

Stakeholder Engagement and Materiality

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
Employees				
<ul style="list-style-type: none"> Employee engagement surveys Consultative meetings with the trade unions Employee suggestion schemes Grievance reporting procedure Social entertainment and sport events Welfare facilities to staff members Performance management system 	<p>Annually</p> <p>When the need arises</p>	<p>We invest in developing our employees in an environment where they are treated with respect, while their professional development and economic well-being is enhanced</p>	<ul style="list-style-type: none"> Development and career progression Performance enabling environment Work-life balance Health and safety Collective bargaining Equal opportunity Special needs of key groups such as women 	<ul style="list-style-type: none"> An attractive salary is given for all bank employees during the year Incentive bonus and annual bonus were paid Loan facilities at concession rates e.g.: housing loan, vehicle loan Financial support for professional and postgraduate studies, reimbursement of membership fee Comprehensive medical scheme, holiday home facilities, subsidised meals for staff at head office and subsidised transport facility for all staff Accident leave and compensation payments Providing facilities for health and well-being of the staff e.g. Gymnasium, Library, Yoga
Customers				
<ul style="list-style-type: none"> Online and local engagement by branch teams and relationship managers Customer satisfaction surveys Production, promotion campaigns and facilitation programmes Province customer day 	<p>Regularly</p>	<p>We uphold the rights of our customers in line with our customer charter ensuring that they understand the terms and conditions relating to services accessed by them</p>	<ul style="list-style-type: none"> Customer service and care Convenience of transacting Upholding customer charter Improving financial inclusion through appropriate products, education advice and consultation Communication in language of choice 	<ul style="list-style-type: none"> Well scattered branch/ATM and CDM network enabling easy access to the customers. Diversified product portfolio from childhood to elders Speedy delivery e.g. housing loan within two weeks by two visits Technology driven e.g. Mobile banking app, Online-loan application, Internet banking, smart zone, and SmartGen account Microfinancing and SME banking Introduction of new products to improve financial inclusion e.g. Branch on the wheels, "Samata Ginumak" programme
Investors				
<ul style="list-style-type: none"> One to one meetings with large investors Relationships with intermediaries Investor presentation Road shows 	<p>When the need arises</p>	<p>We commit to providing a balanced review of our performance and prospects in our communications with investors ensuring a competitive return to their investment</p>	<ul style="list-style-type: none"> Comprehensive but concise information on operations and future outlook at regular intervals Returns commensurate with risks assumed Exit mechanisms 	<ul style="list-style-type: none"> Rated by international and local rating agencies and continuous review Financial Statements are published on a quarterly basis in Colombo Stock Exchange web, BoC web and newspapers and comprehensive Annual Report in Sinhala, Tamil and English languages along with audited financial are published annually Complied with all regulatory guidelines

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
Government and Regulators				
<ul style="list-style-type: none"> • Periodic meetings with Regulators and Government on matters relating to performance and compliance • Meetings, policy trend analysis and industry forums • Continuous updating based on regulatory requirement of Government and Regulators 	Regularly	The Bank is committed to meet its economic, social and environmental obligations in line with the country's strategy. The corporate plan of the Bank has adopted a sustainable integration programme aligned with Government's development programme	<ul style="list-style-type: none"> • Stability and growth of financial sector • Large funding needs of the Government's capital expenditure • Responsible business practices • Alignment of national priorities to Bank's strategy • Financial inclusion • Financing and facilitation of Infrastructure projects • Compliance with regulatory directions 	<ul style="list-style-type: none"> • Value added to Government during the year – LKR 28.6 billion • Major contributor to Government projects, through SOEs • Facilitate to implement Government policies
Community				
<ul style="list-style-type: none"> • Local branch engagement, media, social events and sponsorships • Higher degree of participation 	When the need arises	We engage with local communities to develop economic activity, providing employment opportunities and facilitating their socioeconomic well-being	<ul style="list-style-type: none"> • Responsible business practices • Community development • Community empowerment • Employment • Financial strength and credibility 	<ul style="list-style-type: none"> • CSR activities • Microfinancing and SME Banking
Suppliers and Service Providers				
<ul style="list-style-type: none"> • Regular meetings, written communication • Transparent bidding process • Relationship building 	When the need arises	We recognise excellence in service by our suppliers and look to support their growth through mutually rewarding partnerships	<ul style="list-style-type: none"> • Business growth • Ease of transacting • Strategic partnerships • Transformation in procurement process • Open communication • Transparent and equal opportunities on green criteria 	<ul style="list-style-type: none"> • Responsible business practices

Determining Material Aspects

The issues that have been covered in this report are those that have a material impact on the Bank's ability to create value over time or have the potential to do so. In determining such issues we have considered all aspects that are of relevance to the Bank and its operations, and identified those that are likely to be material. Such an assessment would necessarily include the image of the Bank in the eyes of the stakeholders.

The identification of all material issues is carried out at an interactive session attended by all Board members, Corporate Management and the Executive Management. At this forum the potential material issues are discussed and the impact of each is assessed. Identified events are assigned to individual are assigned to individual Corporate Management team members, depending on their organisational roles, to monitor, measure and assess the impact on the Bank.

Events and issues that are found to significantly affect the Bank's ability to create value or affect the assessments of providers of financial capital or other stakeholders have been taken into consideration. The latter will in the long term also impact the Bank's ability to create value. Such events or issues will be included in financial or sustainability reporting. The value creation process of the Bank is a complex and multi faceted one. It is influenced by numerous factors including the corporate strategy, business model, strengths and weaknesses, opportunities and threats and relationships with stakeholders. All these would influence sustainability in a triple bottom line context.

The materiality determination process is part of the Bank's governance structure and is fully transparent. The role of the members of Senior Management involved in the materiality determination process is spelt out in the Bank's sustainability policy.

BoC's Materiality Determination Process

Step 1 – Relevance

At this stage the issues relevant to the value creation process of the Bank is identified, as well as their impact on the ability of the Bank to create value in the short, medium and long term.

Step 2 – Importance

The next step would be to determine the importance of the issues identified in step 1 based on:

- The likelihood of occurrence based on the past, present and likely future frequency
- The impact of the event if it occurs

Step 3 – Prioritisation

The issues would have to be ranked according to their importance to the Bank and the stakeholders. This process will be carried out by members of the Senior Management and those responsible for governance, who would first validate the materiality determining process.

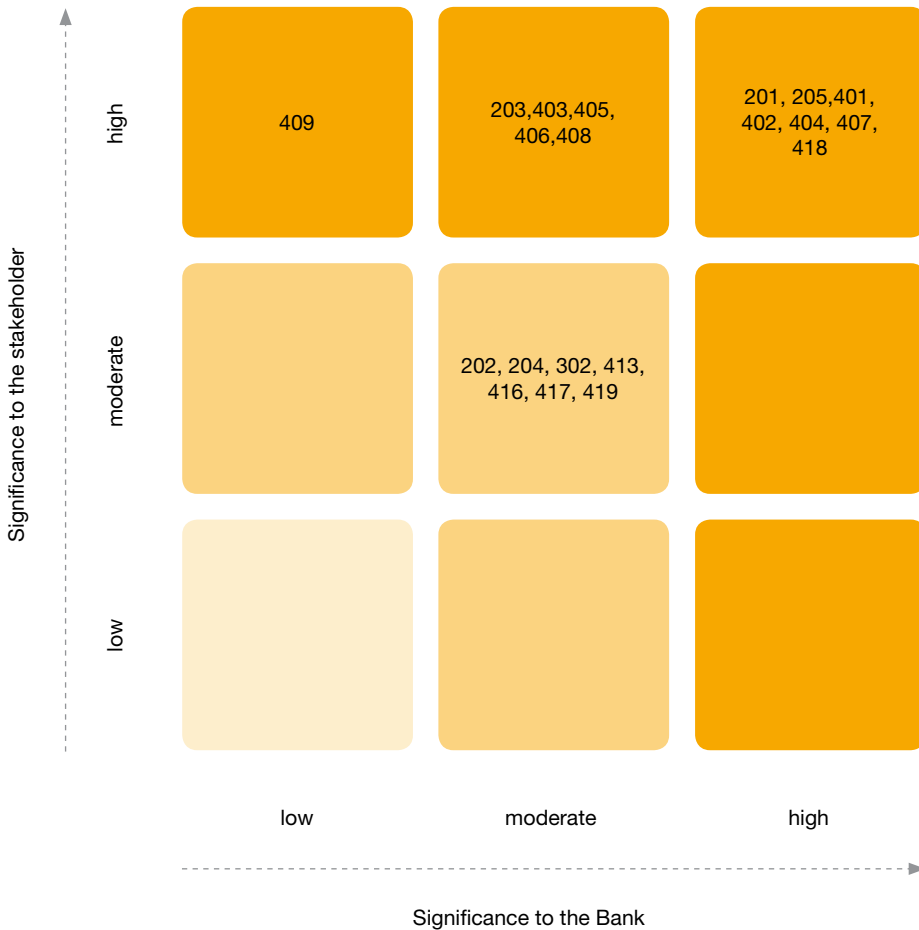
Step 4 – Reporting

The matters to be reported on would have to be identified based on outcomes of the prioritisation process and judgement on the boundary in terms of materiality for purposes of reporting.

The Bank follows the GRI Standards Reporting Guidelines published by the Global Reporting Initiative to report material topics and disclosures.

In the course of the annual procedure for materiality determination, the need for any amendments due to changes in the Bank's value creation model, stakeholder requirements or the operating environment are considered and necessary changes made.

Materiality Matrix



200: Economic

201: Economic performance
202: Market presence
203: Indirect economic impacts
204: Procurement practices
205: Anti corruption

300: Environmental

302: Energy

400: Social

401: Employment
402: Labour/Management relations
403: Occupational health and safety
404: Training and education
405: Diversity and equal opportunity
406: Non discrimination
407: Freedom of association and collective bargaining
408: Child labour
409: Forced and compulsory labour
413: Local communities
416: Customer health and safety
417: Marketing and labeling
418: Customer privacy
419: Socio economic compliance