

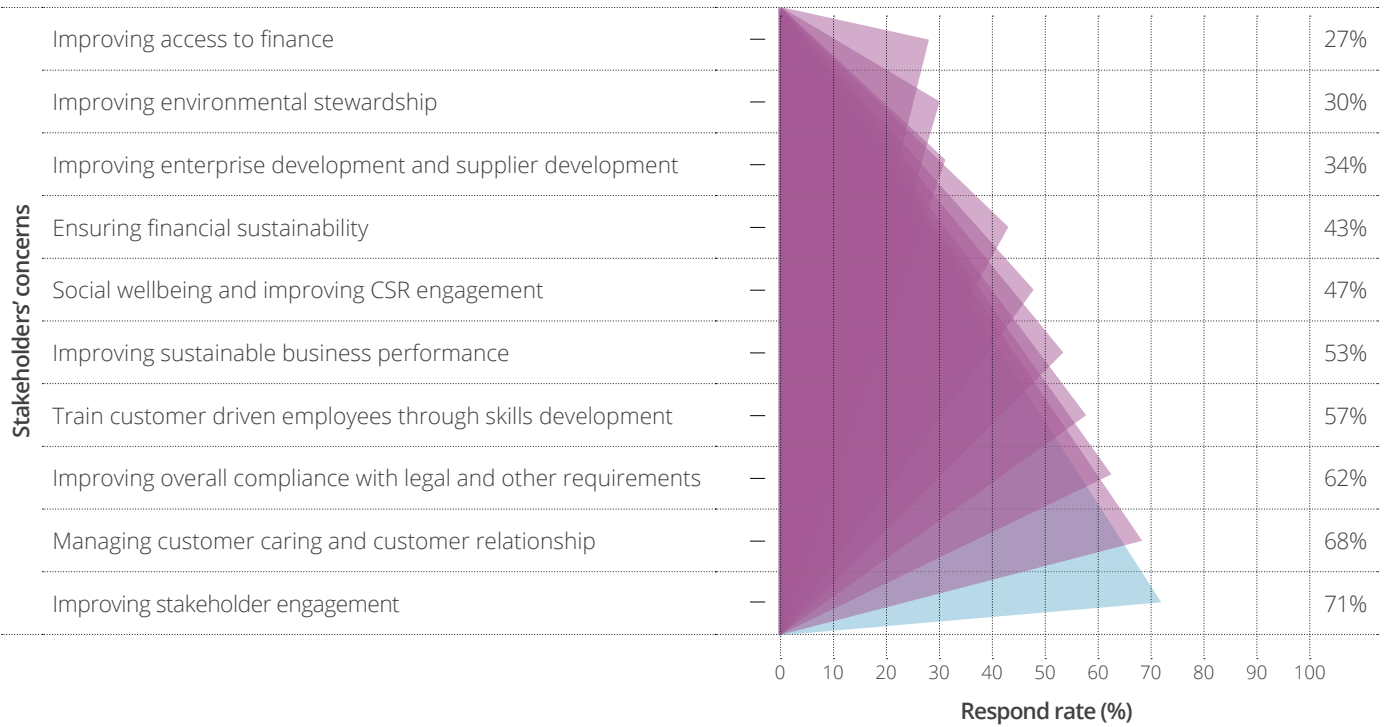
## ADDRESSING KEY STAKEHOLDER CONCERNS

Results from the 2019/20 stakeholder engagement survey conducted by University of Sri Jayewardenepura, indicated that following key concerns raised by the stakeholders.

Shown below are the results of the survey conducted by University of Sri Jayewardenepura. The illustration depicts the key concerns outlined by the 800 respondents (based on their priority levels) who participated in the survey.



Visit web page for more information on detail stakeholder concerns



### Stakeholders' concerns

Improving stakeholder engagement



### Why we engage with them

To encourage stakeholders to be part of our corporate journey

### Stakeholder expectations

To enquire about LBF's contribution to the Sri Lankan economy

### Value creation principle

Maximize value distribution to all stakeholders

### Outcome

- ⦿ Economic value generated – Rs. 29,766.12 Mn
- ⦿ Economic value retained – Rs. 4,730.24 Mn

### Risk identified

Increasingly strict rules and regulations governing the NBFi sector

### Opportunity identified

Active participation and contribution to industry and regulatory working groups

### Strategic focus



### Capital invested



### SDG linked



# OUR STAKEHOLDERS

## Stakeholders' concerns

Managing customer care and customer relationship



## Why we engage with them

To create top-of-mind recall regarding LBF's value proposition

## Stakeholder expectations

To seek out a trusted financial partner

### Value creation principle

Providing innovative solutions covering the full gamut of financial services, including investing, financing and value added services

### Outcome

- Customer base – Over 0.6 Mn
- No. of financial solutions – 31

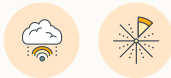
### Risk identified

Stiff competition among mainstream financial service providers leading customers to switch frequently between brands

### Opportunity identified

Creating a differentiation through multiple product propositions combined with an omni-channel environment and data-driven solutions to enhance the overall customer experience

## Strategic focus



## Capital invested



## SDG linked



## Stakeholders' concerns

Improving overall compliance with legal and other requirements



## Why we engage with them

To understand and interpret the complex regulatory frameworks applicable within which LBF operates

## Stakeholder expectations

To gauge LBF's ability to respond proactively to the fast-changing regulatory environment

### Value creation principle

Achieve compliance leadership by meeting all regulatory requirements including the timely payment of taxes and other dues and also through the early adoption of new regulatory changes

### Outcome

- Total tax paid to the Government – Rs. 3,968.85 Mn
- Comply with capital adequacy requirements

### Risk identified

Increasingly strict rules and regulations governing the NBFIs sector

### Opportunity identified

Active participation and contribution to industry and regulatory working groups

## Strategic focus



## Capital invested



## SDG linked



### Stakeholders' concerns

Train customer centric employees through skills development



#### Why we engage with them

To unite and guide employees to work as a team towards a common purpose, that being to put the customer at the center of everything they do

#### Stakeholder expectations

To understand the future direction of the Company and sync their personal career aspirations to the Company's strategic objectives

#### Value creation principle

Attract and retain the best in-class talent on the basis of fair and equitable remuneration, effective performance management, ongoing training and development as well as continuous recognition and rewards

#### Outcome

- Total no. of promotions – 1,237
- Investment on training – Rs. 4.01 Mn

#### Risk identified

The competitive nature of the local financial service industry leading to the possibility of high labour turnover among certain employee segments

#### Opportunity identified

Demonstrate LBF's credibility as an employer of choice

#### Strategic focus



#### Capital invested



#### SDG linked



### Stakeholders' concerns

Social wellbeing, community support and improving CSR engagement



#### Why we engage with them

In search of collaborative value adding partnerships to facilitate our CSR and sustainability activities

To create awareness, gain insights and advice on how to maximize the outcomes of our integrated sustainability initiatives

#### Stakeholder expectations

To find solutions that will enable them to improve their livelihood and uplift living standards for themselves, their families, with cascading benefits for their community

#### Value creation principle

Promoting socio economic transformation by enabling entrepreneurship, job creation and poverty alleviation

#### Outcome

- Investment on CSR – Rs. 37.29 Mn
- No. of job opportunities provided – 999

#### Risk identified

Failure of projects to achieve desired outcomes, which could adversely impact the Company's reputation

#### Opportunity identified

Leverage on the connections made to carve out new markets to grow LBF's core business

#### Strategic focus



#### Capital invested



#### SDG linked



# OUR STAKEHOLDERS

## Stakeholders' concerns

Ensuring financial sustainability



### Why we engage with them

To identify profitable business/product segments and test the market for new financial solutions

### Stakeholder expectations

To seek out solutions to meet their immediate financial needs

To learn about investment and wealth management opportunities that will help them to achieve their long term financial goals

### Value creation principle

An agile business model capable of responding quickly to market opportunities coupled with strong risk management fundamentals to build resilience against challenges

### Outcome

- Return on equity – 26.58%
- Return on assets – 4.78%

### Risk identified

Lack of investor confidence due to market vulnerabilities in the NBFI sector

### Opportunity identified

Ability to leverage our financial strength, to raise the necessary capital and funding at the best possible rates

### Strategic focus



### Capital invested



### SDG linked



## Stakeholders' concerns

Improving enterprise development and supplier development



### Why we engage with them

To ensure continuity and sustainability of the business over time

### Stakeholder expectations

To be able to correlate their growth prospects in tandem with LBF's growth trajectory

### Value creation principle

Develop a strong supplier network based on mutual trust and shared values

### Outcome

- Registered business partners – Over 3,000
- Payment to the business partners – Rs. 10.13 Bn

### Risk identified

Lack of supplier diversity may lead to a breakdown in the supply chain

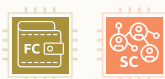
### Opportunity identified

Promote local suppliers

### Strategic focus



### Capital invested



### SDG linked



## Stakeholders' concerns

Improving environmental stewardship



### Why we engage with them

To raise awareness regarding LBF's environmental initiatives, commitment to lean resource management and green business practices

### Stakeholder expectations

To partner with like minded institutions and environmental preservation and conservation activities

### Value creation principle

Support the country's transition to the low carbon economy over time through the ongoing focus on carbon neutral business operations

### Outcome

- Certified as carbon neutral entity for 6th consecutive year
- Carbon footprint – 3,110 tCO<sub>2</sub>e

### Risk identified

Adverse impact of climate change leading to tighter regulatory controls that may affect certain aspects of the conventional business model

### Opportunity identified

Focus on increasing the exposure to large scale clean energy projects

### Strategic focus



### Capital invested



### SDG linked



## Stakeholders' concerns

Improving access to finance and improving sustainable business



### Why we engage with them

To deliver benefits of the formal financial system to low income households

### Stakeholder expectations

To reduce their dependence on informal channels

### Value creation principle

Focus on underserved market segments, especially grass root level communities, and small-scale rural enterprises to access structured financial solutions

### Outcome

- Merchants registered for CIM wallet – Over 4,000
- Micro leasing customer base – Over 50,000

### Risk identified

High level of default risk

### Opportunity identified

Expand the micro finance business segment

### Strategic focus



### Capital invested



### SDG linked

