



**PEOPLE'S
BANK**

CORPORATE SUSTAINABILITY POLICY

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1.0 Policy Overview

1.1 Scope & Purpose of the Policy

People's Bank in its journey to be recognized as the undisputed market leader for financial services in Sri Lanka, developed this Corporate Sustainability Policy (CSP) in line with the Bank's Strategic Plan to uplift the living standards of Sri Lankan community by empowering the national economy whilst preserving natural resources which lead to sustainable usage of scarce resources.

1.2 Objective of the Policy

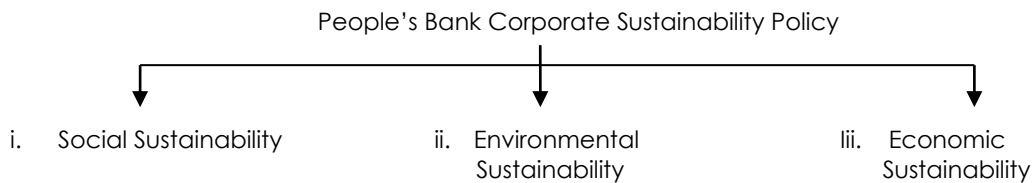
The Bank believes in 'giving back' to the society it operates in, while being sustainable in its business practices. Being profitable and contributing to the national economic development, Bank annually invests a significant amount of funds for the Corporate Sustainability. The Bank expects to utilize this investment in an effective manner according to the guidelines stated in this particular policy document. Establishing a Corporate Sustainability Policy would help the decision makers to align & formulate the Corporate Sustainability projects according to the framework defined in the policy.

1.3 Stakeholders of the Policy

Amongst other, all the employees attached to People's Bank are considered as key stakeholders under this Policy and they are responsible for the implementing and monitoring of projects as initiated under this policy framework. The Board of Directors is responsible for CSP formulation and Corporate and Executive Management are responsible for decision making and project planning including fund allocation according to the policy guidelines.

1.4 Policy Outlook

People's Bank referred the "Triple Bottom Line (TBL) framework, which is globally recognized as a standard format in formulating its Corporate Sustainability Policy. This framework addresses the following segments;" i.e. People (Social), Planet (Environmental), Profit (Economic).



1.5 Geographic Reach

The Bank prefers to carry out activities relevant to Corporate Sustainability across the country prioritized based on the requirement and impact.

1.6 Monitoring Mechanism

The Officer/s who is responsible for carrying out projects shall prepare a transparent monitoring mechanism for ensuring implementation of the projects/programs/activities proposed to be undertaken by the Bank. A detail report should be presented during and after each activity to both monitor and review the ultimate effectiveness of fund utilization and the benefits given back to society.

2.0 Scope of Social Sustainability

2.1 Background and Objectives

This section stipulates the Social Sustainability Statement and the strategies adopted/proposed pertaining to the 1st pillar of people's Bank Corporate Sustainability Policy. Social Sustainability under Corporate Sustainability Policy explains reasons for turning Social Sustainability into tangible support in child development and heritage and Culture and religious development from both the social and corporate management perspective.

2.1.1 Child Development

While the definition of child development is broad, involving multiple levels and largely differs among various areas in Sri Lanka which are having different development levels. One of the main areas focused in the People's Bank Social Sustainability is the assistance in child education & development, which has tight links with holistic social upliftment and poverty alleviation. In this field, social business models are extremely difficult to be built up. However, a business can do more than philanthropy for creating educated generations who would in turn help create a better world.

2.1.2 Heritage, Culture & Religious Development

Sri Lanka is one of the few countries with a very vast and rich cultural & heritage diversity. The culture itself is very unique and thereby contributes to the Sri Lankan identity. People's Bank has been focusing on creating social value for our diverse set of customers and for the country in general. The Bank continues to support the arts, culture and religions of the communities within which it operates.

2.2 Social Sustainability Statement

Aligned with the People's Bank Strategic Plan 2020, our focus on Child Education development "To build a well-educated citizen who is focused on own development, country development, conservation of the natural environment and saving for the future".

Apart from the Child Development Bank is also looking forward to support the development of Heritage, Culture & Religious aspects in order "To be successful in globalization process taking into account of the principle of cultural diversity which shapes our identity".

2.3 Social Sustainability Initiatives

- i. Implement a Sustainability Reporting framework from top to bottom of the hierarchy (composed of a Central Sustainability Committee, Regional Sustainability Officers, Branch/ Department Sustainability Officers). The framework will include, amongst other, establishing a key information gathering process
- ii. Support to implementation of different projects which enhance the quality of the education system of the School Children and University Student community.
- iii. Support the religious and cultural events initiated coordinated and conduct by religious & cultural organizations and institutes.
- iv. Enhance the mental & physical well being of the community via support the sports events, medial camps, arts/aesthetic and musical events/programs.
- v. Support & participate to exhibitions, seminars & workshops organized by both government sector and private sector institutes which will educate & entertain the general public

2.4 Ultimate Goals of Social Sustainability

- i. To build a well-educated citizen who is focused on own development, development of the country, conservation of the natural environment and saving for the future.
- ii. Placing culture at the heart of the policies constitutes an essential investment in future and a pre-condition to successful globalization processes that take into account the principle of cultural diversity.

3.0 Scope of Environmental Sustainability

3.1 Background and Objectives

The Constitution of Sri Lanka makes it "The Duty of every citizen in Sri Lanka to protect nature and conserve its riches". As a state bank, People's Bank has taken the initiative of acknowledging this duty and seeks to conduct its business process, procedures and internal housekeeping with minimum Environmental impact.

To address this, People's Bank is committed to incorporating leading environmental practices into its business strategy and operations and to fostering environmental awareness and responsibility among our employees, clients and suppliers.

The bank has initiated, its Environmental Sustainability Program named "People's Green Pulse" in the year 2016 with the Objective of;

- i. Measuring and minimizing the Environmental Impact due to bank operations.
- ii. Educating and creating awareness among the internal and external community.
- iii. Taking the leadership in environmental friendly banking initiatives of the country.

3.2 Environmental Sustainability Statement

"To systematically conduct the banking operation in an environmentally responsible manner in alignment with the vision of Peoples' Bank, " to be recognized as Sri Lanka's undisputed Market Leader for financial services", and National Environmental Policy & Strategies, through People's Bank Environmental Sustainability strategies and program (People's Green Pulse)"

3.3 Environmental Sustainability Initiatives

- i. Implement a Sustainability Reporting framework from top to bottom of the hierarchy (composed of a Central Sustainability Committee, Regional Sustainability Officers, Branch/ Department Sustainability Officers). The framework will include, amongst other, establishing a key information gathering process
- ii. Establish Environmental Sustainability Program "People's Green Pulse" and obtain the Green Pulse Oath from employees
- iii. Introduce an extensive Carbon Management Program to effectively measure, manage and mitigate the Carbon Footprint of the Bank within a period of 03 years and to be certified as Carbon Conscious bank.

3.4 Framework for Initiatives



3.4.1 Buildings

People's Bank incorporates a structured Sub Policy focusing on "Green Building" concept into its already established umbrella "Environmental Sustainability Sub Policy" for its entire Branch Network for reduced utility costs and increased worker productivity. The new "Green Building Policy" will include all new constructions as well as renovations to any existing buildings.

- i. Certification of the Branches selected to be launched under the new "Digitized Banking Program" as Carbon Neutral buildings.
- ii. Introduce Solar Power generating systems to 100 buildings according to LEED/GREENSL/CIOB Green Mark Certification guidelines.
- iii. All future buildings of People's Bank will be constructed according to LEED/GREENSL/CIOB guidelines
- iv. It will be made a requirement for all contractors to follow LEED/GREENSL/CIOB Green Mark Certification for new Key Branches and their material will be complied accordingly
- v. Check list will be introduced for every construction for the selection process i.e. locations, site, water and energy, efficiency, material selections, day light and innovative designs

3.4.2 Processes

People's Bank is ideally positioned and this is the most appropriate time to take the leadership in "Greenest Bank" Concept since bank is enjoying the advantage of implementing Digitization with paperless banking. Bank takes the lead in Green Banking with following processors with paperless operation:

- i. Cash & Cheque Deposit Machines
- ii. KIOSK for utility bill payments
- iii. Widest ATM network in the country
- iv. Paperless accounts opening & E-Statements for accounts
- v. Loan processing in paperless environment
- vi. Internet, Mobile and Web based banking systems
- vii. Debit and Credit Cards
- viii. 24/7 People's Call Center

3.4.3 Customers

All Strategic Business Units (SBUs) must take the leadership in implementing Green Banking concepts in their operations as a uniform practice in achieving and maintaining leadership in following areas:

Savings

- i. Opening of accounts through Express Banking which is a paperless operation
- ii. Issue E-statements to all account holders on request
- iii. Aggressively promote SMS and Internet Banking
- iv. Issuance of Debit Cards – cashless society
- v. Roll-out Express Banking for new customers
- vi. CDM-Cash Depositing, ATM-Cash Withdrawals Kiosk-Bill Payments

Loans

- i. To introduce Green Loan system with interest rate advantages for loans to purchase Electric Cars, Hybrid Cars, Solar Power Systems, Compost Fertilizer production projects and environmentally friendly projects etc.

People

- i. Encouraging community to switch to more environmentally friendly power supply sources
- ii. Contribution to protecting environment by encouraging environment friendly practices/processes etc.

3.4.4 Employees

- i. It is necessary for the entire work force of People's Bank to be convinced and aware of the benefits of Environmental sustainability. In this effort, apart from Environmental sustainability awareness, it is proposed to encourage staff to apply for loan facilities with concessionary interest rates to purchase Solar Power systems, using of environmental friendly building construction methods, purchase of Electric Cars and Hybrid Cars.
- ii. Peoples Bank employees will be encouraged to practice electronic communication and documentation.
- iii. It is proposed to pass a Bank Policy that all future purchase of vehicles would be Hybrid or Electric Vehicles under employee vehicle loan scheme.

3.4.5 Society

People's Bank will take above actions to achieve the hallmark in the industry as the most carbon conscious Bank/Green Bank in Sri Lanka by offering following benefits in its operations to the society as a whole:

- i. Minimum carbon emersion from its operation
- ii. By putting carbon management in place including investing in carbon trading programs.
- iii. By promoting and practicing environmental sustainability and will work as a catalyst in educating the society as a whole
- iv. Carry out tree planting projects in order to maximize the availability of carbon credits

4.0 Scope of Economic Sustainability

4.1 Background and Objectives

In a broad sense, the objectives of the Economic Sustainability dates back to the very purpose of the establishment of People's Bank over five decades ago, with the vision of empowering aspiring Sri Lankans from all walks of life, particularly those at grass root level, in an era where there was limited access to financial support, and banking facilities were limited to the more affluent in society. Since its inception, the bank has continued its firm resolves throughout the decades.

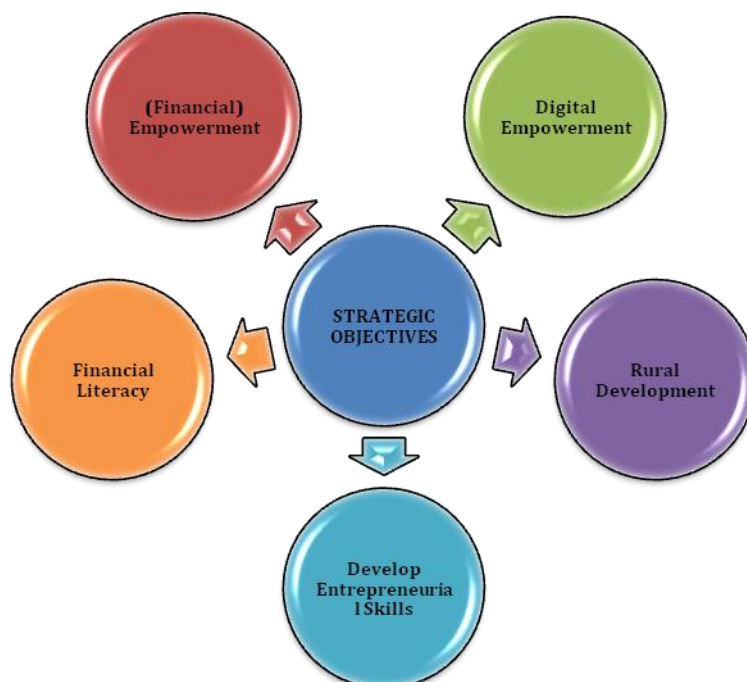
4.2 Economic Sustainability Statement

To empower our stakeholders and the community in alignment with the vision of People's Bank "to be recognized as Sri Lanka's undisputed Market Leader for Financial Services" and Government's Economic program, through strategies that would enable sustainable Economic growth and National development.

4.3 Economic Sustainability Initiatives

- i. Implement a Sustainability Reporting framework from top to bottom of the hierarchy (composed of a Central Sustainability Committee, Regional Sustainability Officers, Branch/ Department Sustainability Officers). The framework will include, amongst other, establishing a key information gathering process
- ii. Provide necessary financial aid to startup New Businesses and improve existing Businesses.
- iii. Acceleration of economic development via upliftment of the SME sector of the country, whilst enhancing managerial and marketing capabilities of SMEs.
- iv. Creating new employment and income generating opportunities via appropriate Micro Financing.
- v. Enhancing export capabilities of the potential entrepreneurs.
- vi. Promote environment friendly operations via funding eco friendly projects such as Solar-Power projects.
- vii. Improve the financial literacy of the business community and financial inclusiveness in the country by establishing Digital Centers, Self Banking Units and Bank Branches throughout the country.
- viii. Financially cater to all sectors of the economy (Agriculture, Fisheries, Livestock, Export Agriculture, Trading etc.) as per the Asset & Liability Policy of the Bank in order to ensure all the sectors will be benefited through the facilities offered by People's Bank.

4.4 Framework for Future Initiatives



5.0 Relationship Between The People's Bank and the Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a universal set of clear guidelines and targets which United Nations member states are expected to adopt to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The Government of Sri Lanka expects to achieve these SDGs by 2030, progressing towards the provision of basic needs of the people, progressive alleviation of poverty, elimination of all forms of discrimination and inequalities, and establishing a society based on social justice and human security.

GOAL 01: No Poverty



With the founding objective of delivering banking services to the grassroots of the economy, we have partnered with the co-operative sector to disburse funds through branches situated in economically underprivileged areas to disadvantaged communities. These funds are disbursed to multiple sectors including agriculture, animal husbandry, consumer trading, fisheries and special projects mainly in the outstations.

GOAL 02: Zero Hunger



Employing the highest number of employees in the banking sector we contribute to uplift the quality of life through job creation, directly for over 11,000 individuals and indirectly for many more through the finance facilities we provide.

GOAL 03: Good Health & Well-Being



We extend our support to the development healthcare in our nation such as funding health infrastructure and financial aid for dengue prevention. We also provide medical facilities to our employees and their families across the network to ensure their health and well-being.

GOAL 04: Quality Education



Every year, we engage in numerous CSR initiatives targeted towards supporting education of underprivileged children, funded through the Bank's Employees' Associations. Also we provide special loan facilities to enable University Students to purchase laptops. Additionally, scholarships are awarded to students who excel at Year-5 Scholarship, GCE (O/L and A/L) examinations.

GOAL 05: Gender Equality



We value diversity in our workforce. Therefore, we do not discriminate employees based on gender or any other criterion. Irrespective of the glass ceiling prevailing in the banking industry, we are proud to state that People's Bank has a female participation rate of 60% which is the highest amongst the banking industry. Female representation at management level is also relatively high.

GOAL 06: Clean Water & Sanitation



As a responsible corporate citizen we have implemented measures to conserve water by reducing wastage of water and funding water infrastructure projects across the country. Especially through the Carbon Footprint Measurement project which focus on sustainable environment.

GOAL 07: Affordable & Clean Energy



The Government of Sri Lanka has identified the importance of facilitating local households to use solar energy for their daily energy needs, as an alternative for electricity. Accordingly, the General Treasury has proposed a new concessionary loan scheme named "Rivi Bala Savi" with the objective of providing financial assistance for households to purchase solar panels to switch from electricity to solar power. In support of this objective, we introduced a loan product to provide financial assistance to households to install solar power panels to generate electricity. This is an environmental friendly project.

GOAL 08: Decent Work & Economic Growth



We have offered diversified loan schemes to every segment in society. Our most significant business line comprises corporate banking, retail banking, enterprise banking and micro financing. As an industry pioneer and one of the largest lenders to the SME sector, we are aligned to the Government's national economic agenda in facilitating economic activity across the island by providing access to finance at affordable rates. These include various SME and micro finance loan schemes launched with the aim of facilitating sustainable economic growth in our nation.

GOAL 09: Industry Innovation & Infrastructure



Our ambitious digitalization drive will empower us to deliver a seamless digital experience to customers and elevate Sri Lanka's banking and financial services to an international digital platform. The launch of the Digital Centre marks a quantum leap for our Bank, in its dynamism to become the most digitalized Bank by the year 2020 and thereby unlock the benefits of digitalization for its customers. As a key lender to the Government of Sri Lanka and systematically important state institutions, we have been a vital contributor to our nation's infrastructure development.

GOAL 10: Reduced Inequalities



Providing financial services that cater to every segment in our society, we increase the socioeconomic prospects of our customers through our product offering.

GOAL 11: Sustainable Cities and Communities



We support the building of sustainable communities through our CSR activities. i.e. Investment in CSR Projects such as Kandy Esala Perehara, Pada Yatra, Cultural Programs, Flood Donations, Improvement of Schools Infrastructure and donations to underprivileged schools, donations to housing projects & community centers etc.

GOAL 12: Responsible Consumption and Production



We manage the direct environmental impact of our operations, optimal usage of resources by minimizing wastage and recycling of paper waste and e-waste.

GOAL 13: Climate Action



We launched a comprehensive carbon management program, which is a three-year systematic project, comprising the development and implementation of carbon management plans in all major divisions to facilitate actions towards reducing our Carbon Footprint.

GOAL 14: Life below Water



By promoting sustainable use of resources and environmental conservation initiatives, we indirectly support the conservation of life below water.

GOAL 15: Life on Land



Through sustainable use on natural resources and environmental conservation initiatives, we contribute to conserve life on land.

GOAL 16: Peace, Justice and Strong Institutions



We ensure corporate governance by adopting strong business ethics, sound policies and procedures, and implementing effective and efficient monitoring systems. We have a whistle-blowing policy which is a platform to report irregularities that enhances the transparency in business practices.

GOAL 17: Partnership for the Goals



We foster cordial relationships with the Government and international organizations, in particular with our correspondent banks across the globe.

6.0 Guidelines for approving sponsorships for the Corporate Sustainability Projects

All the sponsorship requests coming under 03 main elements of the Corporate Sustainability frame of the People's Bank could be consider in order with the following criteria;

- Final objective / outcome of the corporate sustainability project sponsorship should coming under Social Sustainability, Economic Sustainability or Environmental Sustainability frame work/s
- Stakeholders who request sponsorships for Corporate Sustainability projects must have an account / financial relationship with the People's Bank
- Particular account / financial relationship must be profitable venture to the bank and to the particular stakeholder.
- Standard cost benefit analysis should be done prior to the consideration of sponsorship for any corporate sustainability project.
- Other than any special project, the sponsorship amount should not exceed 10% of the annual profit of the particular venture and justifiable benefits must be there for the bank and the society.
- Special Corporate Sustainability projects must approve by the Executive Operations Committee & the Board of Directors with the proper recommendations at their authority levels respectively.
- Non account holders who do not have a financial relationship with the bank must offer adequate benefits (either commercial or non commercial) to the bank as the corporate sustainability project sponsorship benefits.
- All the corporate sustainability project sponsorships must comply with the "Guidelines on Advertising and Promotional Activities of Public Enterprises" which was laid down by Ministry of Finance & Planning under the Public Enterprise Circular No: PED 57.
- Head of Marketing must obtain the approvals for the Annual budget of sponsorships (Business Related Sponsorships & Corporate Sustainability Project Sponsorships) at the beginning of the year from the Executive Operations Committee & the Board of Directors.

