

Social and Environmental Capital

Sustaining the society and environment that DFCC Bank is a part of is built into the core values and strategy of the Bank. The Bank's sustainability initiatives focus on entrepreneur development, education, environment, and emergency relief in line with emerging issues and the Bank's strengths. This focus enables the Bank to deliver a bigger impact over the long term in these areas. The Bank also engages with the communities it is based in by organising community development initiatives through its branch network.



Sustainable Development Goals of the United Nations

DFCC Bank is committed to achieving the Sustainable Development Goals (SDGs) outlined by the United Nations to build a more prosperous, equitable, and sustainable world. Several SDGs such as Quality Education, Renewable Energy, Good Jobs and Economic Growth, Reduced Inequalities, Sustainable Cities and Communities, Climate Action, and Life on Land have been addressed through the initiatives outlined in this section.

Social capital

Education

Having launched the “*Samata English*” project as a pilot in April 2017 in the Gampaha and Kalutara areas, the Bank has gone on to fine tune and expand the programme since. The programme aims to enhance English competency in youth aged 16-22 to enable them to enter the workforce. During April to August 2018, the programme was carried out in the Galle, Kandy, and Kurunegala areas. Partnering with the Gateway

Language Centre, 96 students were selected to enrol for the course after completing an initial assessment. Upon completing the three-month course and a final examination, 87 students scored a First Class out of the 96 students, indicating how much the course has helped to improve their spoken English skills. Gateway conducted the final assessment and the students also received a certification from the Colombo Academy of Language Skills and Dramatic Art (CALSDA).

Furthermore, upon the successful completion of the second edition of the “*Samata English programme*”, the top six achievers across the regions were offered the opportunity to join the Bank as interns, creating opportunities for them to apply their education, gain work experience, and develop their skills.

Entrepreneurship

DFCC Bank is renowned for having assisted many SMEs during their early and risky start-up stages, assisting them to reach the next level. Most have gone on to evolve into large corporations today. The Bank assists SMEs not just through monetary means but also through entrepreneur building training programmes that educate them on how to manage a business. This continued in 2018 with the “*Sahaya Hamuwa*” entrepreneur development programme. Twenty such programmes were conducted during the year across the country with the support of the Central Bank of Sri Lanka.

Environmental capital

DFCC Bank periodically reviews its resource consumption and identifies innovative methods of conserving energy and providing business solutions in a proactive manner. The Bank holds fast to the 3R concept – Reduce, Reuse, Recycle – when procuring and managing resources.

Though there is a nominal material impact of the Bank's operations on the environment, DFCC Bank is committed to managing its consumption of materials and resources in an efficient manner. All internal correspondence is restricted to email communications, while internal Board and management meetings are conducted through technological solutions like Octoplex, which utilises hand-held devices for review and transfer of information such as Board and committee minutes.

The Bank has adopted a paperless workflow system which sees credit approvals relating to all products carried out online.

Moreover, the planning and budgeting system was migrated to Oracle Cloud which uses the Software-as-a-Service (SaaS) model, as part of the Bank's Cloud adoption strategy. Duplex printing is encouraged in cases where printing is necessary, and 90% of the total annual report requirements are produced in CD-ROM format.

Solar energy harvesting for electricity was implemented at the Ramanayake Mawatha (34.6 kW) and Negombo branches (27.4 kW). New air conditioners with environmentally friendlier refrigerant (R410a) were installed where possible.

GHG Emissions

We are reporting our greenhouse gas (GHG) emissions on a voluntary basis for the seventh consecutive year. The physical boundary remains the same as in the previous years which is "DFCC Banking Business".

As before, our calculations are based on the WBCSD/WRI Greenhouse Gas Protocol Corporate Standard and the most recent versions of applicable Calculation Tools. Our reporting under Scopes 1 and 2 is complete except for fugitive emissions from air conditioning plants, which are relatively insignificant. Reporting on Scope 3, which is optional, is selective based on significance and data availability.

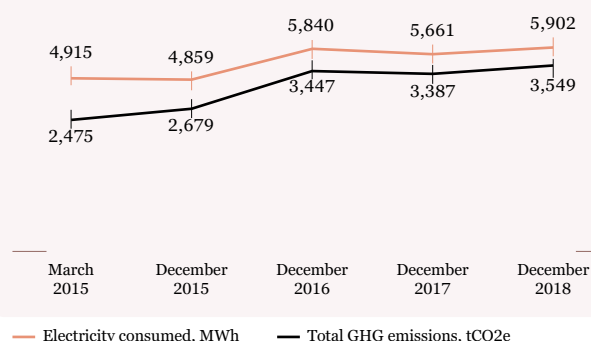
Carbon footprint

Scope	Source	GHG emissions			
		2018		2017	
		tCO ₂ e	%	tCO ₂ e	%
Scope 1 (direct)	Stationary combustion	2.54	0.07	5.22	0.15
	Mobile combustion	199.73	5.63	172.80	5.10
	Total Scope 1	202.27	5.70	178.01	5.26
Scope 2 (indirect)	Purchased electricity (CEB)	1,063.33	29.96	1,040.40	30.71
	Total Scopes 1 and 2	1,265.60	35.66	1,218.40	35.97
Scope 3 (indirect)	Stationary combustion	104.57	2.95	91.27	2.69
	Purchased electricity (CEB)	2,135.71	60.17	2,028.08	59.87
	Employee air travel	43.51	1.23	49.69	1.47
	Total Scope 3	2,283.79	64.35	2,169.04	64.03
	Total Scopes 1, 2 and 3	3,549.39	100.0	3,387.44	100.0

Note: Totals may not tally exactly due to rounding

The total GHG emissions during the period under review amounted to 3,549 tonnes carbon dioxide equivalent (tCO₂e), an increase of 4.78% over the previous year.

Managing our environmental impact



Indirect GHG emissions from purchased electricity was by far the single largest contributor, accounting for 29.96% of the total in respect of Bank-owned premises (2017: 30.7%) and another 60.17% of the total in respect of rented premises (2017: 59.87%), bringing its total share to 90.13% (2017: 90.58%).

Given the nature of our business, the relatively high proportion of electricity in our total GHG emissions is to be expected.

Environmentally friendly initiatives

Through the Bank's Sustainability Unit, various environment-related initiatives were conducted in 2018.

Tree planting campaign

The Sustainability Unit continued the commemorative staff tree planting campaign for the second year. The Unit plants trees periodically to celebrate every staff member's birthday and sends them personalised invitations to attend the tree planting campaigns with their families. The initiative helps to instil a greater commitment in staff and their families towards protecting the planet and acting as responsible corporate citizens.

In 2018, the Bank conducted 19 tree planting campaigns across 11 Districts of Sri Lanka. 11,265 trees were planted, out of which approximately 1,800 trees were to commemorate staff birthdays. Some campaigns were carried out in partnership with ReForest Sri Lanka, a voluntary organisation committed to building a better environment. Agriculture equipment was also gifted to three schools in Ranala, Bandarawela, and Welimada during the tree planting campaigns held in those schools.

e-waste management drive

The Bank continued its e-waste drive from 2017, which encourages staff to bring their e-waste and place them in designated bins which are then collected by an approved e-waste recycling company. Staff can thus partake in a sustainable activity which will directly contribute towards resolving the problem of garbage disposal.

Waste management

A "Plastic Recycling Day" was held at the DFCC Bank Head Office in September 2018. Plastic items were collected, including plastic waste from the Bank's premises and discarded plastic items brought by staff members from their homes, and sent to a plastic recycling plant. The event raised awareness within employees about the importance of using fewer plastic products and disposing of them in an environmentally responsible manner.

Supporting sustainable banking practices

DFCC Bank played an active role in the Sri Lanka Sustainable Banking Initiative (SBI) promoted by the Sri Lanka Banks' Association (SLBA). Together with 17 other banks in Sri Lanka, DFCC Bank signed up for 11 Sustainable Banking Principles for Sri Lanka in November 2015 under Phase I, which is funded by DEG of Germany, OeEB of Austria, Proparco of France, and FMO of Netherlands. The Bank's Assistant Vice-President for Sustainability is a member of the Core Team formed to implement these principles across all banks in Sri Lanka under Phase II.

Social and environmental management system

The Bank continued implementing the Social and Environmental Management System (SEMS) with regard to project financing. The Bank works to ensure that the projects it finances meet required environmental and social regulations and standards and do so on a continuous basis. The Bank gives prominence to the financing of green initiatives such as renewable energy projects.

Appointment of management committee to spearhead sustainability initiatives

During the period under review, a cross-functional management team headed by the CEO was established to spearhead the Bank's sustainability initiatives. The Committee will be responsible for identifying "green initiatives" that adhere to the Bank's core values, where the Bank can contribute positively to society and the environment.

Emergency relief

In response to the rising rate of natural disasters, DFCC Bank steps up to assist those affected by launching products with concessionary interest rates for businesses and individuals.

Recognition received

In 2018, DFCC Bank was awarded a Certificate of Merit for "Outstanding Sustainable Project Financing" at the Global Sustainable Finance Awards held in July in Karlsruhe, Germany. The Karlsruhe Sustainable Finance Awards honours financial institutions and organisations who make significant contributions to the field of sustainable finance. The award recognised the success of DFCC Bank in financing MSMEs.