hand to those affected by natural disasters, especially in their needy situation, underlies as the moral responsibility of the society. Likewise, the Social Welfare Program of SATHAPANA is also established in the same sense to provide social protection to its clients. As a tribute to its aforementioned commitment. SATHAPANA offsetted the loan outstanding of 13 clients who lost 100% of their houses due to natural fire at Oh Pyin Me Village, Minbu (Saku) Township of Magway Region on 12th February 2020.



Donation for Fired Victims in Monywa, Shwebo, Hinthada

To honor its commitment on Social Welfare Policy and aiming to put a relief to the burdens of our clients, SATHAPANA offsetted the loan outstanding of 4 clients from Monywa, Shwe Bo, and Hinthada Township who had lost 100% of their houses by natural fire in April and May 2020.



Donation for Flooding Victims in Mandalay

SATHAPANA Mandalay Branch donated rice, oil, and other foods to clients who had experienced flood due to the breakage of Shwe Ge pumping station’s sluicagate on 27th July 2020.



Digital Financial Literacy Training

Despite an array of challenges, SATHAPANA Limited has successfully provided Digital Financial Literacy (DFL) Training to 68 Staff and 746 Clients in Yangon Region in August 2021 through a collaboration with the assistance of the DFL curriculum by Pite Pite Plus, extensive knowledge on DFL is provided to clients in 4 training modules: 1) Mobile Wallet, 2) Income, Expenses, and Budget, 3) Loan, and 4) Financial Management.





# PLANET (Environmental)

## Internal Guidelines and Control

In accordance with SATHAPANA’s transparent energy-saving guidelines in its administration policy, only LED lighting is used in all SATHAPANA’s offices across Myanmar to save energy consumption. Moreover, office buildings are also designed in eco-friendly means by the use of glasses to reduce electricity. Diesel and petrol usage are properly controlled to save fossil fuel consumption. Besides only environmental and eco-friendly consumer electronic products and equipment is used in SATHAPANA’s offices in order to reduce emission. In addition to these commitments, we are also in the process of implementing web-based and online workflow processes in business operations, as per paper-reducing strategy of our company. On top of that, proper and effective waste management systems are also used in order to maintain environmental sustainability.



## External Guidelines for Business Operations

SATHAPANA’s Board and Management are sensible and highly concerned of the environmental matters in the sense that SATHAPANA’s business operations do not impose any negative impacts on the environment. Hence, SATHAPANA has prohibited the following activities from receiving SATHAPANA’s financial services for both individual and their businesses. The activities below have been clearly stated as prohibited activities as per our Credit Policy.

- Manufacturing or trade of arms and ammunition.
- Production or actives involving harmful or exploitative forms of forced labor / harmful child labor and human trafficking.
- Production or trading of alcohol or tobacco (excluding beer and wine).
- Gambling, casinos, or equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES.
- Production or trade-in or use of unbounded asbestos fibers. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests.

- Production or trade in radioactive materials.
- Production or trade-in illegal drugs or pharmaceuticals subject to international phase-outs or bans.
- Production or trade-in products containing PCBs.
- Financing of Terrorism.
- Production or trade-in pesticides/herbicides subject to international phase-outs or bans.
- Production or trade-in ozone-depleting substances subject to international phase-out.

## Commitments to 10 Principles of UN Global Compact

SATHAPANA Limited is the signatory member of UN Global Compact, the world’s largest sustainability initiative with a global network of over 9,500 companies and 3,000 non-business participants that are committed to building a sustainable future. SATHAPANA is committed to follow UN Global 10 principles in the area of Human Rights, Labor, Environment, and Anti-corruption. SATHAPANA follows the Environmental Principles of UN Global Compact as:

- SATHAPANA shall support a precautionary approach to environmental challenges;
- SATHAPANA shall undertake initiatives to promote greater environmental responsibility; and
- SATHAPANA shall encourage the development and diffusion of environmentally friendly technologies.

SATHAPANA Limited here again reaffirms our commitments that these environmental principles shall always be practiced and incorporated into our corporate governance, management, business strategy and day-to-day business activities, and decision making at all levels.





# CRISIS MANAGEMENT

## COVID-19 PANDEMIC CRISIS

The first positive case of COVID-19 in Myanmar was reported on 23rd March 2020. Since the first outbreak of COVID-19 up to the following waves, the pandemic has imposed negative impact of severity to each and every layer of socio-economic life for people of Myanmar. Henceforth, SATHAPANA has put all possible efforts and measures not only to sustain its business operations but also to provide best supports to its staff, clients, and people of Myanmar amidst the pandemic.



## MACRO BUSINESS ENVIRONMENT CRISIS

The economy of Myanmar has already been affected horrendously by the first and second wave outbreaks of COVID-19 pandemic, during which almost all business sectors are impeded and some, forced to a halt of their operations. Since the military's seizure of power on 1st February 2021, situations have dramatically escalated into a shockings status, with the country suffering heavily from political unrest instigating protests, strikes, civil disobedience movement(CDM), economic sanctions, difficulties with cross-province mobility, disruption of essential public services regarding transportation, logistics, banking services, healthcare services, internet services, counter-crackdowns from the military and so forth. Ultimately, the banking crisis, the third wave of COVID-19 pandemic, and foreign exchange rate crisis have escalated the overall risk factors, resulting in unprecedented challenges and threats from political instability and crisis duo for Myanmar.

Just as any other business sectors in Myanmar, microfinance sector has also been suffering painstakingly from the impact of the pandemic and political crisis. The business operations of all microfinance organizations are disrupted by many issues such as less mobility for operations, security and safety of staff and clients, cash liquidity, clients' repayment capacity, cash withdrawal from bank, funding constraints, and so forth.

# TAKING PREVENTIVE AND REMEDIAL MEASURES

## Business Continuity Plan – What matters most

In the face of multiple crises, most of the businesses in Myanmar have to face innumerable risks and challenges to sustain their business operations, facing a dilemma between the constant increase in the operation costs and a likewise decrease in the revenues. Therefore, it is for all business sectors to plan and prepare ahead to coup with the possible scenarios in the near future.

Providing access to sustainable formal financial service to its clients is the aim and objective of SATHAPANA. We need to survive and sustain our business operations in order to provide financial services to other MSME in various business sectors across Myanmar. SATHAPANA has designed its Business Continuity Plan (BCP) and dealt the crises by working closer and together among our team. With the foundation of this cooperative work, a higher level of trust-building can be proceeded further to strengthen team spirit in a strong and united manner to overcome all crises and challenges.

### Health & Safety

The safety of staff is the top priorities of SATHAPANA's HR policy. Necessary preventive measures such as occupational health and safety guidelines (OHS) from Ministry of Health and Sports (MOHS) are strictly followed as required. Company doctor and regional nurses have also been recruited as permanent staff to facilitate with required medicines and medical equipment healthcare service provision to all SATHAPANA staff across Myanmar. SATHAPANA provides hygiene and safe working environment for clients and keeps necessary social distancing measures in order to avoid mass-crowded scenarios in all branches.

### Staff Affairs

As a consequences of political unrest and uncertainty of macro business environment, many companies have retrenched their business activities. Some of the MNCs have closed their business operations. As a result, hundreds of thousands of jobs have been terminated, and a lot of companies have cut (or) reduced the salaries of staff to sustain the business viability. However, SATHAPANA did not reduce any amount of salary of any staff, and did not make any retrenchment and staff lay-off during the crisis period. SATHAPANA has sustained the same number of manpower and provided our staff with 100% salary and accrued bonus, along with performance bonus to certain good performers.

### Occupational

Covid-19 pandemic have changed the working culture and life style of the people of Myanmar. The practices of working from home (WFM), virtual meeting, and online training have become common that SATHAPANA has also familiarized itself with all these new normal working culture when deemed necessary.

### Operational

To sustain the business operations during the crisis period, SATHAPANA focuses more on quality of loan portfolio through KYC and due diligence and controlling on non-performing Loan (NPL). Repayments are being collected not only at OTC & in the field by loan officers, but also through digital mobile financial service providers such as Wave money, K-Pay, and so on. Loan restructuring and refinancing are being provided to those clients who are in dire need to revitalize and start their businesses again. It will also help us with our efforts to reduce PAR and improve the quality of loan portfolio. SATHAPANA has provided the new disbursements to existing and new potential clients for their start-up and business expansions.

### Financial

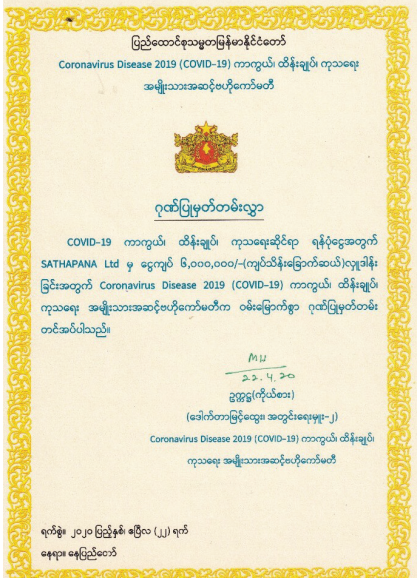
To ensure that the institution has adequate liquidity for running business operation under twin crises, SATHAPANA Limited Myanmar has approached the existing lenders and potential lenders to be able to meet its obligations which will mature during the year (Current Debt) by requesting loan tenor extension and new loan since most of local and international lenders suspended with the new loan provisions as per their previous agreement prior to the political crisis and actively discussed with board of director to get their support when we need. SATHAPANA Limited has managed to comply with all of the agreed points stated in the facility agreement made with lenders including loan repayment, interest repayment and covenant breach approval request. Moreover, SATHAPANA Limited Myanmar has also opened special accounts with partner banks in order to support cash withdrawal to run business operations under the cash withdrawal Central Bank of Myanmar.



Social

Donations

Being the social-conscious organization and aiming to contribute in fighting against Covid-19, SATHAPANA Limited has donated Ks-6,000,000/- (MMK-Six Millions Only) to National Level Central Committee on Prevention, Control and Treatment of Coronavirus Disease 2019. And Personal Protective Equipment such as Masks, PPE, Gloves and other protective materials were also donated to respective Township Covid-19 Committees in Yangon and Ayeyarwady regions.



CERP Loan

The impact of COVID-19 pandemic on Myanmar Economy was so sever in the sense that many business sectors are affected and some even forced a halt of their operations. The government of Myanmar has launched Covid-19 Economic Relief Plan (CERP) as an overall and broad range of fiscal and monetary measures by setting goals and action plans aiming to mitigate the negative impact and consequences of the pandemic. Increasing government expenditures and provision of low-cost funds to improve the working capital of affected MSMEs are some of the measures to sustain small businesses. As a part of the plan, short-term loan with a low-interest rate (2% per annum) have been provided to small and medium-sized tea shops and restaurants across Myanmar to create jobs and stimulate business transactions. In this regard, SATHAPANA Limited has cooperated with Government of Myanmar in project implementation under the directions and guidelines by Financial Regulatory Department (FRD). SATHAPANA Limited has provided total 9 billion MMK short-term loans with a low-interest rate (2% per annum) to 2094 clients across Myanmar.



WAY FORWARD

CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Since SATHAPANA Limited is a microfinance institution, we consider the following UN Sustainable Development Goals (SDGs) as the most relevant for us.



SATHAPANA provides access to affordable and sustainable formal financial services to the people of Myanmar, especially to those who are living in the rural area for the start-up and expansion of their business. It will improve their family and household income by generation of employment opportunities, which will in turn help us with our endeavors for rural development and fighting against poverty.



SATHAPANA provides access to sustainable credit service for agriculture loan which shall promote food security. It will help not only the people of Myanmar but also all human-beings as a great enhancement to our efforts for Zero Hunger.



SATHAPANA provides a healthy workplace to not only its staff but also its clients as well. We support the well-being of the communities where we live and work through community engagement including but not limited to advocacy and support to community health and hygiene, education, financial literacy, agriculture, rehabilitation in the time of disaster, participation in philanthropic activities and so on.



In SATHAPANA, we treat our clients and the public without having any discrimination regardless of gender, race, religion, color, and political affiliation. The same policy is applied to the staff as well. We provide unbiased, equal opportunities and treatment in the recruitment process, as well as in the workplace.



SATHAPANA promotes affordable and clean energy. One of the objectives of our Consumption Loan is to procure Solar Energy System, especially for those who are living in the rural and remote areas.



A strong and healthy microfinance industry contributes significantly to the economic development of the community through financial inclusion. SATHAPANA has been greatly contributing to the development of Myanmar economy by providing affordable credit service to micro-businesses and MSME entrepreneurs for their start-up working capital and business expansion which will create direct and indirect positive impact on generating employments and living standards improvements.



SATHAPANA puts all possible efforts to growth and development of the economic development of Myanmar, especially rural development and poverty alleviation through financial inclusion. By doing so, it will reduce the inequalities of socioeconomic standards of people.



Environmental factor is taken seriously into account in SATHAPANA's business operations. We always care about the responsible consumption and production not only in our business operations but also in the business activities of our clients to whom we are providing financial services to.

OUR COMMITMENT

As a participant of the world's largest corporate sustainability initiative, SATHAPANA here again reaffirms our commitment to all our stakeholders that we will follow the 10 principles of UNGC, and it shall always be practiced in our corporate governance, management, business strategy, day-to-day business activities, and decision making at all levels. And we will also put our best and all possible efforts to improve our contributions to the UN Sustainable Development Goals and Impact.



### **Head Office**

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