

## CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE



**TODAY, WE OPERATE IN AN ENVIRONMENT MARKED BY HEIGHTENED PUBLIC SCRUTINY, INCREASED REGULATORY EXPECTATIONS, AND A GREATER EMPHASIS ON ETHICAL AND RESPONSIBLE BUSINESS PRACTICES. IN THIS CONTEXT, A ROBUST AND RESILIENT CORPORATE GOVERNANCE BACKBONE IS VITAL TO SUPPORT A LARGE FINANCIAL INSTITUTION SUCH AS PEOPLE'S LEASING & FINANCE PLC.**

Prof. Ajantha Samarakoon  
*Chairman*

Today, we operate in an environment marked by heightened public scrutiny, increased regulatory expectations, and a greater emphasis on ethical and responsible business practices. In this context, a robust and resilient corporate governance backbone is vital to support a large financial institution such as People's Leasing & Finance PLC (People's Leasing).

The evolving regulatory landscape over the past year required us to revisit and strengthen our governance framework to meet new compliance demands. Much of the focus for the year therefore on adopting the new provisions set out under section 9 of the CSE listing rules on corporate governance, with the Board and Board Committees working closely with senior management, as needed to oversee the implementation of relevant changes.

A major highlight of the year was the appointment of several new members to the Board, comprising a diverse mix of professionals with strong backgrounds in finance, banking, risk management, and governance. All 8 new Board members function in a Non-Executive capacity, consistent with People's Leasing's customary practice of being led by a fully committed Board which greatly enhances oversight, strengthens accountability, and facilitates objective decision-making at the highest level.

### DECLARATION

In conclusion, I wish to declare that to the best of my knowledge, the Board of Directors, Key Management Personnel and Employees of People's Leasing have complied with the principles of good governance as set out by the regulatory frameworks, including the Finance Business Act No. 42 of 2011. The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and all other applicable regulations.

Further I am pleased to report that our employees have demonstrated unwavering commitment to upholding our organisation's Code of Conduct. Through their actions, they have exemplified the values of integrity, professionalism, and respect that form the cornerstone of our corporate culture. Across all levels and departments, our team has embraced the ethical principles outlined in our Code of Conduct, ensuring that their behaviour aligns with the highest standards of business ethics. This dedication to compliance not only strengthens our reputation as a responsible corporate citizen but also reinforces our commitment to creating a workplace environment built on trust and mutual respect.

### FUTURE PLANS

In 2025 the Board will focus on building a robust foundation for ESG governance to integrate sustainability more deeply into the Company's strategic and operational framework. As an immediate priority, the Board will aim to establish a dedicated Board subcommittee for Sustainable Finance to provide focused oversight and guidance on ESG-related financial initiatives. Plans are also being drawn up to formally assign sustainability-related responsibilities within the Company's internal governance policies to promote accountability across all levels of the Company.

# CORPORATE GOVERNANCE

## PEOPLE'S LEASING'S COMMITMENT TO GOOD GOVERNANCE

People's Leasing is deeply committed to upholding strong governance principles that ensure long-term institutional stability, ethical conduct, and value creation for all stakeholders. Recognising that governance is not a static function but one that must continuously evolve to meet emerging challenges and stakeholder expectations, People's Leasing maintains a proactive and adaptive approach that involves regularly reviewing and refining its governance framework in response to the dynamic internal and external environment in which it operates.

### CORPORATE GOVERNANCE FRAMEWORK

GRI 2-9

At the heart of People's Leasing's governance philosophy lies the commitment to transparency, accountability, governance and sustainability, collectively encapsulated in the Company's governance framework

**Transparency** - Commitment to open and timely disclosure of financial and non-financial information to maintain stakeholder confidence

**Accountability** - Defined roles and responsibilities for the Board and senior management to facilitate informed decision-making aligned with strategic objectives

**Governance** - Adherence to all applicable laws, regulatory requirements, and industry standards

**Sustainability** - Integration of environmental, social, and governance (ESG) considerations into decision-making

#### REGULATORY REQUIREMENTS

- ⊙ Finance Business Act No. 42 of 2011
- ⊙ Companies Act No 7 of 2007
- ⊙ Listing rules of Colombo Stock Exchange
- ⊙ Finance Business Act Direction No. 05 of 2021 on Corporate Governance
- ⊙ Finance Business Act Direction No. 06 of 2021 on Assessment of Finess & Propriety of Key Responsible Persons
- ⊙ The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and its amendments
- ⊙ The Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and its amendments
- ⊙ The Inland Revenue Act No. 24 of 2017 and its amendments
- ⊙ The Shop and Office Employees Act No. 19 of 1954 and its amendments
- ⊙ The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- ⊙ All other applicable regulations

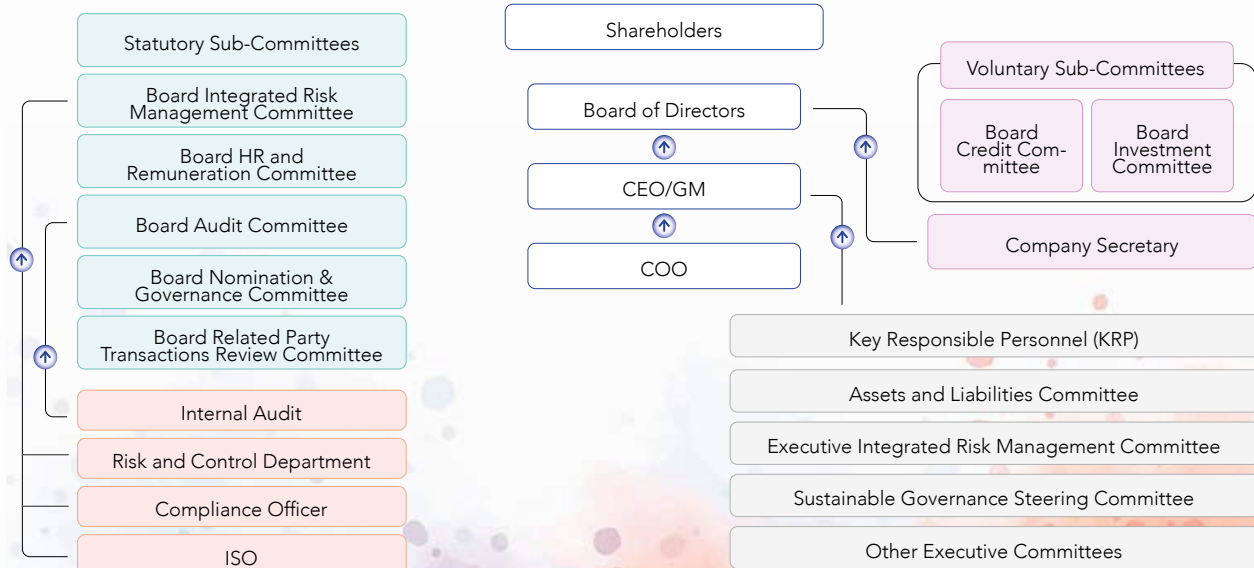
#### INTERNAL FRAMEWORKS

- ⊙ Vision Mission and Corporate Values
- ⊙ Articles of Association
- ⊙ Corporate Governance Charter/Board Charter
- ⊙ Subsidiary /sub Subsidiary policy of parent
- ⊙ Board-approved TORs of Board Committees
- ⊙ Code of Business Conduct and Ethics
- ⊙ Board-approved policy frameworks for governance, risk and operational areas including HR, IT security and data privacy
- ⊙ Whistleblower protection Policy
- ⊙ Internal control procedures and processes
- ⊙ Anti-money laundering/KYC policy
- ⊙ Corporate Communication Policy

#### VOLUNTARY CODES AND BEST PRACTICES

- ⊙ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- ⊙ GRI Standards issued by the Global Reporting Initiative
- ⊙ IR Framework issued by IIRC
- ⊙ ISO 27001 information security system Standards
- ⊙ UNGC Sustainability Principles
- ⊙ ILO Convention for Social and Labour, issues including Human Rights
- ⊙ Sustainable Development Goals (SDG's)

### RISK GOVERNANCE STRUCTURE



# CORPORATE GOVERNANCE

With new laws or regulatory expectations becoming increasingly more complex the People's Leasing Board conducts regular gap analysis to assess the extent of alignment with its existing practices. Based on these findings, relevant corporate policies, Standard Operating Procedures (SOPs), Terms of Reference of the Board and its subcommittees, as well as internal control frameworks are amended or reissued accordingly.

In parallel, the Board also reviews the Company's governance structure to strengthen roles and responsibilities within the Board and management, introduce new oversight committees if required, or drive cross-functional collaboration to enhance risk governance, ethics, and sustainability integration.

## THE BOARD OF DIRECTORS

### The Board

People's Leasing's Board of Directors serves as the apex governing body and the ultimate custodian of the Company's corporate governance framework. The Board bears the critical responsibility for steering People's Leasing towards sustainable long-term value creation for its stakeholders, ensuring the Company operates in line with the highest standards of integrity, accountability, and ethical conduct.

The Board operates in line with a clear mandate that defines the duties, responsibilities and expectations of the Board of Directors. As per the mandate the Board is responsible for defining the

Company's vision, mission, core values, and overarching strategic direction. Specifically, the Board is entrusted with providing leadership to guide the formulation and implementation of People's Leasing's corporate strategy and risk appetite. The Board is further required to exercise independent judgment in reviewing, approving, and overseeing management's execution of the business strategy. The Board also plays a central role in evaluating the Company's performance across key financial and non-financial parameters, identifying course corrections as needed, and enabling a governance culture that supports innovation, agility, and resilience.

### Matters Reserved for Board Approval

#### Risk, Capital and Liquidity Planning

- ⊙ Changes relating to the Company's capital structure
- ⊙ Approval of the annual capital plan
- ⊙ Approval of risk appetite and liquidity risk appetite

#### Financial Results and Dividends

- ⊙ Financial Results and Dividends
- ⊙ Approval of interim and final financial statements, dividends and any significant change in accounting policies or practices

#### Strategy

- ⊙ Approval of the Company's strategic plan
- ⊙ Reviewing delivery of the strategy and measure performance against plan
- ⊙ Major capital projects, investments, acquisitions, mergers or disposals

#### Remuneration

- ⊙ Approval of the framework for determining the policy and specific remuneration of the Chair and Non executive directors and KRPs
- ⊙ Approval of non-executive director payments
- ⊙ Major changes in employee share schemes

#### Board and Sub Committee Membership

- ⊙ Board appointments and removals
- ⊙ Establishment of Board Committee and their membership
- ⊙ Succession planning for key positions on the Board/ KRPs

#### Governance and Control

- ⊙ Approval of principal regulatory filings
- ⊙ Review and update the Terms of Reference (TOR) and membership of Board Sub Committees
- ⊙ Approval of Board and Board Sub Committees performance evaluation process
- ⊙ Review and update the Corporate Governance framework
- ⊙ Approval of division of responsibilities between the Chair and Chief Executive Officer
- ⊙ Appointment (or removal) of Company Secretary and Key Responsible Personnel



### Board Composition

People's Leasing is led by a competent Board composed of 10 Non-Executive Directors. All Directors are individuals of high integrity and professional standing, bringing with them a wealth of experience across a range of industries including banking and finance, law, accounting, corporate governance, and risk management.

The Board of People's Leasing, maintained its composition during the financial year ended 31st March 2025, in full compliance with the requirements of the Finance Business Act No. 5 of 2021 on Corporate Governance as well as the Listing Rules of Colombo Stock Exchange.

### Duties and Responsibilities of Individual Directors

All Board members are expected to discharge their responsibilities with integrity, diligence, and contribute effectively to the collective decision-making process of the Board. Each Director is expected to have a clear understanding of the Company's business, strategic goals, and risk landscape. Directors are required to uphold fiduciary duties, act in the best interest of the Company and its stakeholders, and avoid conflicts of interest at all times. They are expected to stay informed of legal, regulatory, and industry developments, and to continuously update their knowledge and skills to effectively oversee management performance and challenge strategic proposals when necessary. In doing so, individual Directors play a key role in maintaining the integrity of the governance process and upholding the trust placed in the Company by its stakeholders. Additionally, all Directors are required to engage in the annual self-assessment, which is an integral part of the comprehensive Board evaluation process to ensure continuous improvement in Board effectiveness.

GRI 2-15

### Conflicts of Interest

Directors have a fundamental duty to act in the best interests of the Company and its stakeholders. This includes taking all necessary measures to avoid situations that may give rise to actual or perceived conflicts of interest. Each Director is expected to exercise independent judgment and ensure that personal or external interests do not influence, or appear to influence, their decision-making in their role as a Board member.

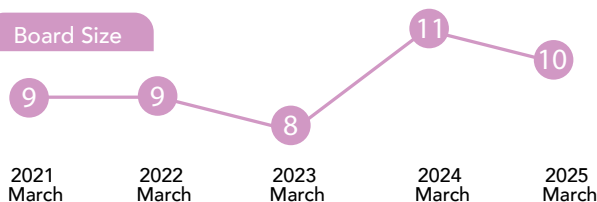
People's Leasing maintains a formal Code of Conduct & Ethics for Directors which clearly outlines procedures for managing conflicts of interest and reinforces a culture of transparency and ethical conduct. These safeguards ensure that all Board decisions are made impartially and in the best interest of the Company, thereby protecting stakeholder trust and preserving the integrity of the governance framework.

In line with the Code of Conduct & Ethics for Directors, Directors are required to make full and timely disclosures of any potential conflict of interest, whether financial, relational, or otherwise. Disclosures must be made in writing to the Related Party Transaction Review Committee (RPTRC). The RPTRC reviews such disclosures with the Chair of the RPTRC expected to disclose such matters at the Board meetings.

### Board Diversity Indicators

GRI 2-9

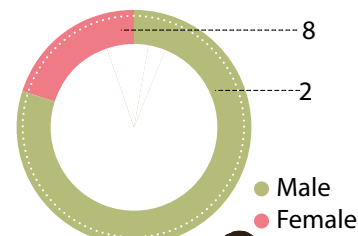
#### Board Size



People's Leasing upholds exemplary governance by maintaining a Board of Directors exceeding regulatory requirements—comprising seasoned professionals whose diverse expertise strengthens strategic direction, risk oversight, and long-term value creation.

#### Composition

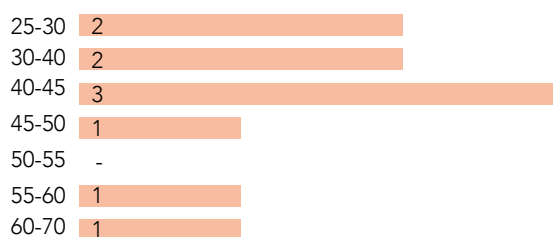
At PLC, we recognize the value of gender diversity at the board level. The presence of accomplished female professionals brings fresh perspectives, balanced insights, and inclusive leadership—strengthening our governance and driving sustainable growth.



100%

Non-executive Directors

#### Age Diversity



#### Expertize

Expertize	2025 March
Accounting , Auditing & Management	3
Banking & Finance	4
Legal & Compliance	2
Information Technology	1
Marketing	1
Academic and Professional Development	2

## CORPORATE GOVERNANCE

Meanwhile conflicted Directors are obligated to recuse themselves from participating in related discussions or decisions at Board meetings. Additionally, Directors are prohibited from using their position to divulge confidential or sensitive information for personal benefit or benefit of any third party, whether financially or otherwise.

Related Party Transactions are disclosed in Note 55 of the Financial Statements on pages 388 to 394. The total number of Board seats (excluding directorship in People's Leasing) held by present Directors as of 31st March 2025 are summarised below.



**Prof. Ajantha Samarakoon**

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

N/A



**Mr. Clive Fonseka**

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

- ⊙ People's Leasing Property Development Limited
- ⊙ Lankapay Pvt Ltd
- ⊙ CRIB Sri Lanka
- ⊙ National Payment Council
- ⊙ Financial Ombudsman Sri Lanka (Guarantee) Ltd
- ⊙ IBSL



**Mr. Pravir Samarasinghe**

Board seats held in Listed Entities

- ⊙ Overseas Realty (Ceylon) PLC
- ⊙ Keells Foods Products PLC
- ⊙ Swadeshi Industrial Works PLC
- ⊙ John Keells PLC

Board seats held in unlisted companies

- ⊙ Mireka Capital Land (Pvt) Ltd
- ⊙ Mireka Homes (Pvt) Ltd
- ⊙ Havelock City (Pvt) Ltd
- ⊙ Realty Management Services (Pvt) Ltd
- ⊙ Overseas Realty Trading (Pvt) Ltd
- ⊙ Swadeshi Marketing (Pvt) Ltd
- ⊙ Swadeshi Chemicals (Pvt) Ltd
- ⊙ Mireka Seascapes (Pvt) Ltd
- ⊙ Employees Federation of Ceylon
- ⊙ Hotel Developers Lanka Ltd



**Mr. Dulinda Perera**

Board seats held in Listed Entities

- ⊙ People's Insurance PLC

Board seats held in unlisted companies

- ⊙ People's Micro Commerce Ltd
- ⊙ IKON Management Solutions Pvt Ltd
- ⊙ Hotel Developers (Lanka) Limited



**Ms. Udeni Gallage**

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

N/A



**Mr. Bradley Emerson**

Board seats held in Listed Entities

- ⊙ Asia Capital PLC

Board seats held in unlisted companies

- ⊙ Atarah Capital Pvt Ltd
- ⊙ Business Athletes Pvt Ltd
- ⊙ People's Bank



**Mr. Anura Perera**

Board seats held in Listed Entities

- ⊙ Alliance Finance PLC

Board seats held in unlisted companies

- ⊙ PLC Fleet Management Limited





**Mr. S. Sudarshan**

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies


- ⊙ Institute of Chartered Corporate Secretaries in Sri Lanka
- ⊙ Governance Consultants(pvt)Ltd
- ⊙ Sri Lanka Tennis Association
- ⊙ Board Secretaries forum of Sri Lanka Institute of Directors

<div></div> <div><b>Ms. Shameela Loku Kaluge</b> <u>Board seats held in Listed Entities</u> N/A  <u>Board seats held in unlisted companies</u> N/A</div>	<div></div> <div><b>Mr. Jayantha Thilakarathne</b> <u>Board seats held in Listed Entities</u> ☉ Taj Hotels PLC  <u>Board seats held in unlisted companies</u> ☉ Janatha Estate Development Board ☉ People's Travels ☉ UDA ☉ People's Bank</div>
---	--

**Board Refreshment**

Board refreshment serves as an opportunity for continuous enhancement of Board balance through the infusion of new skills as well as to improve age and gender diversity at a leadership level.

Board refreshment most often takes place organically as a consequence of the retirement or resignation of existing Board members leading to the appointment, re-election of new Directors.

 GRI 2-10

**Selection and Appointment of New Directors**

The process of selecting new Directors is overseen by the Board in close collaboration with the Nominations & Governance Committee (NGC). The assessment of potential candidates is a comprehensive process involving a rigorous assessment of potential candidates based on how their skills and

expertise can complement the Board quality and diversity.

Moreover since the People's Leasing Board consists entirely of NED's the criteria for the selection of NED's follows the directives set out under Section 9 of the CSE Listing Rules on Corporate Governance and the Code of Best Practice issued by CA Sri Lanka (2023) as well as the criteria set out under the Finance Business Act Direction No. 06 of 2021 on Assessment of Fitness & Propriety of



## CORPORATE GOVERNANCE

Key Responsible Persons. Accordingly, appointments to the Board are subject to the approval of the Central Bank of Sri Lanka (CBSL) under the “fit and proper” criteria for Directors of financial institutions.

All new appointments are communicated to the CSE and shareholders via a press releases which include a brief CV of the Director.

### Re-election of Directors

In accordance with the Company's Articles of Association, the Directors have powers at any time and from time to time, to appoint any person to be a Director either, to fill a casual vacancy, or as an addition to the existing directors. However, any director so appointed shall hold office until the following Annual General Meeting (AGM). All such Directors are eligible to offer themselves for re-election by the shareholders, subject to the recommendation of the Nominations and Governance Committee (NGC) thereby ensuring that all Board appointments remain accountable to the Company's shareholders. The NGC assesses each Director's eligibility for re-election based on a comprehensive evaluation of their past performance, including attendance, active participation, contributions to Board discussions, and continued compliance with the fit and proper criteria applicable to Directors.

### Retirements and Resignation of Directors

As per the Finance Business Act No. 5 of 2021 on Corporate Governance a Director who has served on the Board for a term of nine (9) years or reaches the age limit of seventy (70) years (whichever is first), will cease to be a Director unless special approval is obtained from the Director Supervision of the Non Bank Financial Institutions confirming his/her fitness and propriety for continuity under the Finance Business Act No. 05 of 2021.

Similarly, new appointments, retirements and resignations of Directors, are also informed to the Director Supervision of the Non Bank Financial Institutions in accordance with

### Procedures for assuring Directors Independence

Assurance regarding the Independence of Non-Executive Directors is obtained based on the following guidelines;

#### DEFINITION

Independence is determined against criteria as set out in the Finance Business Act Direction No. 5 of 2021, Listing Rules of the Colombo Stock Exchange and in compliance with Annexure C of the CA Code 2023.



#### ASSESSMENT

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by Non Executive Directors.



#### OUTCOME

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.

### Matters Reserved for Board and shareholders Approval


#### RESIGNATIONS

- Mr. Michael Pradeep Amirthanayagam resigned as Chairman with effect from 31st December 2024.
- Mr. Himashe Isuru Balapatabendi resigned on 11th December 2024
- Mr. Atapattu Mudiyansele Priyanka Madduma Bandara Atapattu resigned on 27th December 2024
- Mr. Chanura Jayanta Wijetillake resigned on 23rd January 2025
- Mr. Yudhishtan Kanagasabai resigned on 31st January 2025.
- Mr. Mohammed Azzam Ali Ahamat resigned on 10th February 2025
- Mr. Upul Lakshman Asoka Wickramasinghe Bandara resigned on 10th February 2025
- Mr. Heenkenda Mudiyansele Udeni Kusumsiri Samararatne resigned on 10th February 2025
- Mr. Tishan Manjula Wellalage resigned on 11th March 2025.

#### DIRECTORS APPOINTED DURING THE YEAR AND ARE ELIGIBLE FOR REELECTION AT THE 29TH AGM

- Prof. Samarakoon Mudiyansele Ajantha Kumara Samarakoon, who was appointed to the Board on 31st December 2024, in terms of Articles 27(2) of the Articles of Association of the Company
- Mr. Kurugamage Jude Dulinda Gregory Perera, who was appointed to the Board on 23rd January 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Ms Polwattha Gallage Udeni Gallage, who was appointed to the Board on 31st January 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Pugoda Gallage Anura Chandana Perera, who was appointed to the Board on 10th February 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Sathananthan Sudarshan, who was appointed to the Board on 10th February 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Robert Bradley Rajapoopalan Emerson, who was appointed to the Board on 10th February 2025 in term of Articles 27(2) of the Articles of Association of the Company
- Ms. Kospelawattage Shameela Ransini Senaratne Loku Kaluge, who was appointed to the Board on 17th February 2025 in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Moraendage Jayantha Thilakarathne, who was appointed to the Board on 11th March 2025, in term of Articles 27(2) of the Articles of Association of the Company

Finance Business Act No. 6 of 2021 on Corporate Governance as well as the CSE with appropriate reasons as per the Listing Rules of Colombo Stock Exchange.

 GRI 2-19, 2-20

### Directors Remuneration

All members of the People's Leasing Board are Non-Executive Directors, and their remuneration is benchmarked against prevailing industry standards and reviewed annually to ensure competitiveness and fairness. The Directors who serve on Board Subcommittees are entitled to receive additional fees.

The aggregate remuneration paid to Directors in FY 2024/25 was Rs. 27.76 Mn.

 GRI 2-17

### Training for Directors

Throughout their tenure, Directors also benefit from both internal and external training programmes to support ongoing knowledge enhancement and build awareness on economic, regulatory and industry trends.

 GRI 2-12

## BOARD OVERSIGHT RESPONSIBILITIES

### Compliance and Best Practices

The Board remains fully accountable to its stakeholders and assumes ultimate responsibility for ensuring compliance with all applicable laws, regulations, codes, and governance standards.

In fulfilling this duty, the Board closely monitors the evolving regulatory landscape to ensure timely compliance with all statutory requirements. Proactive steps are taken to implement new regulations, often ahead of mandatory timelines, underscoring the Board commitment to early adoption of regulatory requirements. In addition to

meeting regulatory obligations, the Board also promotes the voluntary adoption of globally recognised governance practices that enhance stakeholder trust and organisational resilience.

During the year under review, the Board initiates necessary action to ensure compliance with Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange (CSE). The Board affirms that People's Leasing is fully compliant with all applicable statutory and regulatory provisions. Moreover, the Board is satisfied that all reasonable steps have been taken to align with the voluntary governance codes to which the Company has committed.

## RISK MANAGEMENT AND INTERNAL CONTROL RISK OFFICER TO CHECK

The Board of Directors holds ultimate responsibility for overseeing the Company's risk management and internal control framework. This responsibility encompasses establishing an Integrated Risk Management Framework to identify, assess, manage, and monitor all forms of risk that may affect the achievement of People's Leasing's objectives.

The Board has delegated oversight of the Integrated Risk Management Framework to the Board Integrated Risk Management Committee (BIRMC). The BIRMC is responsible for reviewing the adequacy and effectiveness of the Company's Integrated Risk Management Framework, ensuring alignment with regulatory expectations, strategic priorities, and risk appetite. As part of their duties, the BIRMC also monitors key risk exposures, emerging risks, and mitigation strategies on a regular basis, providing timely updates to the Board.

Oversight for the day-to-day implementation of risk management practices is the responsibility of the Risk

 GRI 2-23

**IN COMPLIANCE WITH THE PROVISIONS IN THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE FOLLOWING UPDATED POLICIES WERE PUBLISHED ON THE CORPORATE WEBSITE EFFECTIVE FROM 01ST OCTOBER 2024.**

- ⊙ Policy on the matters relating to the Board of Directors
- ⊙ Policy on Board Committees
- ⊙ Policy on Corporate Governance, Nominations and Re-election
- ⊙ Policy on Remuneration
- ⊙ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities.
- ⊙ Policy on Risk management and Internal controls
- ⊙ Policy on Relations with Shareholders and Investors
- ⊙ Policy on Environmental, Social and Governance Sustainability
- ⊙ Policy on Control and Management of Company Assets and Shareholder Investments
- ⊙ Policy on Corporate Disclosures
- ⊙ Policy on Whistleblowing
- ⊙ Policy on Anti-Bribery and Corruption

Regulation / Code	Adoption	Adherence	Disclosure Table
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Fully Compliant	
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Fully Compliant	186 - 199
Central Bank of Sri Lanka (CBSL), Finance Companies (Corporate Governance) Direction No. 05 of 2021	Mandatory	Fully Compliant	203 - 231
Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Fully Compliant	200 - 202



## CORPORATE GOVERNANCE

Management Department, which operates independently but reports to the BIRMC. The Risk Management department is responsible for embedding risk awareness across the organisation, conducting risk assessments, developing risk mitigation strategies, and maintaining risk registers, and also plays a central role in stress testing and scenario analysis to ensure resilience in changing market conditions.

Hand in hand with the Integrated Risk Management Framework, the Board ensures the establishment of an effective system of internal controls to support efficient operations, compliance with applicable laws, and protection of company assets. Scheduled audits by the Internal Audit division serves to assess the efficacy of the Company's risk management and internal control systems with audit findings together with the Management responses presented to the Board Audit Committee on a quarterly basis and from thereon to the Board.

For more information please refer to the

- ⊙ Risk Management Report on page 260
- ⊙ Board Integrated Risk Management Committee Report on page 250
- ⊙ Board Audit Committee Report on page 240

### FINANCIAL REPORTING AND ASSURANCE

The Board accepts responsibility for ensuring the integrity, accuracy, and transparency of the Company's financial reporting and assurance processes. The Board is responsible for ensuring that People's Leasing's financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 07 of 2007, and the requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

Furthermore, the Board works closely with the Board Audit Committee to ensure the Company's financial statements present a true and fair view of People's Leasing financial position, performance, and cash flows.

In this regard, the Board Audit Committee is tasked with reviewing the adequacy of the financial reporting process, internal controls over financial reporting, and compliance with accounting standards and regulatory frameworks. The Committee also ensures the independence and effectiveness of both internal and external auditors.

The Board is further responsible for ensuring that robust assurance mechanisms are in place. This includes an independent Internal Audit function, which conducts regular audits of financial processes and controls, and reports its findings directly to the Audit Committee. External assurance is provided through the annual statutory independent audit.

For more information please refer to the ;

- ⊙ Statement of Directors' Responsibilities - page 275
- ⊙ Independent Assurance Report on Internal Control Over Financial Reporting - page 277
- ⊙ Directors Statement on Internal Control - page 278
- ⊙ Chief Executive Officer and Chief Financial Officer's Responsibility Statement - page 280
- ⊙ Audit Committee Report - page 240
- ⊙ Independent Auditors' Report - page 281

 GRI 2-16,2-23,2-24,2-26,2-27,205-1,205-2,205-3

### ETHICS AND CONDUCT

The Board of Directors holds ultimate responsibility for setting the tone from the top to promote ethics and good conduct. This is supported by a comprehensive framework of Board approved conduct policies, codes, and standards that promote integrity, honesty, and ethical behaviour across all levels of the organisation. The Board ensures that these standards are embedded into the Company's operations and clearly communicated to all employees at every level of the organisation.

Likewise, the Board ensures that appropriate mechanisms are in place for employees and stakeholders to report concerns confidentially and without fear of retaliation.

There have been no critical concerns communicated to the Board during the reporting financial year.

All operations were assessed for risk related corruption and during the year there were no incidents of corruption reported. There were also no instances of non-compliance with applicable laws and regulations during the year.

## PLC Conduct Framework

**Code of Conduct -**

The Code of Conduct holds all employees and Directors of PLC to the highest ethical standards of conduct in compliance with applicable laws, regulations and best practices. The Code, which is accessible through the intranet governs conduct relating to; Compliance with laws, Confidential and proprietary information, Ethical dealings, Insider trading, protection of the environment etc. The Code of Conduct is supplied to new employees as part of the employee induction process. Major suppliers of goods and services are also required to ensure that they comply substantially with the provisions of the code. The responsibility for the implementation and execution of the Board approved Code of Conduct has been delegated to the CEO and the corporate management team.

**Bribery and Anti-Corruption Policy -**

The policy which is applicable to all Directors and employees without exception, describes the Company's stance against accepting bribes, kickbacks and facilitation payments during the course of business and the consequences associated with the breach of such conditions. Business partners and third parties who act on behalf of the Company are also required to abide by the guidelines set out under the Bribery and anti-Corruption policy. Regular training is conducted to increase awareness among all stakeholders.

During the reporting year, People's Leasing has conducted training sessions on Anti-Corruption for its employees through the company's Learning Management System (LMS).

**Whistle Blowing Policy -**

This Whistle Blowing Policy is designed to allow stakeholders to anonymously report instances of improper or illegal conduct or unethical practices within the Company. Anyone aware of such conduct is encouraged to utilise the Whistleblower channel to report directly to the Board Audit Committee. Whistleblower complaints are directed to the Chairman of the Board Audit Committee via email or by sending a letter addressed to the "Chairman of the Board Audit Committee," with or without disclosing the whistleblower's identity.

Once a whistleblower complaint is received, the Audit Committee will initiate a thorough and timely investigation. Depending on the nature of the complaint, the Audit Committee may refer it to the Chief Internal Auditor or appoint an appropriate officer or committee comprising suitable corporate management members to conduct the investigation. The scope and timeframe for the investigation will be outlined in writing, ensuring transparency and accountability. The Board Audit Committee will monitor the progress of investigations and actions taken through status updates provided by the Chief Internal Auditor.

All reported events under the Whistleblower Policy, or the absence thereof, is reported to the Board Audit Committee on quarterly basis. Regular training sessions are conducted through the Learning Management System (LMS) to educate employees on the proper use of the Whistleblowing mechanism.

**Acceptance of Gift & Entertainment Policy Manual -**

The policy is designed to reflect the Company's belief that no one employee should receive undue benefits that may negatively influence other employees' morale. Hence the policy aims to maintain uniformity in exchanging, distributing, and receiving gifts from the employees, including gratuity and rewards.

**Anti-money laundering Policy / KYC Policy -**

The policy sets forth guidelines and processes developed to detect, prevent, and report potential money laundering activities associated with the Company's core business lines.

There were no reported incidents of non-compliance recorded in the year under review

## CORPORATE GOVERNANCE

### IT AND INFORMATION SECURITY SYSTEMS

The People's Leasing Board recognises the competitive advantages stemming from sustained investments in digital technology, most notably in terms of agility, scalability, innovation, and service excellence. In light of this, the Board establishes the Company's IT strategy to ensure that investments in IT infrastructure and technology-based solutions are purposefully aligned with People's Leasing's strategic goals and evolving customer needs.

As a licensed financial institution operating in a highly regulated and data-intensive industry, safeguarding its information and data assets is of paramount importance to People's Leasing. The Board has therefore instituted a robust information security risk management framework, aligned with the ISO 27001:2013 Information Security Management Standard. This framework offers strong protection against both external cyber threats and internal data breaches ensuring the security, integrity, confidentiality, and availability of the Company's digital assets. These are complemented by quarterly vulnerability assessments and penetration testing by external specialists and the annual ISO surveillance audits to verify the resilience of People's Leasing's information security posture.

At the operational level, People's Leasing's IT Department is responsible for implementing IT policies and driving key digital initiatives. Cybersecurity governance is led by the Chief Information Officer (CIO), who oversees system security protocols, monitors cyber risks, and ensures compliance with IT governance frameworks.

 GRI 2-9, 2-12, 2-13, 2-14

### SUSTAINABILITY GOVERNANCE AND REPORTING

Recognising that long-term value creation depends on balancing economic, environmental, and social outcomes, the Board is deeply committed to embedding Environmental, Social, and Governance (ESG) considerations into the heart of PEOPLE'S LEASING's decision-making processes. The Board provides leadership and guidance for driving the Company's sustainability agenda by setting the strategic direction and ensuring alignment with the broader corporate objectives.

The Board further undertakes to review the Company's sustainability priorities on a regular basis and monitor progress against clearly defined goals and targets.

To translate the Board's vision into actionable outcomes, the Management Committee for Sustainability operates under the delegated authority of the Board. Chaired by the CEO, this Committee provides strategic guidance and oversight for integrating sustainability principles into core business functions. It ensures that sustainability efforts are embedded across operations and remain aligned with evolving global benchmarks, including the Sustainability Standards and Certification Initiative (SSCI) issued by the European Organization for Sustainable Development (EOSD). By anchoring sustainability within the broader corporate strategy, the Management Committee ensures cross-functional collaboration and effective resource allocation in support of ESG goals.

Operational execution of the sustainability strategy is led by the Sustainable Finance Unit (SFU). This dedicated unit is responsible for implementing the sustainability roadmap, coordinating ESG initiatives across departments, and tracking progress against key action plans. The SFU also plays a critical role in cultivating ESG awareness and accountability across all levels of the business, promoting a company-wide sustainability culture.

To ensure continuous improvement and alignment with the Board's strategic vision, the Head of the SFU provides periodic updates to the Board on sustainability performance. These updates include insights into emerging ESG risks and opportunities, stakeholder

Furthermore the Board commitment to sustainability extends to clear, comprehensive, and accurate reporting on PEOPLE'S LEASING's progress and performance on ESG matters. Reporting is facilitated through the adoption of globally accepted reporting frameworks, such as the Global Reporting Initiative (GRI) Universal Standards, Task Force on Climate-Related Financial Disclosures (TCFD), United Nations Sustainable Development Goals and the Sri Lanka Financial Reporting Standards - S1 & S2.

### STAKEHOLDER ENGAGEMENT

The Board is of the opinion that engaging openly with external and internal stakeholders helps to build trust and also gain deeper insights about their expectations of the Company. Guided by the Board approved conduct policies, Company-wide management teams to take a proactive approach to communication with stakeholders

For more information please refer to the Stakeholder Engagement section on page 45.

### SHAREHOLDER RELATIONS

Shareholders are engaged through multiple channels of communication, including the Annual Report, Annual General Meeting (AGM), regulatory filings, the investor relations page / media centre on the corporate website and through announcements in the CSE.

Shareholders also have the opportunity to comment or make suggestions on publicly available information, through the Company Secretary, where all significant issues and concerns are referred to the Board with the views of the Management.

### ANNUAL GENERAL MEETING (AGM) AND VOTING RIGHTS

The Annual General Meeting (AGM) serves as a key platform for shareholder engagement and corporate transparency. Convened at the end of each financial year under the oversight of the Board of Directors, the AGM provides shareholders the opportunity to engage directly with the Board, seek clarifications, and gain insights into the company's performance, strategy, and governance practices.

In accordance with the listing rules of the Colombo Stock Exchange (CSE), the Notice of the AGM, the Annual Report, Audited Financial Statements, any proposed resolutions, and details of voting procedures are circulated to all shareholders at least 15 working days in advance. A digital version of the Annual Report is also uploaded to the CSE website and made available on the company's corporate website for easy access and download.

Shareholders are encouraged to exercise their voting rights either by attending the AGM in person or by appointing a proxy. A formal mechanism is in place to record and count all proxy votes cast for

each resolution. Following the conclusion of the AGM, the outcome of each vote is promptly disclosed to the CSE in line with regulatory requirements, ensuring transparency and adherence to good governance principles.

## KEY ROLES AND RESPONSIBILITIES

 GRI 2-11, 2-12

### Segregation of Duties Between the Chairman and CEO

The role of the Chairman is distinct and separate from that of People's Leasing's CEO. The People's Leasing Board is led by an Independent Non-Executive Chairman who is responsible for overseeing the work of the Board and the effectiveness of Board committees. The Chairman is

further responsible for facilitating open dialogue at Board level and ensuring that all Directors contribute meaningfully to deliberations

The CEO operates under the delegated authority of the Board and is responsible for the day-to-day management of the Company's operations and for delivering the strategic objectives as determined by the Board. Acting as the highest-ranking executive officer of People's Leasing, the CEO provides leadership to the management team and is accountable for the execution of the business strategy, overall performance, and operational efficiency of the Company. The CEO is tasked with ensuring the implementation of Board-approved policies, developing

business plans and budgets, managing risks within the risk appetite set by the Board, and driving value creation for all stakeholders. The CEO also acts as a key link between the Board and the senior management team, ensuring that the Board is regularly and adequately informed of the Company's operational performance, emerging risks, and market conditions.

This clear division of responsibilities between the Chairman and CEO ensures that no one individual has unfettered decision-making power and supports the effective functioning of the Board in overseeing management, guiding strategy, and protecting the interests of shareholders and other stakeholders.

### Key Roles and Responsibilities



#### Chairman

- ⊙ Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary.
- ⊙ Ensuring effective participation of all Board members during Board meetings.
- ⊙ Facilitating and encouraging discussions amongst all Directors of matters set before the Board.
- ⊙ Monitoring the effectiveness of the Board.
- ⊙ Oversight for stakeholder engagement.



#### CEO

- ⊙ Appointing and ensuring a competent and suitably skilled corporate management team to support the execution of the Board approved strategy.
- ⊙ Developing and recommending to the Board business plans and budgets in line with the Board approved strategy.
- ⊙ Monitoring and reporting to the Board on the performance against strategy of the Company and its compliance with applicable laws and Corporate Governance principles.
- ⊙ Maintaining high standards of ethics in line with the People's Bank Group values
- ⊙ Ensuring that the Company operates within the approved risk appetite.



#### Company Secretary

- ⊙ Assist in setting meeting agendas, maintaining minutes, and ensuring governance best practices.
- ⊙ Ensure compliance with laws, regulations, and filing of statutory returns.
- ⊙ Circulate Board papers, provide guidance on roles and obligations, and facilitate Director training.
- ⊙ Act as liaison between the Board, shareholders, and regulators.
- ⊙ Support the Board in ensuring ethical conduct and adherence to policies.
- ⊙ Maintain statutory records and ensure secure custody of corporate documents.

## CORPORATE GOVERNANCE

### BOARD SUB-COMMITTEES

To assist in performing its oversight role, the Board has appointed several Sub Committees. The responsibilities delegated to each Subcommittees are formally documented in each Committee's Terms of Reference (TOR), which have been approved by the People's Leasing Board. Committee TOR's are reviewed on an annual basis by the Board and updated as needed. Committee meetings are held quarterly, or as required with the respective Committee Chair required to report back to the Board after each Committee meeting.

In accordance with Rule 9 of the CSE on Corporate Governance, all mandatory Board Committees the Audit Committee, Nominations and Governance Committee,

HR & Remuneration Committee, Related Party Transaction Review Committee, and Board Integrated Risk Management Committee were reconstituted during the financial year ended 31st March 2025, with the addition of eight new directors to the Board. To maintain consistency, the Board Credit Committee and the Board Investment Committee were also later reconstituted in line with these changes.

As part of the overall exercise, the TOR's of the Nomination and Governance Committee, HR and Remuneration Committee, Related Party Transactions Review Committee, Board Investment Committee, and Board Credit Committee were revised to raise the quorum requirements, thereby increasing the

minimum number of members required to convene a meeting.

At the Board meeting held on 27th March 2025, it was resolved to implement the Board Information Technology and Digital Marketing Committee with effect from 1 April 2025.

### BOARD EFFECTIVENESS

#### Board Meetings

Board meetings are held monthly, or more frequently if required. A structured framework guides the planning process, with an annual meeting calendar prepared in advance by the Company Secretary in consultation with the Chairman. This calendar is shared with all Board members at the beginning of each year.

#### Board Meeting Process

1

#### Before the Meeting

The Company Secretary in consultation with the Chairman, sets the agenda to ensure sufficient time is allocated at each meeting to address all pertinent matters including strategy, performance, industry developments, risk and compliance matters etc.

A Board approved procedure allows any Director to make a written request to the Chairman, to include additional matters and proposals to the Agenda.

Once the agenda has been finalised, all Directors are provided with detailed information on all items on the agenda.

To give Directors sufficient time to prepare, the information pack containing relevant Board Papers are circulated at least three (03) working days prior to the meeting date.

2

#### At the Meeting

It is mandatory for Directors to attend Board meetings, with all Board members expected to be fully prepared and engage proactively in all Board proceedings. All Board members are expected to come well prepared and actively participate in all matters outlined under the agenda. The Chairman / Chairperson of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting

The CEO will be invited to provide a comprehensive update on the Company's business and operations to date as well as an overview of the context in which these outcomes were achieved, while selected members of the Corporate Management are also invited to make presentations on the items set out under the agenda.

The Company secretary maintains minutes of every Board meeting.

3

#### After the Meeting

The Company Secretary is required to submit the minutes of the meeting to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.





## BOARD AND BOARD SUB-COMMITTEE EVALUATION

In keeping with good governance practices, the effectiveness of the Board of Directors and its Sub Committees is assessed annually in line with regulatory requirements. The process is carried out with each Director completing a comprehensive self-assessment form indicating their views on Board effectiveness across multiple dimensions, including Board composition and expertise, quality of deliberations, meeting procedures, strategic oversight, risk management, ethical governance, regulatory compliance and management engagement. Once completed, the assessments are submitted to the Company Secretary, who consolidates the results and presents a summary of findings to the Chairman of the Board for review and discussion.

A similar procedure is followed to evaluate the performance of the Board Sub Committees. Additionally, Non-Executive Directors are required to assess the effectiveness and contributions of the Chairman. This evaluation process fosters greater accountability and encourages constructive feedback, thereby maximising the contributions of each Board member to the Company's governance and strategic direction.

The most recent Board and Sub Committee evaluations were formally tabled at the Board meeting held on 30th May 2025, with findings confirming that all Directors had effectively fulfilled their duties in accordance with the Board's mandate.

## EVALUATING THE PERFORMANCE OF THE MD/ CEO

The performance of the CEO is evaluated annually by the Chairman of the Board based on the achievement of clearly defined short, medium, and long-term objectives that are mutually agreed upon at the beginning of the financial year. This assessment also considers the CEO's overall leadership effectiveness, strategic execution, financial performance, and ability to drive long-term value creation. Upon completion of the review, the Chairman presents the evaluation outcomes, along with relevant observations and feedback, to the Board Human Resources and Remuneration Committee and there after to the Board for their consideration regarding the changes to the CEO's compensation, if any.



## MANAGEMENT COMMITTEES

Management Committees are typically appointed by the CEO and comprise members from the senior management team. These committees are tasked with overseeing key areas such as credit risk, asset and liability management, compliance, IT, operations, and sustainability. Each committee functions under clearly defined mandates and reporting lines, enabling informed, timely decision-making, fostering cross-functional coordination, and ensuring that the Company operates in line with its governance, risk, and performance frameworks

## ACCESS TO INFORMATION

- ☉ All Board Directors are entitled to access the information necessary to prepare for and participate meaningfully in Board deliberations. They may request data related to the Company's operations, financial performance, risk exposures, strategic plans, or any other relevant documentation. Directors are also permitted to engage directly with Key Management Personnel (KMP) for clarification where required. Additionally, they may seek independent professional advice to support their duties as Board members, with all associated costs covered by the Company.



## CORPORATE GOVERNANCE

### STATEMENT OF THE EXTENT OF COMPLIANCE UNDER SECTION 9 OF THE RULES OF THE CSE ON CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.2	Policies	
9.2.1	<p>Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;</p> <ul style="list-style-type: none"> <li>(a) Policy on the matters relating to the Board of Directors.</li> <li>(b) Policy on Board Sub Committees.</li> <li>(c) Policy on Corporate Governance, Nominations and Re-election.</li> <li>(d) Policy on Remuneration</li> <li>(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>(f) Policy on Risk management and Internal controls</li> <li>(g) Policy on Relations with Shareholders and Investors</li> <li>(h) Policy on Environmental, Social and Governance Sustainability</li> <li>(i) Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>(j) Policy on Corporate Disclosures</li> <li>(k) Policy on Whistle-blowing</li> <li>(l) Policy on Anti-Bribery and Corruption</li> </ul>	<p>Complied.</p> <p>The company has incorporated and published all policies in accordance with this rule on its website, <a href="https://www.plc.lk/">https://www.plc.lk/</a>, thereby confirming the existence of all policies.</p>
9.2.2	Any waiver from Compliance with the Internal Code of Business Conduct ethics and or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Complied. No such waivers were granted during the year under review.
9.2.3	<p>Listed Entities shall disclose in its Annual Report:</p> <ul style="list-style-type: none"> <li>(i) the list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website.</li> <li>(ii) details pertaining to any changes to policies adopted by the Listed entity Compliance with Rule 9.2 above.</li> </ul>	<p>Complied.</p> <p>The Policies published on the Company's website will be reviewed annually or as needed whenever the Central Bank of Sri Lanka (CBSL) or CSE implement modifications that affect these policies. The website will be updated with the most current reviewed policies accordingly.</p>
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied. A request form has been introduced and uploaded to the Company's website, allowing shareholders to request copies of these policies directly from the Company.
9.3	Board Committees	<p>The Company has already formed the said Board Committees in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL and Rule 9 of the Listing Rules of CSE. In accordance with Rule 9.3.1 of the CSE, the Nomination Committee has been renamed as "Nomination and Governance Committee."</p> <p>Additionally, in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL, Board Integrated Risk Management Committee was implemented and to promote sound governance, the Company has formed two other Board Committees:</p> <ul style="list-style-type: none"> <li>(i) Board Credit Committee,</li> <li>(ii) Board Investment Committee.</li> </ul>

Rule No.	Applicable Requirement	Extent of Compliance
9.3.1	<p>Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively.</p> <p>(a) Nominations and Governance Committee</p> <p>(b) Remuneration Committee</p> <p>(c) Audit Committee</p> <p>(d) Related Party Transactions Review Committee.</p>	<p>Complied. The details regarding the composition, responsibilities and scope are disclosed in the respective Board Sub Committee report in the Annual Report.</p> <p>Please refer respective Board Sub Committee Reports on pages 248, 243, 240 and 246.</p>
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in the Rules.	Complied.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied.
9.4.	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1	<p>Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.</p> <p>The number of shares in respect of which proxy appointments have been validly made;</p> <p>The number of votes in favour of the resolution;</p> <p>The number of votes against the resolution; and</p> <p>The number of shares in respect of which the vote was directed to be abstained.</p>	<p>The Company maintains records of all resolutions which are being considered at the Annual General Meetings and Extra-Ordinary General Meetings. The company also maintains digital records pertaining to annual general meetings held on virtual platform.</p> <p>The proxy form provides for a shareholder to mark his/her/its preference.</p>
9.4.2	<p>Communication and relations with shareholders and investors</p> <p>(a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.</p> <p>(b) Listed Entities shall disclose the contact person for such communication.</p> <p>(c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders and such process shall be disclosed by the Entity in the Annual Report and the web site of the entity</p> <p>(d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guide lines issued by the Exchange in relation to same and published on the website of the Exchange.</p>	<p>The Company has a Board approved Communication Policy in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL and a Board approved Policy on Relations with Shareholders and Investors, which has been uploaded to the Company's website in compliance with Corporate Governance Rule No. 9 issued by the CSE.</p> <p>The Company Secretary serves as the contact person for all communications with the CSE. The contact details of the Company Secretary are published on the CSE website under "announcements" section, as well as on the Company's official website, Shareholders/Investors to communicate.</p> <p>The Company Secretary brings such concerns to the notice of the Board. Furthermore, the Policy on Relations with Shareholders and Investors is available on the company's official website "<a href="http://www.plc.lk">http://www.plc.lk</a>"</p> <p>The 29th AGM is scheduled to be held on 30 June, 2025, as per the guidelines issued by the CSE.</p> <p>(The Notice of Meeting is published on page 451 of the Annual Report).</p>

## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.5	Policy on matters relating to the Board of Directors	Complied
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:	<p>The Board Governance Charter and the Policy for the Selection, Appointment, Nomination, Re-election, and Continuation of the Board of Directors outlines the required criteria pertaining to the composition and functioning of the Board of Directors.</p> <p>The Chief Executive Officer is a Key Responsible Person in accordance with the Finance Business Act Direction No. 5 of 2021. Additionally, the performance of the Board and Key Responsible Persons (KRPs) will be evaluated annually to ensure fit and propriety requirements in compliance with the provisions of the Finance Business Act Direction no. 6 of 2021 issued by CBSL.</p>
	(a) recognise the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.	The role of the Chairman & the CEO are segregated and performed separately.
	(b) where a Listed Entity decides to combine the role of the Chairperson and CEO, set out the rational for combining such positions; and, require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. set out the measures implemented to safeguard the interests of the SID.	<p>Although the roles of the Chairman and CEO are separated and not applicable in this context, during the first nine (9) months of the financial year, in compliance with the Finance Business Act Direction No. 5 of 2021 necessitated the appointment of a Senior Independent Director (SID). This was due to previous Chairman M. P. Amirthanayam, serving as a Non Executive Non Independent Director.</p> <p>Mr. Y. Kanagasabai was appointed as Senior Independent Director, with his responsibilities outlined in the Senior Independent Director's Terms of Reference. On 31 December 2024, Prof. Ajantha Samarakoon, was appointed as Chairman to the Board. He is a Non-Executive independent Director. As a result, the requirement for a SID is no longer required.</p>
	(c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	During the reporting financial year, all board appointments were recommended by the Nomination & Governance Committee, which assessed the skills, experience and competences of prospective Board Members. These recommendations are subject to approval of the Board and the Central Bank of Sri Lanka.
	(d) stipulate the maximum number of Directors with the rationale for the same	<p>Nomination &amp; Governance Committee seeks the effectiveness of the Board members and determine the composition and number of Board seats based on subject and industry knowledge, need basis and regulatory threshold. In terms of the Articles of Association of the Company a maximum of 13 Directors could be appointed to the Board. By the end of the reporting financial year the Board consisted with 10 Non Executive Directors.</p> <p>Refer Page 158.</p>
	(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.	<p>The Company adheres to the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning board attendance.</p> <p>Refer Board Meeting attendance on page 240 to 258.</p>

Rule No.	Applicable Requirement	Extent of Compliance
	(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.	The Board of Directors discloses any share dealings or financial facilities they or their related parties obtained from the Listed Entity or its subsidiaries in each month during board meetings. Additionally, they provide annual disclosures in compliance with the Companies Act, the Finance Business Act No. 42 of 2011 and Listing Rules issued by the CSE ensuring transparency on a regular basis. Refer Directors Disclosures on page 102.
	(g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.	The Company adheres to the regulatory directions of the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning meeting attendance, voting and participation at Board/ Sub Committee Meetings. Refer Board Meeting/Board Sub Committee meeting attendance on pages 240 to 257 of the Annual Report.
	(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.	The Board of Directors are required to make the necessary disclosures as per the procedures detailed in the Company's "Share Trading Policy" and "Board's Code of Conduct and Ethics," whenever trading in securities of the List Entity and its related listed companies.
	i) specify the maximum number of directorships in Listed Entities that may be held by Directors.	The Company adheres to the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning the maximum number of directorships a director may hold. Refer page 176 and 177 (other directorships of the BODs)
	(j) Recognise the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum	The Board of Directors are permitted to participate remotely via video conference, and such participation is duly recorded in the attendance and the minute books.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirement with reasons for such non-compliance and the proposed remedial action for such non-compliance and proposed remedial action	Complied. The Board Charter is published on the Company's website " <a href="http://www.plc.lk">http://www.plc.lk</a> ".
<b>9.6 Chairperson and CEO</b>		
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied. The Chairman serves as a Non-Executive Independent Director, and the roles of Chairman and CEO are separated, each held by different individuals.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	No such instance has arisen during the year.



## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.6.3	The Requirement for a Senior Independent Director	This requirement was in effect during the first nine (09) months of the financial year in compliance with the Finance Business Act Direction No. 5 of 2021, and following the appointment of the new Chairman this requirement no longer exists.
	<p>(a) A Listed Entity shall appoint an Independent Director as the SID in the following instances:</p> <p>i. The Chairperson and CEO are the same person</p> <p>ii. The Chairperson and CEO are Close Family Members or Related Parties</p> <p>Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement.</p> <p>(b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.</p> <p>(c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.</p> <p>(d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above.</p> <p>(e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.</p>	Refer comments of Rule 9.6.3 hereof.
9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.	This requirement no longer exists.
9.7	<p>Fitness of Directors and CEOs</p> <p>The Listed Entity shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and Proper persons as required in terms of these Rules:</p> <p>In evaluating Fitness and Propriety of the persons referred in these Rules, Listed Entities shall utilise the 'Fit and Proper Assessment Criteria set out in Rule 9.7.3</p> <p>Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholder meeting or appointments are made</p>	<p>Complied.</p> <p>The Company has obtained signed declarations from the Board of Directors and Chief Executive Officer confirming their adherence to the criteria for fit and propriety.</p> <p>Additionally, the CEO does not serve as a director on the Board.</p> <p>The Nomination and Governance Committee reviewed affidavits tendered by all directors to assess their fit and propriety to continue serving on the Board.</p> <p>In accordance with the Articles of Association of the Listed Entity 8 directors were appointed to the Board during the financial year since the last Annual General Meeting. The Affidavits of these 8 directors were assessed by the Nomination and Governance Committee subject to approval from the Board and the Central Bank of Sri Lanka for their re-election and re-appointment as Directors. The Board of Directors confirmed these re-elections and re-appointments at the Board Meeting held on 30 May 2025, subject to approval of the Central Bank of Sri Lanka.</p>

Rule No.	Applicable Requirement	Extent of Compliance
9.7.3	Fit and Proper Assessment Criteria:	
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied.
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/ reports in the Annual report (a) A statement that the Directors and CEO of the Listed Entity satisfy the fit and proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange (b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Complied. Written declarations attesting to this conformity have been obtained from each director and from the CEO. The Board of Directors and the CEO of the Company have confirmed compliance with the fit and proper assessment criteria outlined in the Listing Rules of the Colombo Stock Exchange Complied.
<b>9.8</b>	<b>Board Composition</b>	<b>During the financial year, ended 31 March 2025, complied.</b>
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board consists of 10 Directors, all of whom hold Non- Executive positions.
9.8.2	Minimum Number of Independent Directors:	Refer Nomination and Governance Committee Report on pages 248 and 249 of the Annual Report.
9.8.3	Criteria for determining independence:	Complied
9.8.5.	The Board of Directors of Listed Entities shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. (b) Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	All Directors have duly submitted their Declarations in terms with Appendix 9 A of the CSE Rules to ensure their independence and to confirm their compliance with Rule 9 of the CSE, subject to comments made under 9.8.3. above.

## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.9	Alternate Directors	There are no alternative directors
9.10	Disclosures relating to Directors	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied The Board Governance Charter specifies a limit of 20 Directorships as the maximum number allowable for any Board member in line with the Finance Business Act Direction No. 5 of 2021.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. A brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied. When a new director is appointed the Corporate Disclosure policy outlines the procedure to be followed.
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied
9.10.4	Details relating to Directors in the Annual Report:	Complied Refer Pages 158 to 163, 388, 176 to 177, 240 to 258
9.11	NOMINATIONS AND GOVERNANCE COMMITTEE	
9.11.1	Listed Entities shall have a Nomination & Governance Committee that conforms to the requirements set out in the Rule 9.11 of these rules	Complied
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors to the Board through the Nominations and Governance Committee	The Board approved Procedure for Selection, Appointment, Nomination, Re-election, Evaluation and Continuation of Directors are in place. The Board Nomination and Governance Committee adheres to this procedure whenever the need arises.
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	The Terms of Reference (TOR) outlines the scope, roles, responsibilities, and other pertinent details of the Committee. The TOR of the Committee is regularly updated to be aligned with the stipulated corporate governance requirements issued by the CBSL and CSE time to time.
9.11.4	Composition	During the financial year ended 31 March 2025, the Committee comprises three Board members with the majority of Independent Non-Executive Directors. The Chairperson of the committee is an Independent Director. Refer Nomination and Governance Committee Report on pages 248 and 249 of the Annual Report.
9.11.5	Functions	Committee report on the pages 175, 179, 232 to 238, 275 to 276.
9.11.6	Disclosures in Annual Report	Committee report on the pages 239 to 258.
9.12	REMUNERATION COMMITTEE	Complied.
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	The company has a Board approved Remuneration policy for Board of Directors which defines the applicable terms.

Rule No.	Applicable Requirement	Extent of Compliance
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	The Company has implemented a Board HR & Remuneration Committee, that is actively in operation.
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own Remuneration.	The Company does not have any Executive Directors on its board.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	The Board Remuneration policy outlines the guiding principles for payments. Directors receive a sitting allowance for their participation in Board and subcommittee meetings, with the fee structure established based on the prevailing market rates.
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Terms of Reference (TOR) outlines the scope, roles, responsibilities, and other pertinent details of the Committee.
9.12.6	<p>Composition</p> <p>(1) The members of the Remuneration Committee shall;</p> <p>(b) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</p> <p>(b) Not comprise of Executive Directors of the Listed Entity.</p> <p>(2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.</p> <p>An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.</p>	<p>During the financial year ended 31 March 2025, the Committee consists of three members, the majority of whom were Independent Non-Executive Directors.</p> <p>Committee composition and details are given in the HR and Remuneration Committee Report on the pages 243 to 245</p> <p>The Board HR and Remuneration Committee comprises of Non-Executive Directors only.</p> <p>Not applicable as the Company maintenance its own independent HR &amp; Remuneration Committee.</p> <p>During the financial year ended 31 March 2025, the Chairperson of the committee was an Independent Director in line with the Rule 9 of the CSE. However, as per the Finance Business Act Direction No. 5 of 2021, the independence status of the</p> <p>Chairman changed. In response the Board took immediate action to address and remediate the situation. Refer Committee Report on pages 248 and 249.</p>
9.12.7	<p>Functions</p> <p>(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.</p> <p>(2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.</p>	<p>In accordance with the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the CEO and senior management are recommended by the HR &amp; Remuneration Committee.</p> <p>The Terms of Reference of the Committee, permits it to engage external consultant and seek expert advice in order to determine or evaluate prevailing market rates applicable to Directors and CEO remuneration levels, as deem necessary.</p>
9.12.8	Disclosure in Annual Report	The Committee Report on the Note 15 and 55 on pages 243 to 245.

## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
<b>9.13 AUDIT COMMITTEE</b>		
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	The Board Audit Committee and the Board Integrated Risk Management Committee are each independently Constituted.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	The Board Audit Committee has appropriately documented Terms of Reference (TOR), which are reviewed annually by the BAC and approved by the Board.
9.13.3.	Composition	The Board Audit Committee consists of three Non-Executive Directors.  Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report.
9.13.4	Functions	This process is outlined in Section 9.1 – Financial Reporting of the Board Audit Committee's Terms of Reference. In line with this section, the Internal Audit function conducts a review of the quarterly and annual financial statements and presents its findings to the Board Audit Committee (BAC). The objective of this review is to ensure the Entity's compliance with applicable financial reporting requirements and disclosure obligations under relevant regulations, including the Companies Act, Securities and Exchange Commission (SEC) guidelines, and other applicable financial reporting standards.  Following the BAC's evaluation and recommendation, the quarterly and annual financial statements are submitted to the Board of Directors for final approval.
	(1) The functions of the Audit Committee shall include the following:	
	(i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	
	(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to:	Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting". However, National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person authorised by the Auditor General.
	(a) changes in or implementation of major accounting policy changes;	Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting". However, National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person authorised by the Auditor General.
	(b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;	
	(c) compliance with accounting standards and other legal requirements;	
	(d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity;	
	(e) any letter of resignation from the external auditors of the Listed Entity; and,	
	(f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	
	(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	



Rule No.	Applicable Requirement	Extent of Compliance
	<p>(iv) Obtain and review assurance received from:</p> <p>(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.</p>	<p>National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person Authorized by the Auditor General. BAC does not possess authority over the appointment or removal of the external Auditor.</p> <p>The Committee assisted the Board of Directors in Discharging its responsibility for the preparation of the \ quarterly and annual Financial Statements to reflect a rue and fair view of the affairs of the Company.</p>
	<p>(v) Review the internal controls in place to prevent the leakage of material information to unauthorised persons.</p> <p>(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</p> <p>(vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.</p> <p>(viii) Review the risk policies adopted by the Entity on an annual basis.</p> <p>(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.</p>	<p>The Internal Audit function is tasked with conducting audits to verify the sufficiency and efficiency of the Entity's risk Management and internal control frameworks, aligning With the endorsed Audit Plan.</p> <p>Significant lapses identified during audits are regularly reported to the Board Audit Committee, which oversees the implementation of recommendations through action points.</p>
	<p>(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.</p>	<p>The Committee met with the external auditors twice During the financial year. Initially, the Committee Convened with the external auditors to discuss the audit plan, scope, And proposed methodology for conducting the annual audit. Subsequently, a Second meeting was held with the external Auditors to review the audit results. The Committee held two confidential meetings with the external auditors without any other directors / senior Management/ employees being present to facilitate open Discussion on material issues, problems, or reservations. This allowed the external auditors to address their concerns And opinions directly with the Audit Committee.</p> <p>The Board Audit Committee (BAC) is tasked with reviewing Internal Audit Programs to assess the scope and effectiveness of Upcoming reviews. The BAC also evaluates internal audit coverage by reviewing the Internal Audit Plan and monitoring the progress of implementation through Audit Plan updates furnished by the Internal Audit department.</p> <p>Furthermore, the BAC ensures oversight of the outcomes of these reviews by consistently reviewing the audit Observations submitted by the internal audit.</p>

## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
	(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.	The Committee undertook a review of the non-audit services offered by the Auditors, aiming to ensure that these services do not fall within the restricted categories and that their provision does not compromise the independence and objectivity of the External Auditors, who are appointed to Assist the Auditor General. Additionally, the Committee reviewed the Policy for Engagement of External Auditors to Provide Non-Audit Services to ensure that it is appropriately updated to reflect recent regulatory and operational changes. Plan updates furnished by the Internal Audit department. Furthermore, the BAC ensures oversight of the outcomes of these reviews by consistently reviewing the audit Observations submitted by the internal audit.
	(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.	In terms of Section 55 of the National Audit Act No. 19 of 2018, the Company falls under the definition of "Auditee Entity" of the Auditor General and shall carry out the audits by the Auditor General. Therefore, the Committee has no role to play in the appointment of external auditors.
	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.	In terms of Section 55 of the National Audit Act No. 19 of 2018, the Company falls under the definition of "Auditee Entity" of the Auditor General and shall carry Out the audits by the Auditor General. Therefore, the Committee has no role to play in the appointment of External auditors.
	(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	Complied
9.13.5	Disclosures in Annual Report	

Rule No.	Applicable Requirement	Extent of Compliance
	(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.	Complied Disclosed in the Audit Committee Report given in pages 240 to 258.
	(2) The Audit Committee Report shall contain the following disclosures:	
	(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);	
	(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).	
	(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.	
	(d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	
	(e) Whether the listed entity has a formal Audit Charter	
	(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;	
	(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;	
	(h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and	
	(i) A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non-audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external Auditor and affiliated parties.	

## CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
<b>9.14</b>	<b>RELATED PARTY TRANSACTIONS REVIEW COMMITTEE</b>	
9.14.1	Listed Entities shall have a related party Transaction Review Committee that conforms to the requirements set out in Rule 9.14 of these Rule	The Company has established a RPTRC in line with the CBSL and CSE requirements
9.14.2	Composition	The Committee comprises of three members with the majority being Independent Non-Executive Directors. The Chairperson is an Independent Director. The Committee composition details are given in the RPTRC Report on pages 246 and 247 of the Annual Report.
9.14.3	Functions	Committee report in the Pages 246 and 247
9.14.4	General Requirements	
	1) The Related party Transaction Review committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors	The Committee met 4 times during the year. Minutes of the Committee meetings are periodically submitted to the Board for review and information.
	2) The members of the Related Party Transaction Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person	In line with the TOR of the Committee, the Committee is permitted to obtain Professional advice as and when it deems necessary at the expense of the Company
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction	The Company policy states that all RPT transactions must obtains prior recommendation from the RPT Committee
	4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not : (a) Be present while the matter is being considered at the meeting ; and, (b) Vote on the matter	Complied
9.14.5	Review of Related Party Transactions by the related Party Transactions Review Committee	These have been identified in the scope of the Committee and is assessed prior to entering into any RPT transaction
9.14.6	Shareholder Approval	No such situation arose during the reporting financial year.
9.14.7	Disclosures	No such disclosures were made during the year
9.14.8	Disclosures in the Annual report	Refer in the Note 55 of Pages 388 to 393
9.14.9	Acquisition and Disposal of Assets from/ to Related Party	Complied.
9.14.10	Excepted Related Party Transactions	Complied

Rule No.	Applicable Requirement	Extent of Compliance
9.16	Additional Disclosures	
	(1) Have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;	Annual Report of the Board of Directors Pages 232 to 238
	(2) Have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Annual Report of the Board of Directors Pages 232 to 238
	(3) Made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Annual Report of the board of Directors on the affairs of the company – refer Pages 232 to 238. Declarations have been obtained by the Board of Directors under Board Code of Conduct and ethics in compliance with laws and regulations
	4) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Directors' Statement on Internal Control over Financial Reporting given in pages 278 and 279.
9.17	Enforcement Procedure for Non-Compliance with Corporate Governance Requirements.	Refer Annual Report of the Board of Directors Pages 232 to 238. Declarations have been obtained by the Board of Directors under Board Code of Conduct and ethics in compliance with laws and regulations. Directors' Statement on Internal Control over Financial. Not applicable, Company has complied with all corporate Governance requirements during the year under review



## CORPORATE GOVERNANCE

### 1.11 Appendix II: Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Requirements of the Code have been discussed in the Corporate Governance Report. We have provided here the relevant references to the report.

Code Ref.	Requirement	Complied	Reference within the Report	Page
<b>A. Directors</b>				
A.1.	An effective Board should direct, lead and control the Company	✓		
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	✓	Meetings and Attendance	240
A.1.2	Roles and Responsibilities of the Board	✓	Governance Framework	173
A.1.3	Act in accordance with laws of the Country Seek Independent professional advice	✓	Corporate Governance	173
A.1.4	Access to advise and services of the Company Secretary	✓	Company Secretary	163
A.1.5	Independent judgment	✓	Board Composition	175
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	✓	Meetings and Attendance	240
A.1.7	Calls for resolutions by at least 1/3rd of Directors	✓	Did not arise during the year	
A.1.8	Board induction and Training	✓	Corporate Governance	173
A.2	Chairman and CEO	✓	Clear Roles and Responsibilities	278
A.3	Chairman's role in preserving good corporate governance	✓	Clear Roles and Responsibilities	278
A.4	Availability of financial acumen	✓	Board Composition/ Board Profile	158
A.5	Board Balance	✓	Board Composition	175
A.5.1	The Board should include sufficient number of NEDs	✓	Board Composition	175
A.5.2	If the Board includes only 3 NEDs, they should be independent	✓	During the financial year ended 31st March 2025.	158
A.5.3	Independence of Directors	✓	Director Independence during the financial year ended 31st March 2025.	292
A.5.4	Annual declaration of independence by Directors	✓	Director Independence	235
A.5.5	Annual determination of independence of NEDs	✓	Director Independence	235
A.5.6	Alternate Directors	N/A		N/A
A.5.7	Senior Independent Directors	N/A	The chairman is an Independent director.	N/A
A.5.8	SID Annual meeting with NEDs	N/A	Not applicable.	N/A
A.5.9	Meeting of Non Executive Directors	✓	Two meetings were held for the financial year ended 31st March 2025.	240-258
A.5.10	Recording of dissent in minutes	✓	Concerns of Directors has been duly recorded in the Board minutes	173
A.6	Supply of Information	✓	Supply of Information	173
A.7	Appointments to the Board	✓	Board Refreshment	177

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	✓	Nomination Committee Report	248-249
A.7.2	Annual assessment of Board composition	✓	Board Refreshment/ Board Appraisal	232-238
A.7.3	Succession plan for CEO/KMPs	✓	The Company is in the Process of formulating a succession plan for the CEO. Succession plan is in place for KMP's	243-245
A.7.4	Disclosures on appointment of new directors	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
A.7.5	Composition of Nomination Committee	✓	Refer Nomination & Governance Committee Report	248-249
A.8	Directors to submit themselves for re-election/ re-appointment	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
A.9	Appraisal of Board and sub-Committee Performances	✓	Board and Sub-committee Appraisal	232-238
A.10	Annual Report to disclose specified information regarding Directors	✓	Board Profiles	158-165
			Meetings and Attendance	240-258
			Directorships in Other Companies	176-177
			Membership in Sub-committees	240-258
A.11	Appraisal of the CEO	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
<b>B. Directors Remuneration</b>				
B.1	Establish process for developing policy on executive and director remuneration.	✓	Remuneration Policy There were no Executive Directors on the Board of the Company during the year 2024/25 and therefore, the necessity to apply this rule did not arise.	243-245
B.2	Level and Make Up of Remuneration	✓	Responsible and Fair Remuneration	311-388
B.3	Disclosures related to remuneration in Annual Report.	✓		
	Remuneration Policy statement	✓	HR and Remuneration Committee	243-245
	Aggregate Board remuneration paid	✓	Responsible and Fair Remuneration	243-245
<b>C. Relations with Shareholders</b>				
C.1.	Constructive use of the AGM and Other General Meetings	✓	Constructive use of the Annual General Meeting (AGM)	232-238
C.2.	Communication with shareholders	✓	Board of Directors Communication Policy report	239
C.3	Disclosure of major and material transactions	✓	During the year, there were no major or material transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of Company.	388
<b>D. Accountability and Audit</b>				
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	✓	Independent Auditors Report	281-284

## CORPORATE GOVERNANCE

Code Ref.	Requirement	Complied	Reference within the Report	Page
D1.1	Balanced Annual Report	✓	Independent Auditors Report	281-284
D.1.2	Balanced and understandable communication	✓	Relations with Shareholders	90-103
D.1.3	CEO/CFO declaration	✓	Chief Executive Officer's and Actg. Chief Financial Officer's Responsibility Statement	280
D.1.4	Directors Report declarations	✓	Annual Report of the Board of Directors on the Affairs of the Group	232-238
D.1.5	Financial reporting -statement on board responsibilities,	✓	Directors' Responsibility for Financial Reporting	275
	Statement on internal control	✓	Directors' Statement on Internal Control	278
D.1.6	Management Discussion and Analysis	✓	Capital reports	76-156
D.1.7	Net Assets < 50%	✓	In the unlikely event of the net assets of the Group falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	384
D.1.8	Related Party Transactions	✓	Directors' Interest in Contracts with the Group	388
D.2.	Risk Management and Internal control Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	✓	Risk Management and Internal control	260
			Report of the Audit Committee	240-242
			Directors' Statement of Internal Control	278
			Risk Review	260
D.3.	Audit Committee	✓	Audit Committee Report	240-242
D.4	Risk Management Committee	✓	Board Risk Management Committee Report	250-253
D.5	Related Party Transactions Review Committee	✓	Related Party Transactions Review Committee report	246-247
D.6	Code of Business Conduct and Ethics	✓	Code of Conduct and Ethics	232-238
D.7	Corporate Governance Disclosures	✓	Corporate Governance Report	173-230
E/F.	Institutional and other investors			
	Institutional and other investors,	✓	Relations with Shareholders	90-103
G.	Internet of Things and Cyber security	✓	Information Technology and Cyber Security	256-272
H.	Principles of Sustainability Reporting	✓	Delivering stakeholder value	90-156
I.	Maintenance of Policies	✓	Corporate Governance Report	173-230

The Finance Business Act directions No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for licensed Finance Companies.

Section	Corporate Governance Principle	Status of Compliance
<b>1.</b>	<b>Board's overall Responsibilities</b>	
	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	The Board takes an active role in defining the Company's strategic objectives, ensuring alignment with its Mission and Vision. These objectives are articulated in the corporate Vision and Mission statements, while the Code of Business Conduct and Ethics communicates the embedded corporate values to employees at every level. In terms of the Code of Business Conduct, values such as transparency, quality and integrity have been absorbed by the Company in its operational and administrative environment and preserves such integrity in accordance with policies approved by the Board. Although the Board has entrusted the execution of established goals and objectives to the Company's Management, it maintains vigilant oversight and continual evaluation of the Company's performance in comparison to set targets. This proactive approach enables the Board to promptly identify and address any setbacks.
<b>1.2</b>	<b>Business Strategy and Governance Framework</b>	
<b>1.2.a</b>	Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	Complied. The Board endorsed the five-year business strategy (5 year strategic Plan 2025-30) was approved at the Board meeting held on 27th March 2025. It consistently conducts reviews of both the strategy itself and its execution. Additionally, the Board approves and conducts monthly monitoring of the performance against the Annual budget, which is derived from the aforementioned business strategy.
<b>1.2.b</b>	Approving and implementing the Company's governance framework in light of the Company's size, complexity, business strategy, and regulatory requirements.	Complied. The company's governance framework is based on regulatory, statutory and structural directions. The company has created a framework that incorporates the regulations and directions imposed based on Finance Business Act No. 42 of 2011, CSE, Companies Act and Leasing Act No. 56 of 2000.
<b>1.2.c</b>	Assessing the effectiveness of its governance framework periodically.	Complied. The Policies, proceedings, TOR's of the subcommittees and the management committees are reviewed annually or as and when necessary by the respective Subcommittee or the Management committee and any proposed changes presented for final approval of the board.
<b>1.2.d</b>	Appointing the Chairman and the Chief Executive Officer and define the roles and responsibilities.	The Board has appointed both the Chairman and the Chief Executive Officer separately ensuring the balance of power and authority. Their roles and the responsibilities are clearly defined in the Corporate Governance Charter of the Company.
<b>1.3</b>	<b>Corporate Culture and Values</b>	
<b>1.3.a</b>	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent, and professional behaviour.	Complied. The Code of Conduct has been approved by the Board of Directors and is available to all employees, including the Board of Directors.

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
1.3.b	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	Complied. The Code of Conduct has been approved by the Board of Directors and is available to all employees, including the Board of Directors. This Code focuses on several key areas, including fair treatment, asset safeguarding and appropriate utilization, accurate record-keeping and reporting, addressing concerns about accounting and financial reporting, reporting instances of illegal or unethical behaviour, preventing discrimination and harassment, ensuring health and safety, and enforcing disciplinary measures, among others. Directors are obligated to endorse a Declaration of Consent, affirming their commitment to operating within the realms of Good Governance and adhering to socially and environmentally responsible business ethics.
1.3.c	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Sustainable development goals are included in the board approval strategic plan 2021- 2026. The Company has found new sustainable finance unit.
1.3.d	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers, and other creditors, in the view of projecting a balanced view of the Company's performance, position and prospects within the public and regulators.	The Board of Directors is dedicated to maintaining effective communication channels with shareholders and other stakeholders, and it values the inputs and insights of all such parties, including lenders, creditors, shareholders, borrowers, and other interested parties.  The corporate Communication policy has been recently revised and improved in accordance with Rule 9 on corporate governance issued by the Colombo Stock Exchange.
1.4	<b>Risk Appetite, Risk Management, and Internal Controls</b>	
1.4.a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	The Board approved Risk Appetite Statement (RAS) is in place which is in line with Company's business strategy and governance framework.
1.4.b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Risk indicators and monitoring pertaining to Credit Risk, Market Risk, Operational Risks, and other residual risks are discussed and appropriate mitigating actions are recommended at the BIRMC meeting.
1.4.c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness.  The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board on its findings regularly.  The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.
1.4.d	Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Board approved comprehensive Business Continuity and Disaster Recovery Plan (BCP) is in place. BCP is being reviewed by the BIRMC and the current status is updated at meetings.
1.5	<b>Board Commitment and Competency</b>	
1.5.a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	Complied. The Board of Directors' positions on issues are determined, and a record of such deliberations is kept in the minutes. Furthermore, the Board has complete control over the Company's affairs and is aware of its obligations to all shareholders and other stakeholders.

Section	Corporate Governance Principle	Status of Compliance
1.5.b	All members of the Board shall possess the necessary Qualifications, adequate skills, knowledge, and experience.	Complied. The Board comprises solely of Non-Executive Directors who possess both academic and professional qualifications in diverse fields. Their mix of skills and business experience is a major contribution to the proper functioning of the Board and its committees. Four Directors are determined as independent in terms of the Direction.
1.5.c	The Board shall regularly review and agree on the training and development needs of all the members.	Complied. Market experts and professional services are occasionally enlisted to share new information. The Company Secretary communicates any relevant training programs to the Board for participation. Directors are encouraged to actively engage in programs, sessions, and seminars specifically designed to enhance their subject knowledge. This opportunity allows them to deepen their understanding and proficiency in their roles.
1.5.d	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole and that of its committees and maintain records of such assessments.	Complied. The Board has adopted a scheme of self-assessment to be undertaken by each Director annually, the procedure of which is set out in the Corporate Governance Charter of the Company. In accordance therewith, the Board carried out a comprehensive evaluation of its performance and its committees for the financial year ended 31, March 2025. Each member of the Board carried out a self- assessment of his effectiveness as well as the Board Committees. The full results of the Board evaluations were analysed by the Company Secretary and the findings were presented to the Board in May 2025.
1.5.e	The Board shall resolve to obtain external, independent, professional advice to the Board to discharge duties to the FC.	Complied. The Corporate Governance Charter provides for the Directors to seek the advice of the Company Secretary and other professional Independent advice on matters related to the exercise of their duties and responsibilities, at the expense of the Company. The Board collectively has sought the advice of external professionals to assist in carrying out their responsibilities during the financial year 2024/25.
<b>1.6</b>	<b>Oversight of Senior management</b>	
1.6.a	Identifying and designating senior management, who is in a position to significantly influence policy, direct activities, and exercise control over business operations and risk management.	In line with the Central Bank of Sri Lanka (CBSL) direction on Corporate Governance, the Board of Directors and all Heads of Departments have been identified as Key Responsible Persons (KRPs).
1.6.b	Defining the areas of authority and key responsibilities for the senior management.	Complied. The Board approved key functions/ responsibilities of the KRPs and Senior Management have been defined and approved by the Board and included in their respective job descriptions and KPIs. The respective delegated authority limits of the Chief Executive Officer/ Acting Chief Executive and the Corporate Management have also been defined by the Board.



## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
1.6.c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	The job description (JD) approved by the Board of Directors includes the key responsibilities, skills, qualifications, and competencies required of the specific position. During the recruitment process, the Company's expected set of skills and competencies is determined. A candidate is evaluated and verified during the interview process in accordance with the recruitment policy. Their experience and qualifications are validated through an affidavit and Declaration submitted to the CBSL. During the on boarding process, physical documents/confirmations are also verified and obtained from candidates. KRPs and Senior management will go through the Nomination and Governance Committee approval for fit & proper assessment in line with Finance Business Act Direction No. 6 of 2021 issued by the CBSL.
1.6.d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	To safeguard better governance practices, the affairs of the Company are reviewed and monitored by the respective Management Committees, Board subcommittees and the Board of Directors. To ensure better management, development, and effective performance of the Company, KRPs make regular presentations to the Board on matters under their purview.
1.6.e	Ensuring the FC has an appropriate succession plan for senior management.	The Board approved succession plan is in place for all the KRPs. Further identification of a talent pool based on the existing succession Plan and the Company's future needs is in place. Identified 2nd and 3rd Tiers which are redesigned into the succession Plan on a need basis. The company is revisiting its existing talent pool strategy and has identified the next layers of management. It has initiated a program to groom these future leaders through targeted training and coaching.
1.6.f	Meeting regularly with the senior management to review policies, establish lines of communication and monitor Progress towards strategic objectives.	The Board maintains a sound relationship with the Corporate Management Team/Senior management led by the CEO, who in turn assists the Board to formulate policies, strategies, processes and practice in achieving cooperative objectives. The management is open and transparent with the board bringing all significant matters to its attention. Further, where relevant KRP's are invited to participate in board and board subcommittee meetings to review policies, establish lines of communication and monitor progress towards objectives. Furthermore, chairman/ Board members meet the KRP's at senior management meetings or strategy meetings.
1.7	<b>Adherence to the Existing Legal Framework</b>	
1.7.a	Ensuring that the FC does not act in a manner that is detrimental or prejudicial to the interests of, and obligations to, depositors, shareholders and other stakeholders.	<p>The FC operates within an approved legal framework encompassing both internal and regulatory directions. This ensures that the FC Framework is directed in carrying out its operations in the best interest of the Shareholders, depositors and other stakeholders.</p> <p>The FC operates within an approved legal framework encompassing both internal and regulatory directions. This ensures that the FC Framework is directed it's carrying out its operations in the best interest of the shareholders, depositors and other stake holders</p>

Section	Corporate Governance Principle	Status of Compliance
1.7.b	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and Ethical standards.	<p>The Board is well versed with the Group's values, business, operations, Financial affairs, governance framework and strategic position of the ethical standards of the Company. Regular updates on changes to relevant legislations, regulations and corporate governance as well as sector developments that could affect the Group and its operations covering a wide spectrum of topics including economic, social and environmental aspects are provided to the Board Committees at each meeting and as appropriate, to the full Board.</p> <p>A Summary of the contents of the regulatory requirements and relevant ratios are submitted to the Board on a regular basis for their awareness of the Company's standing with regard to adherence to the regulatory environment.</p>
1.7.c	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	The Company has obtained a Directors and Officers' Liability insurance cover from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future liability towards the Directors and Officers of the Company.
<b>2 GOVERNANCE FRAMEWORK</b>		
2.1	<p>Board shall develop and implement a governance framework in line with these directions and including but not limited to The following.</p> <p>A) role and responsibilities of the Board</p> <p>B) Matters assigned for the Board.</p> <p>C) Delegation of authority.</p> <p>D) Composition of the Board.</p> <p>E) The Board's Independence</p> <p>F) The nomination, election and appointment of directors and appointment of senior management.</p> <p>G) the management of conflicts of interests</p> <p>H) Access to information and obtaining independent advice.</p> <p>I) capacity building of Board members,</p> <p>J) The Board's performance evaluation.</p> <p>K) Role and responsibilities of the chairperson and the CEO.</p> <p>L) Role of the Company secretary,</p> <p>M) Board subcommittees and their role; and</p> <p>N) Limits on related party transactions.</p>	<p>A Board approved Governance Framework is in place.</p> <p>This is further elaborated and highlighted in the Corporate Governance Report (refer pages 173 to 230)</p>
<b>3 Compositions of the Board</b>		
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the company	All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields. The Board Nomination & Governance Committee recommends appointments to the Board based on need, expertise on subject matter, Skills and experience. The Committee ensures balance in composition in line with the entity's risk profile and size profile of each directors appear on pages 158 to 165
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	<p>Complied</p> <p>As at 31st March 2025, the Board comprised of 10 directors which is within the statutory requirement.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
3.3	The total period of service of a director other than a director who holds the position of Chief Executive Officer/Executive Director shall not exceed nine years, subject to direction 3.4.	Complied.
3.4	Non-Executive directors, who directly or indirectly hold more than 10% of the voting rights or who are appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to Provisions contained in direction 4.2 and 4.3. Provided, however, the number of non-executive directors eligible to exceed 9 years is limited to one forth (¼) of the total numbers of the directors of the board	Complied None of the non-executive directors of the company have exceeded 9 years of service as at 31st March 2025.
3.5	<b>Executive Directors</b>	
3.5.a	Only an employee of a Company shall be nominated, elected, and appointed, as an Executive Director of the Company, provided that the number of Executive Directors shall not exceed one-third (1/3) of the total number of directors of The Board	The Company does not have any Executive Directors.
3.5.b	A shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an Executive Director or as Senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may be reappointed as a non-executive director subject to provisions contained in directions 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may be reappointed as Non-executive directors subject to provisions contained in directions 4.2 and 4.3.	No such circumstance transpired.
3.5.c	In the event of the presence of the Executive Directors, CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	No such circumstance transpired.
3.5.d	All Executive Directors shall have a functional reporting line in the organization structure of the Company.	No such circumstance transpired.
3.5.e	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	No such circumstance transpired.
3.5.f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	No such circumstance transpired.
3.6	<b>Non-Executive Directors</b>	
3.6.a	Non-Executive directors (NED) shall possess credible track records and have the necessary skills, competency, and experience to bring independent judgment on the issues of strategy, performance, resources, and standards of business conduct.	Complied. Non-Executive Directors of the Company possess vast experience and skills in the relevant fields.

Section	Corporate Governance Principle	Status of Compliance
3.6.b	A Non-Executive Director cannot be appointed or function as the CEO/Executive Director of the Company.	Complied. No Non-Executive Director has been appointed or functioned as MD/ CEO or Executive Director of the Company.
<b>3.7</b>	<b>Independent Directors</b>	
3.7.a	The number of Independent Directors of the Board shall be at least three or one-third of the total number of directors, whichever is higher.	The Board comprised of four Independent Non- Executive Directors as at 31st March 2025. Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report. The composition of the Board of Directors is published on page 248 to 249 of the Annual Report.
3.7.b	Independent Directors appointed shall be of the highest calibre, with professional qualifications, proven track records, and sufficient experience.	All Independent Non-Executive Directors of the Company are of the highest calibre with professional qualifications, proven track records, and sufficient experience in the given fields. A brief profile of their expertise and experience is given on pages 158 to 162.
<b>3.7</b>	<b>A Non-Executive Director shall not be considered independent if such:</b>	
3.7.c.i	Director has a direct or indirect shareholding exceeding 5% of the voting rights of the Company or exceeding 10% of the voting rights of any other Company.	Complied.
3.7.c.ii	Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	Complied.
3.7.c.iii	Director has been employed by the Company or its affiliates or is or has been a director of any of its affiliates during The one year, immediately preceding the appointment as director.	Complied.
3.7.c.iv	Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the Company or its affiliates during the one year preceding the appointment as director.	Complied.
3.7.c.v	Director has a relative, who is a director or senior management of the Company or has been a director or senior management of the Company during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the Company or exceeding 20% of the voting rights of another Company.	Complied.
3.7.c.vi	Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC;	Complied.
3.7.c.vii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the stated capital in a Company or business organization, in which any of the other directors of the FC is employed or a director;	Complied
3.7.c.viii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the voting rights in a Company, which has a transaction with the Company as defined in direction 12.1(c), or in which any of the other directors of the Company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	Complied.

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
3.7.d	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed in direction 3.7, which might impact a director's independence or the perception of the independence.	Complied.
3.7.e	An Independent Director shall immediately disclose to the Board any change in circumstances that may affect the status as an Independent Director. In such a case, the Board shall review such director's designation as an Independent Director and notify the Director/DSNBFI in writing of its decision to affirm or change the designation.	Complied. Declarations have been obtained from the Directors regarding the status of their independence / non-independence against the specified criteria, and copies of the same are under the custody of the Company Secretary for review.
3.8	Alternate Directors	There were no Alternate Director appointments.
3.9	Cooling off Periods	No such situation occurred during the report period
3.10	Common Directorships	Complied.
3.10	Director or senior management of a Company shall not be nominated, elected, or appointed as a director of another Company except where such Company is a parent Company, subsidiary Company, or an associate Company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	Complied.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Finance Company shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/ bodies, including subsidiaries and associates of the FC.	As per declarations given by the directors for the year 2024/25, none of the directors holds office as a director of more than 20 Companies.
<b>4 ASSESSMENT OF FIT AND PROPER CRITERIA</b>		
4.1	No person shall be nominated, elected, or appointed as a director of the Company or continue as a director of such Company unless that person is a fit and proper person to hold office as a director of such Company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	Complied. The Board Corporate Governance Charter and the policy for Selection, Appointment, Nomination, re-election and continuation of the Board of Directors outline the procedure for selection and appointment of Board Directors of the Company upon the nominees being found to be 'fit and proper' for appointment as Directors of the Company, approval of the Director of Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka is obtained for the same. There were six (8) new appointments made during the year.
4.2	A person over the age of 70 years shall not serve as a director of an FC.	None of the Directors of the Company are above the age of 70 years.
4.3	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to a maximum of 75 years of age subject to the following;	No such situation occurred during the year 2024/25
4.3.a	Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Not Applicable
4.3.b	Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).	Not Applicable

Section	Corporate Governance Principle	Status of Compliance
4.3.c	The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.	
4.3.d	The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	
<b>5</b>	<b>APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT</b>	
5.1	The appointments, resignations, or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction	Complied. The Company conforms to the provisions of Finance Business in direction No. 5 of 2021 on Assessment of Fitness and Propriety Responsible Persons for appointments, resignations, or removals.
<b>6</b>	<b>THE CHAIR AND THE CHIEF EXECUTIVE OFFICER</b>	<b>Complied.</b>
6.1	There shall be a clear division of responsibilities between the Chairperson and CEO and the responsibilities of each person shall be set out in writing.	Complied. The roles of the Chairman and the CEO are separated and not performed by the same individual.
6.2	The Chairperson shall be an Independent Director, subject to 6.3 below.	Complied.
6.3	In the case where the Chairperson is not independent, the Board shall appoint one of the Independent Directors as a Senior Director, with suitably documented Terms of Reference to ensure a greater independent element. The Senior Director will Serve as the intermediary for other directors and shareholders. Non-Executive Directors including Senior Directors shall assess the Chairperson's Performance at least annually.	The Board has appointed Mr. Y. Kanagasabai as the Senior Independent Director up to 31.12.2024. However, effective from 31.12.2024, an Independent Non Executive Director was appointed as the Chairman.
6.4	Responsibilities of the Chairperson	
6.4.a	Provide leadership to the Board	Complied. The Corporate Governance Charter of the Company sets out the responsibilities of the Chairman which includes leading the Board and ensuring its effective functioning
6.4.b	Maintain and ensure a balance of power between the Executive and Non-Executive Directors;	
6.4.c	Ensure the Board works effectively and discharges its responsibilities	Complied
6.4.d	Ensure the Board works effectively and discharges its responsibilities	Complied
6.4.e	Ensure all key issues are discussed by the Board in a timely manner	Complied.
6.4.f	Implement decisions/directions of the regulator.	Complied.
6.4.g	Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company Secretary.	Complied. Company Secretary prepares the agenda in consultation with the Chairman, as this function has been delegated to the Company Secretary by the Chairman.
6.4.h	Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities.	Complied.
6.4.i	Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	The Board approved communication policy is in place for communication with all stakeholders including depositors, creditors, shareholders, and borrowers.
6.4.j	Annual assessment of the performance and the contribution during the past 12 months of the Board and the CEO.	Chairman evaluates the performance of its board members and CEO.



## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
6.5	Responsibilities of the CEO/GM The CEO shall function as the apex executive in charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall include	Complied
6.5.a	Implementing business and risk strategies in order to achieve the FCs strategic objectives;	The CEO, the apex Executive of the Company, is delegated by the Board with the authority of detailed planning and implementation of the strategic objectives and policies of the Company and day-to-day operations of the Company in accordance with appropriate risk parameters. The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company.
6.5.b	Establishing a management structure that promotes accountability, and transparency throughout the FC's operations, and preserves the effectiveness and independence of control functions;	
6.5.c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behaviour.	
6.5.d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	Complied
6.5.e	Strengthening the regulatory and supervisory compliance framework.	Complied
6.5.f	Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.	Complied
6.5.g	CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another Company, subject to Direction 3.10.	Complied
7	MEETINGS OF THE BOARD	
7.1	The Board shall meet at least twelve times a financial year at Approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Complied. Board meetings are usually held at monthly intervals unless the business exigencies demand the convening of meetings at shorter intervals. The Board met 12 times during the financial year ended 2024/25 and obtaining the board's consent via circulation was kept to a minimum.
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the board are to be represented in the agenda for scheduled Board Meetings.	Complied All Directors are provided an equal opportunity to include proposals for promotion of business and management of risk in the agenda for regular board meetings.
7.3	A notice of at least 3 days shall be given for a scheduled Board Meeting. For all other Board meetings, reasonable notice shall be given.	Complied
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views And suggestions.	Complied. The views of the Board of Directors on issues under consideration are ascertained and a record of such deliberations are reflected in the minutes.

Section	Corporate Governance Principle	Status of Compliance
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present unless at least one-fourth of the number of directors that constitute the quorum at such meeting are independent directors.	Complied. Board meetings are usually held at monthly intervals unless the business exigencies demand the convening of meetings at shorter intervals. The Board met 12 times during the financial year ended 2024/25. and obtaining the board's consent via circulation was kept to a minimum.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary, and at least twice a year.	Complied. The Company does not have Executive Directors.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which he/she or any of his relatives or a concern, in which he has a substantial interest, is interested, and he/she shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied. Directors' interests (if any) are disclosed to the Board and any Director who has a particular interest in matters set before the Board abstains from participating and voting. Further, there is a Board approved policy on Conflict of Interest in place for directors.
7.8	A director, who has not attended at least two-thirds of the meetings in the period of 12 months, immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance.	No such incident occurred during the reporting year.
7.9	Scheduled Board Meetings and Ad Hoc Board Meetings For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where the director cannot attend on short notice, participation through electronic means is acceptable.	Complied. Please refer 'Directors' Attendance and table given on page 240 to 258 of the Annual Report. Further, participation in person or through electronic media is clearly recorded in the minutes.
<b>8 COMPANY SECRETARY</b>		
8.1.a	The Board shall appoint a Company Secretary considered to be senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings and to carry out other functions specified in the statutes and other regulations.	Complied. The Company Secretary advises the Board and ensures that matters concerning the Companies Act, Finance Business Act No.42 of 2011 and Listing Rules issued by the CSE regarding the board procedures are followed.
8.1.b	The Board shall appoint its Company Secretary, subject to the transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a Company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the Company Secretary, such person shall become an employee of the Company and shall not become an employee of any other institution.	Company complied with the requirements.
8.2	All directors shall have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures laws, directions, rules, and regulations are followed.	As provided by the Corporate Governance Charter of the Company, all Directors have access to the Company Secretary.
8.3	The Company Secretary shall be responsible for preparing the agenda in the event the Chairperson has delegated carrying out such function.	Company Secretary is responsible for the preparation of the agenda, in consultation with the Chairman.
8.4	The Company Secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	The Company Secretary maintains the minutes of Board meetings with sufficient details and the same is available for inspection by any Director in accordance with the procedure laid down in the Corporate Governance Charter of the Company. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 10 years.

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
8.5	The Company Secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied.
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: <ul style="list-style-type: none"> <li>(a) A summary of data and information used by the Board in its deliberations.</li> <li>(b) the matters considered by the Board;</li> <li>(c) Fact-finding discussions and the issues of contention or dissent including contribution of each individual director.</li> <li>(d) The explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions.</li> <li>(e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted;</li> <li>(f) The decisions and Board resolutions.</li> </ul>	The Company Secretary records the proceedings of the meetings and the decisions taken there in sufficient detail so as to satisfy all the requirements specified in this rule.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Minutes are available for the inspection of the Directors. A Board approved procedure is laid down in the Corporate Governance Charter for inspection of the minutes.
<b>9 DELEGATION OF FUNCTIONS BY THE BOARD</b>		
9.1	The Board shall approve a DA and give clear directions to the senior management, as to the matters that shall be Approved by the Board before decisions are made by senior management, on behalf of the FC.	In terms of Article 29 (2) of the Articles of Association of the Company, the Board is empowered to delegate to a committee of Directors or to any person it deems fit, any of the powers vested in the Board which are permissible for delegation in terms of the applicable law.  Accordingly, the Board has delegated authority to the Board Subcommittees and the Management Committees with clearly defined mandates and authorities, while preserving its accountability.  The DA limits are disseminated among the hierarchy levels in Management. The Policies & Procedures applicable to DA limits are available in the Corporate Intranet.
9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such	Five Regulatory mandated Board sub-committees are in operation. In addition, two voluntary Board subcommittees are in place for better governance and practices.  Please refer pages 240 to 258
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied  Senior management level sub-committees were formed, and their recommendations were sent to the board sub-committees.
9.4	The Board shall not delegate any matters to a Board Sub-committee, Executive Directors, or Senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied. The Board's capacity to perform its duties has not been impacted by its delegation of authority.
9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Company.	The delegation of authority framework is reviewed periodically by the Board to ensure that the limits remain appropriate, considering the size of the entity and its specific operational context.

Section	Corporate Governance Principle	Status of Compliance
10	<b>BOARD SUB-COMMITTEES</b>	
10.1	<p>Board Sub-Committees</p> <p>FCs with asset base of more than Rs. 20 bn Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee</p>	<p>In line with the requirements of the Corporate Governance Direction of CBSL and the amended corporate governance requirement of CSE the Board subcommittee policy is in place to establishing Board Committees, its functions and reporting.</p> <p>The Company has five mandatory Board appointed Committees directly reporting to the Board</p> <p>Board Audit Committee (BAC),</p> <ul style="list-style-type: none"> <li>⊙ Board Integrated Risk Management Committee (BIRMC),</li> <li>⊙ HR &amp; Remuneration Committee (BHRRC)</li> <li>⊙ Related Party Transactions Review Committee (RPTRC).</li> <li>⊙ Nomination and Governance Committee</li> </ul> <p>These mandatory sub-committees are set up in compliance with the applicable rules and regulations. Further the Company has formed the following Board Subcommittees on a voluntary basis for better operational/ monitoring efficiency</p> <ul style="list-style-type: none"> <li>⊙ Board Investment Committee</li> <li>⊙ Board Credit Committee</li> </ul> <p>Each committee has a secretary that arranges its meetings, maintains minutes, records and carries out other secretarial functions under the supervision of the Chairmen of the respective committees.</p>
10.1.a	Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	There were 07 BAC meetings and 06 BIRMC meetings held during the year 2024/25, which comply with the requirements. Please refer 'Directors' Attendance and Committee Memberships' table given on page 240 of the Annual Report
10.1.b	Each Board sub-committee shall have a written term of reference specifying clearly its authority and duties.	Written Term of References clearly specifying the authority and duties are in place for each Sub-Committee.
10.1.c	The Board shall present a report on the performance of duties and functions of each Board Sub- Committee, at the Annual General Meeting of the Company.	Performance, duties, and functions of all subcommittees are disclosed on pages 240 to 258 of the Annual Report.
10.1.d	Each sub-committee shall appoint a Secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records, and carry out such other such secretarial functions under the supervision of the Chairperson of the committee.	<p>The Company Secretary is the Secretary to the Board Nomination and Governance Committee, Board Human Resources and Remuneration Committee, and Board Related Party Transaction Review Committee. Further, Head of Internal Audit and Head of Risk are the secretaries to the Board Audit Committee and Board Integrated Risk Management Committee respectively.</p> <p>Further Company Secretary act as the Secretary to Board Credit Committee and the Board Investment Committee</p> <p>Subcommittees are disclosed on page no 240 of the Annual Report.</p>
10.1.e	Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge, and experience relevant to the responsibilities of the committees.	<p>Complied</p> <p>Members of all Board subcommittees consist of Board members and the performance, duties, and functions of all subcommittees are disclosed on pages 240 to 258 of the Annual Report.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.1.f	The Board may consider the occasional rotation of members and of the Chairperson of Board sub-committees to Avoid undue concentration of power and promote new perspectives.	The Subcommittees are regularly reconstituted and the membership is rotated in order to avoid undue concentration of authority on any Board Member and also to bring in new perspective and practices to the committee matters. The Board sub-committees were reconstituted on 11.02.2025 and for better governance Board Credit Committee and Board Investment Committee were implemented with effective 01.04.2025.
10.2	Board Audit Committee (BAC) The following shall apply in relation to the Board Audit Committee.	
10.2.a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Mr. Pravir D. Samarasinghe is the Director/Chief Executive Officer of Overseas Realty (Ceylon) PLC, with 35 years of professional and commercial experience, including 21 years in senior leadership roles. He also serves on the Boards of Directors of several publicly listed and unlisted companies. Mr. Samarasinghe has previously served as a Board Member of the Ceylon Chamber of Commerce and the Sri Lanka Accounting and Auditing Standards Monitoring Board. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (UK), and holds a Master's Degree in Business Administration.
10.2.b	The Board members appointed to the BAC shall be Non-Executive Directors and the majority shall be Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.	Up to February 2025, all three members of the Board Audit Committee were Independent Non-Executive Directors. Following the reconstitution of the Committee in February 2025, the composition was revised to include two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The independent status of the chairman was changed in accordance with the Direction No. 5 of 2021
10.2.c	The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA)	Head of Internal Audit functions as the Secretary of the Board Audit Committee.
10.2.d	External Audit Function	
	i. The BAC shall make recommendations on matters connection with the appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes, the service period, the audit fee, and any resignation or dismissal of the auditor.	The Auditor General has informed the Company that, according to the National Audit Act No. 19 of 2018, the Auditor General shall carry out the audit by himself or any person authorised by the Auditor General. Further, the Company has been informed that, Messrs. Ernst & Young, Chartered Accountants has been appointed by the Auditor General to assist to perform the audit of the Company and the audit fee for the year ended 31 March 2025 has been determined. Therefore, the Committee has no role in the External Auditor's engagement. The Board Audit Committee discusses the application of relevant accounting principles and standards at its meetings.
	ii. Engagement of an audit partner shall not exceed five years, and the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.

Section	Corporate Governance Principle	Status of Compliance
	iii. The audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.
	iv. The Committee shall review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.
	v. Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of The Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the External auditor's independence or objectivity.	This is not applicable since the Company's Auditor is the Auditor General. However, the committee has formulated a policy to ensure that non-audit services provided by an audit firm (Appointed by the Auditor General to assist him in the audit of the Company) do not impair that firm's independence or objectivity.
	vi. The BAC shall, before the Audit commences, discuss and finalize with the External Auditors the nature and scope of the audit, including <ul style="list-style-type: none"> <li>(a) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting;</li> <li>(b) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and</li> <li>(c) the co-ordination between auditors where more than one auditor is involved.</li> </ul>	<p>The scope and the extent of audit is determined by the Auditor General.</p> <p>However, the Committee met with the External Auditors for this purpose.</p>
	vii. The BAC shall review the financial information of the Company's, in order to monitor the integrity of the Financial Statements of the Company in its Annual Report, Accounts and Periodical Reports prepared for disclosure, and the significant financial reporting judgments contained therein.  In reviewing the Company's Annual Report and Accounts and Periodical Reports before submission to the Board, the committee shall focus particularly on: <ul style="list-style-type: none"> <li>(a) major judgmental areas;</li> <li>(b) any changes in accounting policies and practices;</li> <li>(c) significant adjustments arising from the audit;</li> <li>(d) the going concern assumption; and</li> <li>(e) the compliance with relevant accounting standards</li> </ul> And other legal requirements.	<p>The Board Audit Committee reviews the Company's financial information to monitor the integrity of its Financial Statements and other financial disclosures.</p> <p>The Committee has reviewed the Company's Annual and Quarterly Financial Statements prepared for disclosure, before submission thereof to the Board for approval.</p>
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	Audit Committee met with the External Auditors and provided them opportunity to discuss material issues, problems or reservations arising from audits without the presence of any other directors/senior management/employees.
	ix. The BAC shall review the External Auditor's Management Letter and the Management's response thereto within 3 months of submission of such, and report to the Board.	During the year, the Board Audit Committee reviewed the External Auditor's Management Letter and the Management's responses thereto.



## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls	<p>The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness.</p> <p>The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board.</p> <p>The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.</p>
10.2.f	The BAC shall ensure that the Senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to the Internal Audit function of the Company.	BAC monitors this through regular reporting from the Internal Audit Department.
10.2.g	Internal Audit function	
	i. The Committee shall establish an Independent Internal Audit function, either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes	The Entity maintains an in-house Internal Audit Department ere is an in house Internal Audit Department.
	ii. The Internal Audit Function shall have a clear mandate, be accountable to the BAC, and be independent of The audited activities. It shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively.	<p>A board-approved Internal Audit Charter clearly defines the purpose, authority, and responsibility of the Internal Audit Department. This mandate also establishes the department's independence, ensuring its objectivity in performing audits.</p> <p>The Board Audit Committee has reviewed and approved the Annual Internal Audit Plan. Internal Audit Reports, along with management's comments, are discussed in detail during meetings, and appropriate actions are taken to address any identified issues and ensure corrective measures are implemented.</p>
	iii. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	
	(i) Review the adequacy of the scope, functions and skills and resource s of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	The Board Audit Committee has discussed the adequacy of the Internal Audit Department's scope, functions, and resources.
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit;	The Board Audit Committee has reviewed and approved the Annual Internal Audit Program. The Internal Audit Reports, with the management comments, have been discussed at length, and action has been taken to rectify them.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department;	The Board Audit Committee (BAC) has conducted the performance appraisal of the Head of Internal Audit for FY 2024/25. This evaluation assesses the Head of Internal Audit's effectiveness in achieving the objectives outlined in the Internal Audit Charter, the successful execution of the Annual Internal Audit Plan, and the overall contribution to the Entity's governance and risk management framework.

Section	Corporate Governance Principle	Status of Compliance
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care;	According to the Organization Chart of People's Leasing & Finance PLC, the Head of Internal Audit reports directly to the Board Audit Committee (BAC). The audit work has been carried out with impartiality, proficiency, and due care, ensuring the integrity and effectiveness of the internal audit process.
	(v) Ensure the Internal Audit Function carries out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	BAC reviews the compliance reviews conducted by Internal Audit Function.
	(vi) Examine the major findings of internal investigations and management's responses thereto	There is regular reporting to the BAC on the status update of investigations.
10.2.h	Committee shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	BAC reviews on a quarterly basis the progress of implementation of recommendations of CBSL on-site review report.
10.2.i	Meetings of the Committee	
	The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Every BAC meeting is duly recorded and minutes are submitted to the Board for its information.
	ii. Other Board members, senior management, or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	Other Board members, CEO, COO, CFO, Compliance Officer, and any Senior management or employee may attend meetings upon the committee's invitation.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.	Two meetings were held with the External Auditors without any other directors / senior management being present.
10.3	<b>Board Integrated Risk Management Committee (BIRMC)</b>	
	The following shall apply in relation to the BIRMC	
10.3.a	The Committee shall be chaired by an Independent Director. The Board members appointed to BIRMC shall be Non-Executive Directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with Senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	<p>The Committee was chaired by an Independent Non Executive Director.</p> <p>The Committee consists of three (03) Non Executive Directors including the Chairman with sufficient knowledge and experience in banking, finance, risk management issues and practices.</p> <p>The CEO/GM, CRO and relevant senior management personnel attended the meeting by invitation. Head of Internal Audit, key risk owners of subsidiaries and the Compliance Officer also attended the meetings by invitation.</p> <p>The Committee closely work with senior management personnel and makes the decisions on behalf of the Board within the Board approved TOR of the Committee.</p> <p>Refer the "Board Integrated Risk Management Committee Report" on pages 250 to 253 for further information and functions of the Committee.</p>
10.3.b	The secretary to the committee may preferably be the CRO.	Head of Risk functions as the Secretary to the BIRMC.

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the Company at least once on two monthly basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	<p>The Board Integrated Risk Management Committee assesses all risks, i.e., credit, market, liquidity, operational and strategic risks through appropriate risk indicators established for the Company in every two months. Risk assessment is also carried out on a Company basis and the group basis wherever possible.</p> <p>The Board Integrated Risk Management Committee reviews the Risk dash-board reports/Risk Indicator Reports of the Company and its all subsidiaries and takes prompt corrective action(s) to mitigate the negative effects of specific risks, in case such risks are exceeding the established risk tolerance levels. Refer BIRMC report on page 250 to 253.</p>
10.3.d	<p>Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic</p> <p>Business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision-making and establishing the means to raise risk issues and strategic concerns throughout the FC.;</p>	<p>The Company's risk appetite is developed through a Risk Tolerance Limit Statement, which articulates the individual and aggregate level and types of risk that the Company will accept or avoid, in order to achieve its strategic business objectives. The Risk Appetite and tolerance limits are monitored via the Risk Dashboard and includes quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation, compliance risks as well as money laundering risk are also discussed at the meetings.</p> <p>A dedicated compliance officer is in at senior management level to provide assurance to the Board through BIRMC on statutory, regulatory and other compliance related matters. The Group compliance risk matters are also discussed at the meetings.</p>
10.3.e	The BIRMC shall review the Company's risk policies including RAS, at least annually.	All risk policies including the RAS are reviewed by the BIRMC annually.
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	<p>Assets and Liabilities Committee (ALCO) of the Company reviews and monitors the liquidity risk and the market risk based on the risk tolerance levels (risk limits) established by Board Integrated Risk Management Committee.</p> <p>The Management Credit Committee (MCC) has been formed with the purpose of reviewing and recommending/approving credit facilities, procedures related to credit administration and credit processes.</p> <p>The IT Steering Committee (ITSC) has been formed to provide support, advice and guide to ensure delivery of IT project outputs, review information security programmes, and other IT related policies and procedures.</p> <p>The Information Security Committee (ISC) is a newly formed management level Committee to address issue on technology adoption, information security, cyber security, outsourcing and concentration.</p> <p>The Committee reviewed the adequacy and effectiveness of the functions carried out by the ALCO, MCC, ISC and ITSC by reviewing the annual self- assessments performed against their TORs.</p>
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	BCP has been reviewed by the BIRMC and the position is updated at meetings.
10.3.h	BIRMC shall annually assess the performance of the Compliance officer and the CRO.	BIRMC assessed the performance of the Head of Compliance and Head of Risk.
10.3.i	Compliance function	

Section	Corporate Governance Principle	Status of Compliance
10.3.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business' operations.	The BIRMC has established an independent Compliance Function.
10.3.i.ii	For a Company with an asset base of more than Rs. 20 bn, a dedicated Compliance Officer considered to be Senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual Hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	An experienced Compliance Officer has been appointed.
10.3.i.iii	For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Not applicable.
10.3.i.iv	The responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	Board approved policies and procedures are in place.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;	Board approved Compliance policy is in place and available on the intranet which is accessible by all employees of the Company.
	(iii) Ensures that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
	(iv) Understand and apply all new legal and regulatory developments relevant to the business of FC;	The Company implements all new legal and regulatory developments that are applicable to its business.
	v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards	Board approved new product policy is available to streamline the process of designing or redesigning a product in the Company.
	vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time- frame, and	Compliance Audits are carried out periodically and action is taken to rectify if deviations are noted.
	vii) Maintain regular contact and a good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity	With the regulators, a positive working relationship is upheld. There is maintenance of timely reporting and communications.
10.3.j	Risk management function	
10.3.j.i	BIRMC shall establish an independent risk management function responsible for managing risk- taking activities across the FC.	The Company has established an Independent Risk Management function.
10.3.j.ii	For FCs with an asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO, considered to be senior management, shall carry out the risk management function and report to the BIRMC periodically.	A separate department for Risk Management Function is established, which is headed by the CRO at Senior management level and reported to the BIRMC.

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfil broader responsibilities to various stakeholders.	The Company has established Risk Management policies including RAS and is in line with the strategic objectives of the Company.
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: various potential risks and frauds possible sources of such risks and frauds; Mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing, effective measures to control and mitigate risks at prudent levels; and Relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Risk and Control Department functions in an integrated manner in the Company as required by the direction. A stress testing policy is established and testing results are presented at the BIRMC meetings every two months. The Risk Register that contains various potential risks is maintained has identified various potential risks which are and discussed at the Committee level. In addition, operational risk assessments are carried out to identify the potential risks in the Company.
10.3.j.v	The chief risk officer shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	Chief Risk Officer is a part of the strategic planning which includes capital and liquidity planning and new product development.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	The updated Risk Register is submitted to the BIRMC on a quarterly basis.
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions	The risk assessment report is submitted to the upcoming Board meeting seeking the Board's view concurrence and or specific directions.
10.4	Nomination Committee The following shall apply in relation to the Nomination Committee:	Complied
10.4.a	The committee shall be constituted of Non-Executive Directors and preferably the majority may be Independent Directors. An Independent Director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	Complied The committee is comprised of three Non-Executive Directors. Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report.
10.4.b	Secretary to the nomination committee may preferably be the Company Secretary.	Complied Secretary to the committee is the Company Secretary.
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management is to be appointed with the recommendation of CEO, excluding CIA, CRO and Compliance officer.	Complied A Board approved and amended policy for the Selection, Appointment, Nomination Re - election and Continuation of directors is in place. Selection and appointment of KRPs are carried out with the recommendation of the Board Nomination Committee and in accordance with the Recruitment policy.
10.4.d	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the FBA (Assessment of Fitness and Propriety of Key Responsible Persons).	Complied The Committee ensures that this has complied with the terms of FBA (Assessment of Fitness and Propriety of Key Responsible Persons)
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the Board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities	Complied.

Section	Corporate Governance Principle	Status of Compliance
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	Complied.
10.4.g	The committee shall set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for the appointment to the posts of CEO and senior management.	The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company. Nomination & Selection policy in place to determine the criteria to be considered for the appointment of Senior management.
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company Secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied The Company conforms to the stated section. Directors profiles in the pages 158 to 163
10.4.i	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	The Company conforms to the stated section.
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.	Complied The Committee support the Board by identifying and recommending the best candidates with the essential proficiencies, expertise, and familiarity. The Company conforms to the stated section. Required to fulfil the Company's strategic requirements, while also ensuring that the Board reflects the desired diversity This committee is further responsible for the selection, nomination, appointment, election, and retirement of KRPs.
10.4.k	A member of the Nomination Committee shall not participate in decision-making relating to their own appointment/re-appointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor.	Complied
10.5	Human Resources and Remuneration Committee The following shall apply in relation to the Human Resources and Remuneration Committee:	
10;5.a	The committee shall be chaired by a Non-Executive Director and the majority of the members shall consist of Non-Executive Directors.	Complied The Committee currently consists of three non- executive board members, the majority of whom are independent directors (Committee report appears in to the pages 243 to 245)
10.5.b	The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	Complied The Company Secretary functions as the secretary to the committee.
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the FC and fees and allowances structure for Non-Executive Directors.	Complied The Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the Executive Directors and senior management are decided by the BHRRC.



## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	The Remuneration and Benefits Policy has been formulated and developed to achieve fair and equitable benefits with transparent guidelines which integrate with the market-related modern remuneration practices.  Further, the Remuneration and Benefits Policy is reviewed annually by considering the material changes which are to be included in the policy.
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances, and other financial incentives for all employees of the FC. The policy shall be subject to periodic review by the Board, including when material changes are made.	The remuneration policy is reviewed annually. The reviewed policy is recommended by the BHRC and approved by the main Board.
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests, and cost Structure of the FC. It shall also incorporate measures To prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not Incentivise employees to take an excessive risk or to act in self- interest.	Complied  The remuneration structure is in line with the business strategy, objectives, values, long-term interests, and cost structure of the Company. It also includes measures to prevent conflicts of interest.
10.5.g	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer, and Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits, and other payments of performance-based incentives.	Complied. The performance of the senior management excluding the Head of Audit, Head of Risk and Head of Compliance has been reviewed by the BHRC. Financial benefits have been decided based on their performances.
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings when matters relating to them are being discussed.	Complied  The committee adheres to the stated section.
11	<b>INTERNAL CONTROLS</b>	
11.1	FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures in order to mitigate operational risks.	The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the Management Information System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting and management information systems.  Board reviews the adequacy and integrity of the MIS through the critical management information reports submitted by the Internal Audit Department of the Company.  Further, the External Auditors were engaged in providing assurance on the Directors Statement on Internal Controls over Financial Reporting  Included in the Annual Report', and their opinion is submitted to the Board.
11.2	A proper internal control system shall: promote effective and efficient operations; provide reliable financial information; safeguard assets;  Minimize the operating risk of losses from irregularities, Freud and errors ensure effective risk management systems; and Ensure compliance with relevant laws, regulations, directions, and internal policies.	Complied

Section	Corporate Governance Principle	Status of Compliance
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied
<b>12</b>	<b>RELATED PARTY TRANSACTIONS</b>	
12.1	Board shall establish a policy and procedures for related party transactions, which covers the following.	Complied
12.1.a	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the Chairperson shall be an Independent Director and the members shall consist of Non-Executive Directors.	Complied The Board has established a Board Related Party Transactions Review Policy, in conformity with the Direction.
12.1.b	All related party transactions shall be prior reviewed and recommended by the RPTRC.	Complied A board approved Board Related Party Transactions Review Policy is in place in this regard. As per the policy any non compliances are referred to the Committee for remedial actions.
12.1.c	The business transactions with a related party that is covered in this Direction shall be the following: <ul style="list-style-type: none"> <li>i. Granting accommodation;</li> <li>ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable;</li> <li>iii. Providing financial or non-financial services to the FC or Obtaining those services from the FC.</li> <li>iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to sharing proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.</li> </ul>	Complied

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
12.2	<p>The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related Parties" for the purposes of this Direction. In this regard, There shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic Review as and when the need arises.</p> <ol style="list-style-type: none"> <li>Directors and senior management.</li> <li>Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC.</li> <li>Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa</li> <li>Directors and senior management of legal persons in Paragraph (b) or (c).</li> <li>Relatives of a natural person described in paragraph (a), (b) or (d).</li> <li>Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the Voting rights has a substantial interest.</li> </ol>	<p>Complied</p> <p>The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and assist the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.</p>
12.3	<p>The Committee shall ensure that the FC does not engage in complied business transactions with a related party in a manner that would grant such party "more favourable treatment" than categories of person who shall be considered as "related this is accorded to other Similar constituents of the FC. For the purpose of this paragraph, "more favourable treatment "shall mean:</p> <ol style="list-style-type: none"> <li>Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory</li> <li>Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party</li> <li>Providing preferential treatment, such as favourable terms, that extends beyond the terms granted in the normal course of business with unrelated parties;</li> <li>Providing or obtaining services to or from a related party without a proper evaluation procedure;</li> <li>Maintaining reporting lines and information flows between the FCs and any related party which may lead To share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate Duties and functions.</li> </ol>	<p>Complied</p> <p>No favourable treatments were given to related parties and all related parties were treated at alms length basis.</p>

Section	Corporate Governance Principle	Status of Compliance
<b>13</b>	<b>GROUP GOVERNANCE</b>	
13.1	Responsibilities of the FC as a Holding Company.	<p>The Company maintains an oversight over its six subsidiaries, which include a presence in Bangladesh, in accordance with the Subsidiary Policy of the People's Bank. It ensures that each subsidiary operates with independent adherence to legal, regulatory, and governance responsibilities</p> <p>Additionally, the Company ensures alignment with the distinct operating environments, within its varying legal, regulatory and Juris dictionary requirements that pertain to each subsidiary.</p>
13.2	Responsibilities as a Subsidiary If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own Legal and governance responsibilities.	The Company is a subsidiary of People's Bank, The Company fulfils its own Legal and governing obligations.
<b>14</b>	<b>CORPORATE CULTURE</b>	
	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, the integrity of reporting, protection and proper use of Company assets and fair treatment of customers.	<p>Complied</p> <p>The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and assist the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.</p>
14.2	The FC shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.	<p>Complied</p> <p>The directors have provided declarations in accordance with the Board Code of Conduct and Ethics, affirming their commitment to compliance with all applicable laws and regulations and compliance with sustainable practice.</p> <p>The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented and subsequent actions are taken as per the gravity of such incidents.</p>
14.3	A FC shall establish a Whistle Blowing policy that sets out avenues for legitimate concerns to be objectively Investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in A confident manner and without the risk of reprisal. The BAC Shall review the policy periodically.	<p>Complied</p> <p>A Board approved Whistle Blowing Policy is in place. All employees are encouraged to raise any matter which they genuinely believe, constitutes a potential or existing wrongdoing such as a breach of the Code of Ethics of the Company. Further, BAC reviews the policy on an annual basis.</p>
<b>15</b>	<b>CONFLICTS OF INTEREST</b>	
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has a substantial interest, is interested and such director shall not be counted in the quorum for the Relevant agenda item in the Board meeting.	<p>Complied</p> <p>The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which speaks on categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
15.1.b	<p>The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall;</p> <ol style="list-style-type: none"> <li>Identify circumstances that constitute or may give rise to conflicts of interests</li> <li>Express the responsibility of directors and senior management to avoid, to the extent possible, activities That could create conflicts of interest.</li> <li>Define the process for directors and senior management circumstances that may give conflicts of interest</li> <li>Implement a rigorous review and approval process for directors and senior management to follow before they engage in certain activities that could create conflicts of Interest. to keep the Board informed on any change in</li> <li>Identify those responsible for maintaining updated records on conflicts of interest with related parties, and</li> <li>Articulate how any non-compliance with the policy is to be addressed.</li> </ol>	<p>Complied</p> <p>On managing conflicts of interest, the Company's Code of Conduct and Ethics, RPT Manual and Share Trading Policy, are in place, and these</p> <p>Policies are reviewed on a regular basis.</p>
16	Disclosure	
16.1	<p>The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are Published in the newspapers in Sinhala, Tamil and English. The regulatory and supervisory authorities and applicable accounting standards, and that</p> <p>(b) such statements are the Board shall ensure that at least the following disclosures are made in the Annual Report of the FC;</p> <ol style="list-style-type: none"> <li>Financial Statements- In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, A statement to the effect that the annual audited financial statements have been prepared in line with requirements, inclusive of specific disclosures. A statement of responsibility of the Board in preparation and presentation of financial statements.</li> </ol>	<p>Complied</p> <p>Annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards Further, such statements are published in the newspapers in Sinhala, Tamil and English.</p> <p>Director's responsibilities statement given pages 275 to 277.</p> <p>This is being disclosed in the "Annual Report of the Board of Directors on the state of affairs of the Company" appearing on pages 228 to 234 of the Annual Report.</p>

Section	Corporate Governance Principle	Status of Compliance
	<p>ii. Chairperson, CEO and Board Related Disclosures</p> <p>Name, qualification and a brief profile.</p> <p>Whether executive, non-executive and/or independent director Details of the director who is serving as the senior director if any.</p> <p>The nature of expertise in relevant functional areas.</p> <p>Relatives and/or any business transaction relationships with other directors of the company</p> <p>Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity.</p> <p>Number/percentage of board meetings of the FC attended during the year; and Names of board committees in which the director serves as the Chairperson or a member.</p>	<p>Complied</p> <p>Declarations were obtained from the Board of Directors of the Company and there were no business relationships with other Directors of the Company disclosed.</p> <p>Board of directors profiles were given in the pages 158 to 163 Meeting attendance refer to the page no 240 to 258.</p>
	<p>iii. Appraisal of Board Performance</p> <p>An overview of how the performance evaluations of the Board and its committees have been conducted</p>	<p>A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary.</p> <p>The summary of the self- assessment is submitted to the Board enabling Directors to discuss relevant matters if any.</p>
	<p>iv. Remuneration</p> <p>A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) the aggregate values of remuneration paid by the FC to its directors and senior management.</p>	<p>Complied</p> <p>Performance driven remuneration and increments to the remuneration package shall depend on achievement of agreed performance standards or financial benchmarks which have been set as per the Annual Strategic and the Budget all employee's annual promotions, increments, bonus are directly in relation with the employee's performance, contribution, commitment, professional conduct and behaviour.</p> <p>The remuneration structure of the staff, Senior management and Executive Directors shall be in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest in particular incentives embedded within the remuneration structures that does not Incentivise employees to take excessive risk or act in self-interest. Aggregate values of remuneration paid for appears in the page no 311.</p>
	<p>v. Related Party Transactions</p> <p>The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board</p> <p>Total net accommodation granted in respect of each Category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital.</p> <p>The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.</p>	<p>RPT Declarations were obtained from the Board of Directors of the Company and there were no business relationships established with other Directors of the Company, between the Chairperson and the CEO and among members of the Board. Total of net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FCs core capital. Refer Note 55 of page 388.</p>

## CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
	vi. Board appointed Committees The details of the chairperson and members of the board Committees and attendance at such meetings.	Please refer Board Subcommittee Reports and the 'Directors' attendance and Committee Membership' tables are published on page no 240 to 255 of the Annual report.
	vii. Group Structure The group structure of the FC within which it operates. The group governance frame work	Complied The Company is a subsidiary of People's Bank. The Company fulfils its own legal and governing obligations.
	viii. Director's Report - A report, which shall contain the following declarations by the Board The FC has not engaged in any activity, which contravenes laws and regulations. The directors have declared all related party transactions with the FC and abstained from voting on matters in Which they were materially interested. The FC has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained Reasonable assurance of their effectiveness. The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	Complied Given on pages 232 to 238 of the Annual Report.
	ix. Statement of Internal Control A report by the Board on the FC's internal control mechanism that confirms that the financial reporting System has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non- compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non- Compliance with the Act, and rules and directions.	Given on pages 278 to 279 of the Annual Report.
	x. Corporate Governance Report Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance direction.	Complied The Corporate Governance Report is set out on pages 173 to 231 of the Annual Report of the Company. The Company has obtained an independent assurance report from the external Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.



Section	Corporate Governance Principle	Status of Compliance
	xi. Code of Conduct FC's code of business conduct and ethics for directors, Senior management and employees. The Chairperson shall certify that the Company has no Violations of any of the provisions of this code.	Complied A Board approved Code of Conduct for directors and for all employees are In place. Please refer the Chairperson's message on pages 26 of the Annual Report to 29 that the company has no violations of any of the provisions of this code.
	xii. Management Report Industry structure and developments Opportunities and threats Risks and concerns Sustainable finance activities carried out by the Company Prospects for the future	Please refer 'Management Discussion and Analysis' on pages 76 to 155 And CEOs Review on pages 30 to 33.
	xiii. Communication with Shareholders The policy and methodology for communication with Shareholders. The contact person for such communication.	The Board approved Communication Policy is in place which covers all Stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, officers, and employees comply with the policy in order to ensure effective communication for the best interests of the stakeholders. The Company Secretary shall communicate with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders Please refer the report on page No. 422 of the Annual Report of the Company.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Annual Report of the Board of Directors on the Affairs of the Company is presented as required by Section 168 of the Companies Act No. 07 of 2007. It also provides information required by the Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange and the Directions issued thereunder, the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

## 1. GENERAL

The Board of Directors of People's Leasing & Finance PLC has pleasure in presenting the Integrated Annual Report to the shareholders, together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2025 and the Auditors' Report on these Financial Statements conforming to all statutory requirements.

Further, this report adheres to the Guiding Principles and Content elements outlined in the <IR> Framework of IFRS Foundation, as well as the GRI Standards established by the Global Reporting Initiative, and SASB. This reflects our dedication to transparent and objective reporting, aimed at providing valuable insights to our shareholders and other crucial stakeholders. This report was approved by the Board of Directors on 30 May 2025.

Our Board of Directors, through diligent strategic planning, has set forth key imperatives and diligently executed strategies to manage risks and capitalize on opportunities. Furthermore, the Board has thoroughly scrutinized the Company's business plan and is confident in our ability to sustain operations well into the future, with ample resources at our disposal.

## 2. NATURE OF THE BUSINESS

(Section 168 (1) (a)) – Companies Act No. 07 of 2007

*The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.*

### 2.1 Vision, Mission and Corporate Conduct

The Company's Vision and Mission are provided on page 14 of this Annual Report. In achieving the Vision and Mission, all Directors and employees conduct their

activities to the highest level of ethical standards and integrity, as set out in the Company's Code of Business Conduct and Ethics.

### 2.2 Principal Business Activities

The Company's principal business activities comprise providing finance leases, term loans, Islamic finance, margin trading, factoring, gold loans and the issuance of debt instruments and mobilisation of public deposits. The Company had six subsidiaries as at 31 March 2025 and the nature of business activities of these subsidiaries are described in "About Us" Section on pages 14 to 15 and in Accounting Policies on page- 292. The Company and its subsidiaries have not engaged in any activities which contravene any laws or regulations during the year under review.

### 2.3 Changes to the Group Structure

There has been no change to the Group structure during the financial year under consideration.

### 2.4 Branch Network

The total branch network of the Company as at 31 March 2025 comprised 110 fully-fledged branches

### 2.5 Review of Operations

An overall assessment of the Company's financial position and performance during the year 2024/25 with comments on financial results and special events that took place, is contained in the Chairman's Message on pages 26 to 29, the Chief Executive Officer's Message on pages 30 to 33, and the Management Discussion and Analysis on pages 76 to 155 of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company. Segment- wise contribution to Group revenue, results, assets and liabilities is disclosed in Note 53 to the Financial Statements on pages 386 of this Annual Report.

### 2.6 Future Outlook

The Company's outlook based on the challenges, opportunities, and developments in the global market as well as in the Sri Lankan market is set out in the 'Strategy of Resource Allocation' section on pages 62 to 73 and in each Capital Report of this Annual Report.

## 3. FINANCIAL STATEMENTS

(Section 168 (1) (b) and (2))

*Completed and signed Financial Statements of the Company and the Group for the accounting period.*

The Financial Statements of the Company and the Group, duly certified by the Senior Manager -Finance and the Chief Executive Officer with the approval of the Chairman and a Director, have been prepared in accordance with the Sri Lanka Accounting Standards laid down by CA Sri Lanka and in compliance with the requirements of Companies Act No. 07 of 2007, appear on pages 274 to 419 of this Annual Report.

### 3.1 Directors' Responsibility for Financial Reporting

In terms of Section 150(1), 151, 152 and 153(1) and (2) of the Companies Act No.07 of 2007, the Board of Directors of the Company and Group are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Group and the Company.

In this regard, the Board of Directors wishes to confirm that the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows have been prepared in conformity with the requirements of SLFRSs and LKASs as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and Directions issued thereunder and the Code of Best practices on Corporate Governance issued by CA Sri Lanka.

The 'Statement of Directors' Responsibilities' is provided on page 275 and forms an integral part of this Report.

### 3.2 Financial Results and Appropriations

#### Interest Income

The total interest income of the Company and the Group was Rs. 26,088.02million (Rs. 28,853.31 million in 2023/24) and Rs. 29,525.69 million (Rs. 32,216.70 million in 2023/24) respectively for the year ended 31 March 2025. A more descriptive analysis of the interest income is given in Note 6.1 and 6.1.1 to the Financial Statements on page 301.

### Performance and Appropriations

The Company and the Group recorded a net profit of Rs. 3,603.38 million and Rs. 4,090.25 million respectively for the financial year 2024/25 (Rs. 3,540.50 million and Rs. 4,197.93 million in 2023/24). This represents an increase by 1.78% of the Company and declined by 2.55% of the Group profit compared to the previous year.

Details of the Company's performance and appropriation of profit are tabulated as follows

Company	2024/25 Rs. Million	2023/24 Rs. Million
Profit before income tax	5,788.34	5,375.93
Income tax expense	2,184.96	1,835.43
Profit for the year	3,603.38	3,540.49
Profit brought forward from previous year	19,884.83	19,556.83
Profit available for appropriation	23,488.21	23,097.32
<b>Appropriations</b>		
Dividend paid	(3,016.13)	(2858.64)
Other comprehensive income	(133.43)	(76.72)
Transfers to reserves	(361.91)	(277.14)
Total appropriation	(3,511.47)	(3,212.50)
Unappropriated profit carried forward	19,976.74	19,884.82

### Provision of Taxation

Profit earned during the period is subjected to income taxes at the rate of 30%. Financial services are subjected to an 18% VAT rate and a Social Security Contribution Levy (SSCL) rate of 2.5% for the current year.

Accordingly, the current year income tax expense of the Company is Rs. 2,184.96 million, and a comprehensive note on the income tax expense and the deferred tax asset or liability of the Company and the Group are disclosed in Notes 17 and 44 respectively in the Financial Statements.

### Property, Plant and Equipment, Right of use Assets and Intangible Assets

The total capital expenditure incurred on property, plant and equipment (including capital work in progress) of the Company and the Group in the year ended 31 March 2025 amounted to Rs. 585.98 million and Rs. 783.46 million respectively (Rs. 168.94 million and Rs. 206.48 million in 2023/24).

The total additions to right of use assets of the Company and the Group in the year ended 31 March 2025 amounted to Rs. 996.22 million to Rs. 584.35 million respectively (Rs. 283.70 million and Rs. 293.96 million in 2023/24).

In the year ended 31 March 2025, the Company and the Group invested Rs. 4.38 million and Rs. 15.77 million respectively to acquire intangible assets. (In 2023/24, the Company invested Rs. 30.25 million and the Group invested Rs. 67.92 million to acquire intangible assets)

The Directors confirm that there were no other significant changes in the Company's or its subsidiaries' fixed assets and market value of land which substantially differ from the book values thereof as disclosed in Note 32.4 on page 358.

The details of property, plant and equipment, right of use assets and intangible assets are presented in Notes 32, 33 and 34 to the Financial Statements on pages 354 to 361.

### Freehold Land and Building

Extents, locations, valuations and the number of buildings of the entity's land holding are detailed in Note 32.4 on page 358 of this Annual Report and the net book values of freehold land and buildings owned by the Company and the Group as at 31 March 2025

as included in the Financial Statement was Rs. 1,040.88 million and Rs. 3,372.74 million respectively.

### Valuation of the Land and Building

The Company engages independent professional valuers for revaluation of its freehold land and buildings as specified by the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL. The assessment of immovable properties is carrying out by independent professional valuers as required by the said direction issued by CBSL.

The assessed fair value of the immovable properties does not consider for measurement of regulatory provisions for bad and doubtful debts as per Direction No 03 of 2006 and subsequent amendments thereto issued by CBSL.

### Qualifications of Valuer

The valuation process of land and buildings of the Company was carried out by Messrs. K. J. D Tissera (FRICS (Eng.) FIV (Sri Lanka), who is a Chartered Valuation Surveyor, U. K. and the valuation of investment property was carried out by Messrs. S.A.M.A Property Valuer (MRICS. U.K), Chartered Surveyor/Panel Valuer/ Incorporate Valuer

### Investments

Details of investments held by the Company are disclosed in Notes 22, 23, 24, 27, 28 and 29 on pages 325 to 329 and 346 to 347 the Financial Statements

### Equity

#### Stated Capital

The Stated Capital of the Company and the Group as at 31 March 2025 amounted to Rs. 19,230.48 million, compared to Rs 19,230.48 million as at 31 March 2024.

#### Reserves

The total reserves of the Company and the Group as at 31 March 2025 stood at Rs. 23,181.28 million and Rs. 28,390.04 million respectively. During the financial year

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

under review Rs. 180.11million was transferred from retained earnings to the statutory reserves. Information on the movement of reserves is given in the 'Statement of Changes in Equity' on pages 289 to 290 and in Notes 46 to 48 to the Financial Statements.

## Debt Securities Issued

The details of debt securities issued are given in Note 37 and more comprehensive analysis of the Company's debentures is set out in Note 37.2 to the Financial Statements.

## Capital Adequacy

Tier 1 capital ratio and total capital ratio of the Company computed as per the Finance Business Act Direction No. 03 of 2018 Capital Adequacy Requirement issued by the Central Bank of Sri Lanka stood at 22.94% and 22.68% respectively as at 31 March 2025. The information on minimum capital requirement is given on page 379 of this Annual Report.

## 4. EXTERNAL AUDITORS

(Section 168 (1) (c) (i) and (j))

*The above sections define the Auditors' Report on Financial Statements of the Company and the Group with separate disclosure on amounts payable by the Company and its subsidiaries to the Auditors as audit fees and fees for other services rendered during the accounting period and Auditors' relationship or any interest with the Company and its subsidiaries.*

### 4.1 Auditors and Their Independence

In accordance with the National Audit Act No.19 of 2018, People's Leasing & Finance PLC falls under the definition of 'Auditee Entity' and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company and their responsibilities in relation to the Financial Statements set out in the 'Independent Auditors' Report' given on pages 281 to 284.

### 4.2 Auditors' Report

The Report of the Auditor on the Financial Statements of the Company and the Group is given on pages 281 to 284.

### 4.3 Auditors' Remuneration

Auditors were paid the following sums by the Company and the Group for audit and related services as well as for non-audit services including tax related services:

Company	Company		Group	
	2024/25 Rs. Million	2023/24 Rs. Million	2024/25 Rs. Million	2023/24 Rs. Million
Audit and related services	7.58	7.03	15.66	14.96
Non-audit Services	3.76	1.35	3.76	1.47

### 4.4 Appointment of Auditors

According to Section 55 of the National Audit Act No.19 of 2018, People's Leasing & Finance PLC falls under the definition of 'Auditee Entity' and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company for the ensuing financial year.

## 5. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

An alternative format has been used in presenting accounting policies to minimise the disclosure overload and clutter in the Financial Statements. These Financial Statements comply with the requirements of the Sri Lanka Accounting Standards – LKAS 1 on 'Presentation of Financial Statements' and with Section 168 (1) (d) of the Companies Act No. 07 of 2007.

The significant accounting policies adopted in the preparation of the Financial Statements are given on pages 292 to 300. The significant changes to accounting

policies adopted if any, in the preparation of the Financial Statements are given in Note 3.4 on page 296.

## 6. BOARD OF DIRECTORS

(Section 168 (1) (e),(f), (h))

*The above sections define particulars of the entries in the Interests Register of the Company and its subsidiaries during the accounting period with remuneration and other benefits paid to the Directors of the Company and its subsidiaries during the accounting period and information on the directorate of the Company and its subsidiaries during and at the end of the accounting period.*

### 6.1 Profiles

Names of the members of the Board of Directors together with their profiles including skills and experience are set out on pages 158 to 163 of this Annual Report.

### 6.2 Appraisal of Board Performance

The method used to appraise the performance of the Board of Directors is presented in the 'Corporate Governance' section on pages 173 to 231.

### 6.3 Other Directorships/Significant Positions of Directors

Information of the other directorships/ significant positions of the present Directors of the Company are given on pages 158 to 163.

### 6.4 Resignations and Appointments

During the period from December 2024 to March 2025, several members of the Board of Directors tendered their resignations. Mr. Michael Pradeep Amirthanayagam resigned as Chairman with effect from 31 December 2024. Prior to that, Mr. Himashe Isuru Balapatabendi stepped down on 11 December 2024, followed by Mr. Atapattu Mudiyanseleage Priyanka Madduma Bandara Atapattu on 27 December 2024. In the following year, Mr. Chanura Jayanta Wijetillake resigned on 23 January 2025, and Mr. Yudhishtan Kanagasabai on 31 January 2025. On 10 February 2025, three directors Mr. Mohammed Azzam Ali Ahamat, Mr. Upul Lakshman Asoka Wickramasinghe Bandara, and Mr. Heenkenda Mudiyanseleage Udeni Kusumsiri Samararatne tendered their resignations. Subsequently, Mr. Tishan Manjula Wellalage resigned on 11 March 2025. The Company acknowledges with appreciation the valuable contributions

made by each of these individuals during their tenure on the Board.

To fill the vacancies arising from the aforementioned resignations, the following appointments to the Board of Directors were made in accordance with Article 27(2) of the Articles of Association of the Company. Prof. Samarakoon Mudiysanella Ajantha Kumara Samarakoon (Prof. Ajantha Samarakoon) was appointed on 31 December 2024. Mr. Kurugamage Jude Dulinda Gregory Perera (Mr. Dulinda Perera) joined the Board on 23 January 2025, followed by the appointment of Ms. Polwattha Gallage Udeni Gallage (Ms. Udeni Gallage) on 31 January 2025. On 10 February 2025, three new directors Mr. Pugoda Gallage Anura Chandana Perera (Mr. Anura Perera), Mr. Sathananthan Sudarshan, and Mr. Robert Bradley Rajapoopalan Emerson (Mr. Bradley Emerson) were appointed to the Board. Subsequently, Ms. Kospelawattage Shameela Ransini Senaratne Loku Kaluge (Ms. Shameela Loku Kaluge) was appointed on 17 February 2025, and Mr. Moraendage Jayantha Thilakarathne (Mr. Jayantha Thilakarathne) joined the Board on 11 March 2025.

Furthermore, on 6th August 2024, Mr. Sanjeewa Bandaranayake was appointed as the Chief Executive Officer of the Company. Following this change Mr. Rajapaksa Pathirana Udesa Priyadarshana Gunawardena ceased to be the Acting Chief Executive Officer/ General Manager effective from the same day. Mr. Gunawardena resumed his role as the Chief Operating Officer (COO) on the same day.

### 6.5 Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, Rule 9.8.5 of the Colombo Stock Exchange (CSE) Listing Rules and Section A 5.4 of Code of Best Practice on Corporate Governance Pro. S.M.A.K Samarakoon, Mr. Pravir Samarasinghe\*, Mr. S Sudarshan and Ms. P.G.U. Gallage who are Independent Non-Executive Directors of the Company, have submitted signed and dated declarations as per the specimen given in appendix 9A of continuing listing requirement of CSE.

### 6.6 Directors Fit and Proper

In compliance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and Rule 9.7.5 of the Colombo Stock Exchange (CSE) Listing Rules, both the Board of Directors and the Acting CEO/GM have successfully met the fit and proper assessment criteria outlined in Direction No. 5 of 2021 and CSE rule No. 9.7.5. as at 31st March 2025. Additionally, as per the regulations of the Colombo Stock Exchange, each member of the Board has submitted a signed declaration confirming continuous satisfaction to the fit and proper assessment criteria throughout the financial year ending as at 31 March 2025

### 6.7 Directors' and Officers' Liability Insurance

The Company has obtained a Directors' and Officers' Liability insurance cover from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future liability towards the Directors and Officers of the Company.

### 6.8 Directors' Remuneration

Directors' fees and emoluments paid by the Company and the Group for the year ended 31 March 2025 was Rs. 27.67 million and Rs. 50.82 million respectively. Comparative figures are given in Note 15 to the Financial Statements.

### 6.9 Interests Register/Directors' Interest in Transactions

In compliance with the Companies Act No. 07 of 2007, the Company maintains an Interests Register, which is available for inspection. The Directors of the Company have made general declarations of their interests in transactions of the Company as per Section 192 (2) of the Companies Act No. 07 of 2007. Details of the transactions disclosed therein are given on pages 388 to 394 under Related Party Transactions. Furthermore, the Chairman, the Board of Directors and the Chief Executive Officer of the Company have made general declarations that there are no financial, business, family or other material/relevant relationship(s) between themselves as required to be disclosed by the Finance Companies (Corporate Governance) Direction No. 05 of 2021.

The Directors at all times have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested.

### 6.10 Directors' Interest in Shares

The Directors have disclosed to the Board of their shareholding in the Company and any acquisitions or disposals thereof in compliance with Section 200 of the Companies Act No. 07 of 2007. The Directors' individual shareholdings along with the Chief Executive Officer's individual shareholding in the Company are given in the section titled 'Value to Investors' on pages 90 to 103 of this Annual Report.

### 6.11 Meetings

The details of Board meetings and Board subcommittee meetings are presented in the Corporate Governance Report on page 240 to 258 of this Annual Report.

## 7. SHARE INFORMATION

Significant shareholder information along with substantial shareholder details and other share-related information is presented in detail under the title 'Value to Investors' on pages 90 to 103 of this Annual Report.

### 7.1 Equitable Treatment to Shareholders

The Company has at all times ensured that all shareholders are treated equitably.

### 7.2 Dividends on Ordinary Shares

The Company declared first interim dividend for the financial year 2024/25 of Rs. 0.70 per ordinary share in the form of a cash dividend on 20 June 2024. The directors also approved a second interim dividend of Rs. 0.70 per ordinary share for the financial year ending 31 March 2025 in the form of a cash dividend on 13 February 2025.

The Board of Directors ensured that the Company would meet the requirement of the solvency test in terms of Section 56(3) of the Companies Act No. 07 of 2007 and the listing Rules of the CSE, immediately after said interim dividends required by Section 56(2), the Board of Directors has obtained a certificate from the Auditor on the Statement of Solvency in respect

\* The independent status of the director was changed in accordance with the Finance Business Act Direction No. 5 of 2021.



# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

of dividend payment conforming to the above statutory provision.

## 8. DONATIONS

(Section 168 (1) (g))

*Total amount of donations made by the Company during the accounting period.*

During the financial year 2024/25, the Company made donations (including CSR) amounting to Rs. 1.08 million (Rs.2.68 million in 2023/24). The Company's Sustainable Finance Department handles the Corporate Social Responsibility (CSR) initiatives and activities. The CSR initiatives of the Company are presented in the sections titled 'Social and Relationship Capital' and 'Natural Capital' on pages 132 to 145 and pages 146 to 155 respectively.

## 9. CORPORATE GOVERNANCE

(Code of Best Practice D.6, D 6.1, D.2, D 1.4)

The Board of Directors is committed to developing the corporate Governance principles of the Company and has adopted various policies to ensure that the highest principles of ethics and governance are maintained across the Organisation. In terms of the Finance Business Act Direction No. 05 of 2021 a policy on Communication with all stakeholders was formulated during the year governing the different participants in the Company – such as the depositors, shareholders, borrowers/creditors and other stakeholders.

The Corporate Governance Charter was reviewed to ensure that the Company is in compliance with the recommendations of the Finance Companies (Corporate Governance) Directions No. 05 of 2021, the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practices on Corporate Governance issued by CA Sri Lanka

A Comprehensive Anti-Money Laundering Policy/Whistle Blower Policy/Anti-corruption and anti-bribery policy etc are in place to ensure best practices are embraced by the Company in conducting its operations. The Company at all times endeavours to ensure fair treatment to all stakeholders, in particular the depositors. Further, the Board adopted frameworks with the involvement of internal management committees for risk management and the process to identify, assess, monitor, and manage risks with clear delegation of responsibilities to

ensure their effectiveness in supporting the achievement of the strategic, operational, and financial objectives of the Company.

### CHAIRMAN'S AFFIRMATION ON THE CODE OF BUSINESS CONDUCT AND ETHICS

The Chairman affirms that People's Leasing & Finance PLC has introduced a Code of Business Conduct and Ethics where the Company-wide procedure is set for disseminating, monitoring and compliance with the Code of Business Conduct.

#### The Directors declare that:

1. The Company has not engaged in any activity which contravenes laws and regulations.
2. The Company has made all endeavours to ensure the equitable treatment of shareholders.
3. The business is a going concern.
4. Effectiveness of and successful adherence to internal controls and risk management is practiced by the Company. The measures taken in this regard are set out in the Corporate Governance Report on pages 173 to 231 of this Annual Report.
5. To the best of their knowledge, there has not been any violation of the Code of Business Conduct and Ethics of the Company.
6. Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
7. Property, plant and equipment are reflected at fair value, where it is different from fair value and adequate disclosures are made.

In addition to that in a declaration on the Board code of Conduct will be signed by the directors annually in connection with the requirement of Sustainability Standards Implementation & Management System (S-SIMS)

#### The Directors declare that:

1. To prioritize the Company's interests, disclose conflicts promptly, and ensure actions benefit all stakeholders
2. Commit to active participation in board activities, contributing my expertise to advance organizational goals, and

acting with integrity and diligence to avoid liabilities

3. To uphold the confidentiality of privileged information and board discussions
4. To manage the resources responsibly and ensure legal and ethical use and to safeguard the organization's financial health and reputation
5. To support Environmental, Social and Governance sustainability encouraging innovation across operations.
6. To uphold honesty, integrity, and professionalism and adhere to the highest ethical standards and to promote a culture of transparency, fairness, and respect within the organization
7. Not to engage in insider dealings, defined as the use of privileged information for personal gain or to benefit others at the expense of the Company
8. To adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards governing the company
9. To foster a corporate culture of ethics and professionalism."
10. To hold them self-accountable for upholding principles and to address breaches promptly and transparently.

KRPs Declaration on Compliance with Code of Business Conduct and Ethics

To the best of their knowledge, there has not been any violation of the Code of Business Conduct and Ethics of the Company.

### 9.2 Compliance with Laws and Regulations

To the best knowledge and belief of the Directors, the Company and the Group have not engaged in any activity contravening any laws and regulations. During the year 2024/25, the Company has implemented new controls to reinforce the control environment, and confirmed their effectiveness through verification by external auditors.

### 9.3 Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other

regulatory institutions and in relation to the employees have been made in time.

#### 9.4 Environmental Protection

The Directors confirm that to the best of their knowledge the Company and the Group have not engaged in any activity which is detrimental to the environment.

#### 9.5 ESG Reporting

Environmental, social and governance considerations can affect a Company's ability to execute its business strategy and create value. The Company's Annual Report should contain sufficient information on ESG risks and opportunities that are recognised, managed, measured and reported as set out on pages 358 to 370.

### 10. ACKNOWLEDGEMENT

#### (Section 168 (1) (k))

*Acknowledgement of the contents of this report/signatures on behalf of the Board by two Directors and the Secretary of the Company.*

The Board of Directors has acknowledged the content of this Annual Report as disclosed on page 13.

### 11. STAKEHOLDER MANAGEMENT AND INTEGRATED REPORTING

Excellent job in portraying the holistic approach of the Company towards its stakeholders and value creation process. The comprehensive management of valued stakeholders, encompassing customers, employees, investors, suppliers, and the community, underscores the Company's commitment to sustainable growth. Moreover, the conscientious consideration of economic, environmental, and social impacts demonstrates the Company's dedication to responsible business practices.

This meticulous approach to capital management is evident in the detailed reporting provided in the Annual Report. The Management Discussion and Analysis section, spanning pages 76 to 155, encapsulates the Company's strategies, performance, and future outlook, thereby providing stakeholders with valuable insights into the Company's operations and its broader impact.

By integrating these aspects into its reporting process, the Company not only enhances transparency but also reinforces its role as a conscientious corporate

citizen. This commitment to stakeholder engagement and sustainable practices serves as a commendable example within the industry, setting a high standard for responsible business conduct.

### 12. OUTSTANDING LITIGATION

In the opinion of the Directors formed in consultation with the Company's lawyers, litigation currently pending against the Company will not have any material impact on the reported financial results or future operations of the Company. Details of litigation pending against the Company are given in Note 50.1.1 to the Financial Statements on page 383.

### 13. HUMAN RESOURCES

The Company has adopted an absolutely non-discriminatory Employment Policy which respects individuals and provides career opportunities irrespective of gender, race or religion. As at 31 March 2025, a total of 2,679 persons were in employment (2,052 persons as at 31 March 2024) with the Company.

### 14. INTERNET OF THINGS AND CYBERSECURITY

(Code of Best Practice D.6, D 6.1, D.2, D 1.4)

The Board confirms that the Company has appointed an Information Security Officer (ISO) with sufficient expertise and authority and allocated regular and adequate time on the Board meeting agenda for discussions on cyber-risk management. Related information is set out in the Corporate Governance Report on page 173.

### 15. EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 57 to the Financial Statements on page 419.

### 16. COMPLIANCE WITH REQUIREMENTS ON THE CONTENT OF THE ANNUAL REPORT IN RULE 7.6 OF THE LISTING RULES

Rule Ref.	Information Required to be Disclosed	Status of Compliance	Page Reference
7.6 (i)	Names of person who were Directors of the Company during the financial year	✓	
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	✓	
7.6 (iii)	Information on 20 largest shareholders at the end of the year	✓	
7.6 (iv)	The public holding percentage	✓	
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	✓	
7.6 (vi)	Information pertaining to material foreseeable risk factors	✓	
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	During the year under review, there were no material issues pertaining to employees and industrial relations.	
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year	✓	
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	✓	



# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

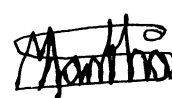
Rule Ref.	Information Required to be Disclosed	Status of Compliance	Page Reference
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	✓	
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating	✓	
7.6 (xii)	Significant changes in the Company's or subsidiaries' fixed assets.	✓	
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	We did not raise funds through a public issue, Right issue or a private placement during the year	
7.6 (xiv)	Information in respect of employee share ownership or stock option schemes	The Company does not have any employee share ownership or stock option scheme at present.	
7.6 (xv)	Disclosure pertaining to corporate governance practices in terms of Rules Section 9 of the Listing Rules	✓	
7.6 (xvi)	Related Party Transaction exceeding 10% of the equity or 5% of the total assets of the entity	✓	

foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements.

## 19. ANNUAL GENERAL MEETING

The 29th Annual General Meeting will be held at the People's Bank Staff Training College Auditorium 11th Floor, People's Leasing building, No. 7, Havelock Road, Colombo 5, on 30th June 2025 at 3.00 p.m. Notice of the meeting relating to the 29th Annual General Meeting is provided on page 455 of this Annual Report.

By order of the Board of Directors



Ajantha Samarakoon  
Chairman



Clive Fonseka  
Director



Nirosha Kannangara  
Company Secretary

30 May 2025  
Colombo

## 17. RELATED PARTY TRANSACTIONS

(CSE Listing Rules Section 9)

The Directors declare that the rules pertaining to Related Party Transactions in Section 9 of CSE Listing Rules have been complied with.

## 18. GOING CONCERN

(Code of Best Practice D 1.4)

The Group's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business in the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2025, the Management has assessed the existing and anticipated effects of economic, regulatory, and political volatility on the Group Companies and the appropriateness of the use of the going concern basis based on available information.

The Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress-tested scenarios, relating to expected income, cost management, profitability, liquidity, and the ability to defer non-essential capital expenditure, unused credit lines and the ability to continue providing services to ensure businesses continues with the least possible impact.

Having presented the outlook for each industry of the Group to the Holding Company's Board and post evaluation of the above by the Management, and following due consideration the range and likelihood of outcomes, the Management is satisfied that the Company has adequate resources to continue in operational existence in the

## BOARD OF DIRECTORS COMMUNICATION POLICY REPORT

The Board of Directors reaffirms its unwavering commitment to fostering transparent and effective communication channels with all stakeholders, including shareholders, lenders, creditors, borrowers, and other interested parties. Acknowledging the significance of shareholder engagement, the Board values the insights and inputs of stakeholders and endeavours to provide timely updates on the Company's performance, strategic direction, and governance practices.

The Board has recently updated the corporate communication policy to ensure compliance with relevant regulations. This revised policy now reflects the provisions outlined in the Finance Business Act Direction no.5 of 2021, which was officially adopted by the Board of Directors on 26th April 2022 and additionally, with the amended CSE Rule No. 9 for Corporate Governance, revised and endorsed by the Board on 26th March 2024.

The revised policy emphasizes the following key principles:

**Shareholder Engagement:** The Board provides various avenues for shareholders to interact with the Company, including Annual General Meetings, Extraordinary General Meetings, Circulars, and disclosures made via the stock exchange. Shareholders are encouraged to utilize these mechanisms and are invited to provide feedback and suggestions for continuous improvement.

**External Communication:** To enhance communication with potential shareholders and investors, the Company employs a diverse range of communication tools, such as Road Shows, Internet platforms, Media engagements, Investor Presentations, Wire services, Publications, Brochures, Leaflets, and advertising. Additionally, the corporate website is regularly updated and easily accessible to stakeholders.

**Ethics and Integrity:** The Board upholds ethical standards and professional behaviour through established policies, including the Code of Conduct. Furthermore, the Whistleblowing Policy is in place to address conflicts of interest and unethical business practices.

**Stakeholder Feedback Mechanism:**

The Board Secretary is designated to receive and review communications intended for the Board and its Sub-Committees or individual Board members or Management. Communications concerning legal, ethical, or compliance matters, or any other issue deemed significant to the Company, are promptly escalated to the Chairman and the Board. Personal communications unrelated to Board functions, junk mail, solicitations, or opinion polls are disregarded unless deemed material upon further clarification.

**Accessibility:** Stakeholders have the opportunity to communicate with the Board as a whole, Independent Directors, individual Board members, or specific Board Committees. Additionally, the Company has appointed a dedicated Customer Complaint Officer.

**Continuous Improvement:** The Board remains committed to enhancing its communication practices and welcomes feedback from shareholders and stakeholders. As part of its commitment to adaptability, the Board will regularly evaluate and adjust the communication policy to align with evolving stakeholder expectations and industry best practices.

This report reaffirms the Company's dedication to transparency, accountability, and stakeholder engagement, essential elements in fostering trust and sustainability in our operations.



Chaminda Dharmarathna  
Chief Manager- Branding & Communication

30 May 2025  
Colombo

## BOARD AUDIT COMMITTEE REPORT



**THE BOARD AUDIT COMMITTEE SERVES AS THE CORNERSTONE OF CORPORATE ACCOUNTABILITY, ENSURING TRANSPARENCY IN FINANCIAL REPORTING, INTEGRITY IN INTERNAL CONTROLS, AND CONFIDENCE IN THE GOVERNANCE PROCESS**

Pravir Samarasinghe  
Chairman - Board Audit Committee

The Committee assessed the Company's compliance with financial reporting requirements, information requirements under the Companies Act, Finance Business Act and other relevant financial reporting related regulations (such as SLASs/IFRS) and requirements.

Board Audit Committee ("Audit Committee" or "the Committee") of the Company presents its report for the year ended 31.03.2025.

### COMPOSITION

Until February 11, 2025, the Board Audit Committee comprised three Non-Executive Directors. Following its reconstitution on February 11, 2025, the Committee now consists of one Independent Non-Executive Directors and one Non-Independent Non-Executive Director. This composition aligns with the requirements specified by the regulators. The Board is satisfied that the current members of the Committee are competent in financial matters and have recent and relevant experience.

Name of the Committee Member	Membership Status
Mr. Pravir Samarasinghe – Chairman of the Committee	*Independent Non- Executive Director
Mr. S. Sudarshan	Independent Non- Executive Director
Mr. Clive Fonseka	Non-Independent Non- Executive Director

The profiles of the members are given on pages 158 to 163 of the Annual Report.

Mr. Aminda Rajapaksa, Head of Internal Audit and the Secretary to the Board Audit Committee.

### MEETINGS

The Committee held seven (7) meetings during the financial year ended 31st March, 2025. Proceedings of these meetings, with adequate details of matters discussed are regularly reported to the Board. Representatives of the Company's External Auditors; Auditor General and Ernst & Young participated in two (02) meetings during the year. The Chief Executive Officer, Chief Operating Officer and other members of the senior management of the Company attended the meetings by invitation from time to time on a needs basis.

#### Attendance at the meetings during the year under review was satisfactory.

Committee Member	Directorship Status	Membership Status	Attendance
Mr. Pravir Samarasinghe	Independent Non-Executive Director	Chairman (Appointed w.e.f 11.02.2025 )	1/1
		Member	6/6
Mr. S. Sudarshan	Independent Non-Executive Director	Member (Appointed w.e.f 11.02.2025)	1/1
Mr. Clive Fonseka	Non-Independent Non- Executive Director	Member (Appointed w.e.f 11.02.2025)	1/1
Mr. Yudhishtan Kanagasabai	Independent Non-Executive Director	Chairman (Ceased w.e.f. 11.02.2025)	6/6
Mr. U. L. Asoka W. Bandara	Independent Non-Executive Director	Member (Ceased w.e.f. 10.02.2025)	6/6

\* The Independence status of the director was changed in accordance with the Finance Business Act Direction No. 5 of 2021

Mr. Asoka Bandara, a member of the Board Audit Committee, tendered his resignation from the Board of Directors of People's Leasing & Finance PLC, effective from 10th February 2025.

Subsequently, at the Board Meeting held on 11th February 2025, the Board Audit Committee was reconstituted as follows:

Mr. Pravir Samarasinghe was appointed as the Chairman of the Board Audit Committee.

Mr. Yudhishtan Kanagasabai ceased to be a member of the Committee with effect from 11th February 2025.

Mr. S. Sudarshan and Mr. Clive Fonseka were appointed as members of the Committee, effective the same date.

## ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR 2024/25

### Terms of Reference of the Committee

The Board Audit Committee is appointed by the Board of Directors of People's Leasing & Finance PLC to assist and provide the board oversight of the integrity of financial reporting, adequacy of the system of internal control, assessment of the Company's compliance with legal and regulatory requirements.

The composition, scope, responsibilities, and authority of the Committee are defined in its Terms of Reference, which was reviewed annually to address any developments in the Committee's functions and concerns. The Terms of Reference were last reviewed during the BAC meeting held in September 2024 and were subsequently approved by the Board in the same month.

The Committee has the explicit authority to investigate into any matter, unrestricted access to records, data, and reports and to the management and the staff, to obtain information considered necessary for the discharge of duties. The Committee is also authorized to obtain external professional advice at the Company's expense.

### Financial Reporting

The Committee assisted the Board of Directors in discharging its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company in conformity with the Sri

Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards, and Finance Business Act No. 42 of 2011 the Companies Act No. 7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No. 15 of 1995, rules and regulations of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka and Directions of Central Bank of Sri Lanka.

The committee received interim and annual financial statements duly signed and authorized by the Senior Manager Finance and CEO/MD. These statements assure compliance with the Sri Lanka Accounting Standard, provisions of the Companies Act No. 7 of 2007, and provide the required information as per Rule 7.4 of the Colombo Stock Exchange.

The Committee reviewed and discussed the Company's interim and annual financial statements, assessed the acceptability of Accounting principles, significant estimates and judgments, and the impact of dividend declarations to the prudential ratios, in discharging their oversight responsibilities. The Committee reviewed the Impairment Policy Manual including the assessment of adequacy of provision for Expected Credit Loss (ECL) recognized in the financial statements.

### External Audit

National Audit Act No. 19 of 2018, requires the Auditor General to carry out the audit by himself or any person authorized by the Auditor General. Accordingly, the Auditor General informed the Company of the appointment of Messrs. Ernst & Young to assist the Auditor General in performing the external audit for the FY 2024/25. Since the Auditor General is the External Auditor of the Company, as appointed under the Constitution, the Committee has no role to play in the appointment of the External Auditor.

The Committee met with the external auditors twice during the financial year. Initially, the Committee convened with the external auditors to discuss the audit plan, scope, and proposed methodology for conducting the annual audit. Subsequently, a second meeting was held with the external auditors to review the audit results.

The Committee held two confidential meetings with the external auditors without any other directors / senior

management/employees being present to facilitate open discussion on material issues, problems, or reservations. This allowed the external auditors to address their concerns and opinions directly with the Audit Committee. Accordingly, the Committee was informed that the management has provided all necessary information and explanations as requested by the auditors, ensuring unrestricted coverage of their scope of work. The outcomes of these discussions were communicated directly to the Board by the Committee.

The Committee undertook a review of the non-audit services offered by the Auditors, aiming to ensure that these services do not fall within the restricted categories and that their provision does not compromise the independence and objectivity of the External Auditors, who are appointed to assist the Auditor General. The Committee regularly reviews the Policy for Engagement of External Auditors to Provide Non-Audit Services to ensure it is appropriately updated to reflect recent developments and regulatory changes.

The Committee reviewed the External Auditor's Management Letters along with the corresponding responses provided by Management. The Committee also took necessary steps to ensure that the recommendations outlined in the Management Letters were effectively implemented by Management.

### Internal Audit

A dedicated Internal Audit Department performs the internal audit function and reports to the Audit Committee. The Committee ensured that the internal audit function was independent of the activities it audited and that the department had the necessary authority and expertise to perform its work independently. The rights, duties, responsibilities, and authority of the Head of Internal Audit and the Internal Audit Department are delineated in the Internal Audit Charter. This charter undergoes annual review by the Board Audit Committee and is approved by the Board.

The Committee takes a proactive stance by reviewing the annual internal audit plan prior to the start of the financial year. This review includes assessing the resources allocated to the department to ensure the department can provide uninterrupted assurance service. Additionally, the Committee consistently monitors the

## BOARD AUDIT COMMITTEE REPORT

progress made in achieving the Audit Plan objectives.

The Internal Audit Manual is reviewed annually to incorporate developments in operational functions and procedures. Accordingly, the Committee reviewed and approved the revised manual in August 2024, and it received Board approval in September 2024.

The Company's Internal Audit Department regularly conducts on-site and off-site inspections of business units and branches. Information system audit examines and evaluates the company's information technology infrastructure, information security strategies and practices, governance, policies, procedures, and operational processes against recognized standards, best practices, or well-established policies.

The department reports its significant findings, recommended remedial actions to the Committee for deliberation. The Committee, in turn, evaluates these recommendations and actively follows up on their implementation. The performance evaluation of the Head of Internal Audit is carried out by the Committee annually.

Furthermore, the Internal Audit Department is intensifying its focus on leveraging data analytics tools to systematically identify exceptions, thereby fostering an agile approach to auditing and enhancing the efficiency and effectiveness of the audit process.

### REGULATORY COMPLIANCE

The Committee assessed the Company's compliance with financial reporting requirements, information requirements under the Companies Act, CBSL directions, Finance Business Act, and other relevant financial reporting-related regulations (such as LKAS/ SLFRS), as well as requirements. The Committee scrutinized the reports submitted by the Compliance Officer and the Internal Audit

to monitor compliance with such legal and regulatory requirements.

The Committee also monitored the progress of implementing the recommendations outlined in the Central Bank of Sri Lanka's Statutory Examination Reports, along with management's corresponding responses and the associated time-bound action plan.

### INTERNAL CONTROLS

The Committee, assisted by the Internal Audit Division, assesses the adequacy and effectiveness of the Company's internal controls. The Internal Audit Department conducts assessments to ensure the efficiency and effectiveness of both the internal controls and the Management Information Systems, and verifies that the design of internal controls are effective, functioning properly, and that the respective process owners adhere to established procedures.

The Committee also reviewed the observations and recommendations of the External Auditors and the management's responses to them. Additionally, the Committee evaluates the effectiveness of the Company's Risk management function with the assistance of the Internal Audit Division.

The report on the "Internal Control System over Financial Reporting" was reviewed and approved by the Committee for inclusion in the Annual Report.

### WHISTLEBLOWING

The Company's Whistleblower Protection policy is intended to provide a channel for corporate fraud risk management. The Whistleblower Protection policy, which guarantees the maintenance of strict confidentiality of the whistleblowers, was reviewed by the Committee and has been published in the Company intranet. The Employee Awareness Program has been developed and is available in the Company's Learning Management

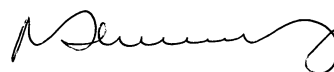
System (LMS) to enhance employees' understanding of the Whistleblower Protection Policy.

Any employee who observes or notices improper or illegal activity or unethical practices in the Company or receives credible information is encouraged to report such incidents directly to the Chairman of the BAC.

The Whistleblowing Policy was reviewed by the Board Audit Committee (BAC) during 2024 with a view to further strengthening its provisions. All necessary procedures have been established to conduct independent investigations into incidents reported through whistleblowing channels or identified via other means. The BAC reviews quarterly updates on complaints received through the Company's whistleblower communication channels. In the absence of any such reports, a "nil" update is also submitted to the Committee on a quarterly basis.

### EVALUATION OF THE COMMITTEE

The Board Audit Committee carried out its responsibilities in accordance with the authority vested in it by its Terms of Reference. The Committee conducted a self-appraisal of its performance and concluded that it had satisfactorily discharged its duties during the financial year.



Pravir Samarasinghe  
Chairman - Board Audit Committee

30 May 2025  
Colombo



# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

GRI 2-19, 2-20



**THE HUMAN RESOURCES AND REMUNERATION COMMITTEE (BHRRC) OVERSEES MANAGING A COMPANY'S PEOPLE STRATEGY, WHICH INCLUDES REMUNERATION, PERFORMANCE MANAGEMENT, RECRUITMENT, AND SUCCESSION PLANNING. THIS INCLUDES DEVELOPING AND RECOMMENDING HR POLICIES, ASSESSING EXECUTIVE AND KEY PERSONNEL PERFORMANCE, AND PROVIDING ADVICE ON WAGE ADJUSTMENTS AND ORGANIZATIONAL CHANGES.**

Pravir Samarasinghe  
Chairman - Human Resources and Remuneration Committee

The Board Human Resources & Remuneration Committee (BHRRC) is pleased to present its report for the financial year ended 31 March 2025

The BHRRC was formed as a sub - Committee of the Board to ensure fair human resource policies and procedures within the Group, alongside a strong compensation structure intended to attract, retain, and inspire top-tier Key Responsible Personnel (KRPs)/Employees who play a vital role in achieving the Company's strategic objectives. This involves crafting performance-based incentives for the CEO, KRPs, and Senior Management, along with devising performance metrics that are both pertinent and challenging, geared towards advancing stakeholder interests.

## COMPOSITION OF THE COMMITTEE:

People's Leasing's BHRRC consists of three members, the majority of whom are Independent Non-Executive Directors. The BHRRC is chaired by an Independent Non-Executive Director. Each member brings valuable expertise and experience in Corporate Governance, leadership, and industry knowledge to the Committee's deliberations. The profiles of the members are given on pages 158 to 163 of the Annual Report.

## MEETINGS

The BHRRC met Ten (10) times during the year under review, with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer and the Chief Manager - Group Human Resources attended BHRRC meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary to the BHRRC.

## TERMS OF REFERENCE

The Board approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BHRRC. The TOR is reviewed annually by the Board and appropriate changes are made as needed to reflect compliance requirements and best practices. In the current year, the BHRRC's TOR was revised in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance. The updated TOR incorporated in the Company's HR Policy Manual. Additionally, the Board further reviewed the BHRRC's TOR to facilitate the early adoption of section 9 of Corporate Governance requirements of the Listing Rules of the Colombo Stock Exchange.

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates								Meetings		
						16 May 2024	10 June 2024	11 July 2024	19 July 2024	03 Sep 2024	19 Feb 2025	27 Feb 2025	03 March 2025		11 March 2025	25 March 2025
1	Mr. P. Samarasinghe -Chairman with effect from 11th February 2025 (upon reconstitution of sub-Committee)		✓								✓	✓	✓	✓	✓	5/5
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓							✓	✓	✓	✓	✓	5/5
3	Mr. Bradley Emerson-Member with effect from 11th February 2025		✓		✓						✓	✓	✓	✓	✓	5/5
4	Mr. Y.Kanagasabai-Ceased to be the Chairman with effect from 31st January 2025		✓	✓		✓	✓	✓	✓	✓						5/5
5	Mr. Clive Fonseka-Ceased to be a member with effect from 10th February 2025 (upon reconstitution of sub-Committee)		✓		✓	✗	👤	✓	👤	👤						4/5
✓ Present / 👤 via Teams / ✗ Excused																

✓ Present | ✗ via Teams | ✗ Excused

# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

As set out in its TOR, BHRRRC assists the Board of Directors in fulfilling its oversight responsibility by;

- ⊙ Reviewing and approving the principles, parameters and governance of the Company's remuneration framework
- ⊙ Reviewing and approving the remuneration of Directors, and Key Responsible Persons' (KRPs) including setting the overall Remuneration Policy
- ⊙ Determining and periodically reviewing the payments/allowances made to Non-Executive Directors in line with and within the parameters of the regulatory authority
- ⊙ Providing assurance to the Board that the Company's remuneration practices comply with the regulatory and other legislative requirements
- ⊙ Providing assurance to the Board that the Company's remuneration framework is in line with People's Leasing's risk appetite, business strategy, culture and values, and long-term interests of the Company and its stakeholders, and is free from any form of bias.

## REMUNERATION POLICY

The BHRRRC undertakes the formulation of the Company's reward strategy to ensure that employees receive compensation commensurate with their performance, skills, experience, and level of responsibility, thereby enabling the Company to retain talent essential for achieving its strategic goals.

The People's Leasing Remuneration Policy, reinforces the desired corporate culture and fosters behaviours consistent with the Company's values, while also incentivising employees to consistently deliver high performance in support of our strategic priorities.

The Company's Remuneration policy is periodically reviewed and updates recommended by the BHRRRC in line with market variations, statutory revisions and general living standards.

The Company has in place, a performance-driven bonus policy that takes into account employee contributions and achievements when determining compensation levels across all staff categories

The BHRRRC is authorized to engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO

## AUTHORITY

The recommendations of the BHRRRC are brought to the notice of the Board to make a final decision. The Committee is authorised to obtain professional advice as and when required at the expense of the Company and this is coordinated by the Company Secretary.

## ACTIVITIES 2024/25

During the year, the BHRRRC reviewed the Organizational Structure and the structure of the Corporate Management, culminating in the recommendation of revisions to certain job descriptions to ensure alignment with current standards. As part of this same effort, the structure within the Legal and Digital Marketing Departments were further reviewed and updated to reflect the evolving needs of the organisation.

In order to disseminate the updates effectively, the BHRRRC instructed all new policies to be made available via the Company's Intranet and composed HR-led road shows across all branches, facilitating direct staff engagement.

Upon receiving communication from the Director General of the Department of Public Enterprises, the HRRRC recommended a revision in Director Sitting fees/allowances for Board Members in line with market practices.

In line with the commitment to fair compensation, the Profit Bonus Policy was amended to introduce minimum performance bonus criteria.

The BHRRRC recommended to the Board an Outbound Training (OBT) programme aimed at enhancing employee motivation and teamwork through immersive experiences outside their regular work environments.

Recognising the importance of market competitiveness, the BHRRRC conducted a comprehensive salary survey with remuneration levels adjusted accordingly to align with current market levels.

A policy was developed to honour long-serving corporate Management employees upon retirement or resignation.

The mobile usage policy was revised during the financial year

In conducting recruitments throughout the year, stringent assessments were made, considering academic and professional qualifications as mandated by the Finance Business Act No. 42 of 2011 and Directive No. 6 of 2021 to ensure the fitness and propriety of Key Responsible Persons (KRPs).

## SUCCESSION PLANNING AND RETENTION OF TALENT

The Company has outlined a comprehensive succession planning and talent retention strategy designed to foster employee development and ensure sustainability to enhance the employee engagement, build a robust leadership pipeline, and maintain a competitive edge.

A job rotation and transfer policy has been established to facilitate staff secondments between companies within the Group, offering employees opportunities and exposure to advance their career paths and achieve their goals.

Implementing a structured succession planning and talent retention strategy with clear development plans and target timelines will help the Company cultivate a strong leadership pipeline and retain top talents.



Draw out development plan for employees with target time lines for growth.

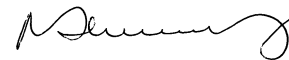
Plan	Steps	Timeline
Identification of Skill gaps of employees		0 – 6 Months
Skill Development and Training	Training Programs required fill the skill gaps	6 – 12 months
Leadership Development and Succession Planning	Leadership Development Programs required for future leaders to achieve expected corporate objectives	12 to 24 Months

DIRECTORS REMUNERATION

The aggregate remuneration paid to the Directors/CEO/Senior Management during the financial year under review is given on the Note 15 of page 311 of the Annual Report, which is in line with the Board Remuneration Policy adopted by the Board.

CONCLUSION

The BHRRC urges the Board of Directors to prioritise the attraction, retention, and development of skilled employees, while fostering a culture that champions diversity, equity, and inclusion, as it firmly believes that a robust human resources strategy is fundamental to the Company's long-term success.



Pravir Samarasinghe  
Chairman of the Committee

30 May 2025  
Colombo

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15



**THE MAJOR RESPONSIBILITY OF THE BOARD RELATES PARTY TRANSACTION COMMITTEE IS TO ENSURE TRANSPARENCY AND FAIRNESS IN TRANSACTIONS INVOLVING THE COMPANY AND ITS RELATED PARTIES, SUCH AS DIRECTORS, SHAREHOLDERS, OR KEY MANAGEMENT STAFF. THIS COMMITTEE EXAMINES PROPOSED TRANSACTIONS, PROVIDES IMPARTIAL ASSESSMENTS, AND ASSURES REGULATORY COMPLIANCE, ULTIMATELY DEFENDING THE COMPANY'S AND SHAREHOLDERS' INTEREST.**

Ms. Udeni Gallage  
Chairperson of the Committee

The Board approved Related party transactions policy outlines the criteria for identifying 'related parties' in accordance with regulatory requirements which are CBSL Directions, Listing Rules and non-regulatory requirements LKAS 24 of Sri Lanka Accounting Standards. The policy ensures that the company eludes transactions with related parties that could provide them with preferential treatment.

The Related Party Transaction Review Committee, a sub-Committee of the Board, evaluates and recommends all proposed transactions between the Company and its related parties. This ensures transparency and upholds sound corporate governance principles within the Group.

The Committee is pleased to present its report for the year ended 31st March 2025.

## COMPOSITION OF THE COMMITTEE

The Committee currently consists of three Non-Executive board members; the majority of whom including the Chairperson are Independent Directors (Profiles of the members are given on pages 158 to 163 of the Annual Report.)

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

## MEETINGS

The Committee met four (04) times during the year under review.

As and when necessary the Chief Executive Officer and Compliance Officer, as well as the Senior Manager Finance, are invited to attend the Committee meetings by invitation.

The Proceedings of the Committee meetings have been regularly reported to the Board of Directors.

## TERMS OF REFERENCE

Terms of Reference ('TOR') sets out the functions of the Committee in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance, Rule 9 of the Listing Rules of the Colombo Stock Exchange, Share Trading Policy and the Related Party transaction Policy Manual.

## RELATED PARTY TRANSACTIONS POLICY

The Company has a Board approved policy for Related party transactions, which outlines the criteria for identifying 'related parties'.

In accordance with the regulatory requirements which are CBSL Directions, Listing Rules and non-regulatory requirements LKAS 24 of Sri Lanka.

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates				Meetings
						14 Jun 2024	05 Sep 2024	20 Mar 2025	31 Mar 2025	
1	Ms. Udeni Gallage-Chairperson with effect from 11th February 2025		✓	✓				✓	✓	2/2
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓				✓	✓	2/2
3	Mr. Dulinda Perera-Member with effect from 11th February 2025		✓		✓			✓	✓	2/2
4	Mr. Asoka Bandara-Chairman-ceased to be the Chairman with effect from 10th February 2025		✓	✓		✓	✓			2/2
5	Mr. C.J.Wijetillake-ceased to be a member with effect from 23rd January 2025		✓	✓		✓	✓			2/2
6	Mr. T.M. Wellalage- ceased to be a member with effect from 11th March 2025		✓		✓	✓	✓			2/2

✓ Present | 🗑 via Teams | ✗ Excused

Accounting Standards. The policy ensures that the company eludes transactions with related parties that could provide them with preferential treatment.

Additionally, the Related Party Transaction Policy requires self-declarations from each Director and Key Management Personnel (KMPs) to identify parties related to them annually.

Furthermore, the Company's Code of Business Conduct and Ethics mandates that Board members assess potential or actual conflicts of interest arising from personal relationships, external associations, and material matters which may have a bearing on his/her independent judgment. Directors who have such potential or actual conflict of interests are required to immediately disclose such conflict with the Board of Directors as soon as he/she becomes aware of it.

### REVIEWING POLICIES AND PROCEDURES

The Related Party Transaction Review Committee regularly reviews the Policies and Procedures on RPT Transactions adopted by the company. Further it carries out overview functions over its subsidiaries.

During the year, the Share Trading Policy was carefully reviewed and revised to align with the evolving needs of the business.

The TOR is due for review in the year 2024 on adoption of section 9 of the Corporate Governance Rules of the Colombo Stock Exchange.

### SCOPE OF THE COMMITTEE

The Committee reviews all proposed related party transactions in advance, in accordance with the Finance Business Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka (CBSL) and Listing Rules issued by the Colombo Stock Exchange (CSE) and Accounting Standards.

It implements policies and procedures to review the Company's related party transactions, as well as overseeing existing policies and procedures.

Further, the Committee recommends to the full Board, where necessary, that the approval of the Company's shareholders be obtained by way of a Special Resolution prior to the concerned

transaction being entered into, as specified in Sections 9.14.6 of the Listing Rules.

Furthermore, the Committee establishes guidelines to be followed by the employees of the Company in respect of ongoing related party transactions.

Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee solely for the purpose of providing information thereon to the Committee without influencing voting on the matter.

Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and sufficiently detailed manner.

Monitoring the Related Party Transactions, if any, to ensure that they are conducted in a manner that will prevent or mitigate the impact of any conflict of interest which may arise between the Company and its Related Parties.

Reviewing the TOR of the Committee periodically to ensure that it reflects the best practices of the industry at all time.

Performs other activities which the Committee deems appropriate and necessary for the performance of its duties and undertake other responsibilities which the Board may assign to the Committee from time to time.

### RELATED PARTY TRANSACTIONS DURING 2024/25

The Committee reviewed Related Party Transactions of the Company during the period of 01 April 2024 to 31 March 2025 and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9.14.5 of the Listing Rules of the CSE. The Company has not entered into any transactions as contemplated in Sections 9.14.6, 9.14.7 and 9.14.9 of the Listing Rules of the CSE.

All transactions entered into by the Company which fall under section 9.14.8 of the Listing Rules have been disclosed in Note. 55 to the Financial Statements on pages 388.

### AUTHORITY

The Committee's recommendations are presented to the Board for final decision making on relevant issues. The Committee is authorised by the Board to obtain professional advice as and when it deem necessary at the expense of the Company which is coordinated by the Company Secretary.

### DECLARATION

The Board of Directors declares the following in terms of rule No 9.16 of the Listing Rules of Colombo Stock Exchange that

(i) They have declared all material interests in contracts involving in the Entity and that they have refrained from voting on matters in which they were materially interested;

(ii) They have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith;

(iii) They have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

(iv) They have made disclosures of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.



Udeni Gallage  
Chairperson of the Committee

30 May 2025

Colombo

## BOARD NOMINATION & GOVERNANCE COMMITTEE

GRI 2-10



**THE NOMINATION AND GOVERNANCE COMMITTEE PLAYS AN IMPORTANT ROLE IN PROMOTING ROBUST CORPORATE GOVERNANCE AND EFFECTIVE BOARD LEADERSHIP. ITS KEY RESPONSIBILITIES INCLUDE SELECTING AND EVALUATING BOARD CANDIDATES, ADVISING ON BOARD STRUCTURE AND SUCCESSION PLANNING, AND MONITORING GOVERNANCE POLICIES AND PROCEDURES.**

**S. Sudarshan**

*Chairman - Board Nomination & Governance Committee*

The Board Nomination and Governance Committee (BNGC) is pleased to present its report for the financial year ended 31st March 2025

The Nomination Committee was formed as a sub - Committee of the Board in line with Section 10.4 of the Finance Business Act Direction No.05 of 2021 and Rule 9.11 of the Corporate Governance Rules of the Colombo Stock Exchange. The main role of the Committee is to ensure that Directors/KRPs of the Company are fit and proper persons to hold office as per the criteria set out in the Directions issued by the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and other relevant Statutes and provide for succession planning of Directors and KRP s of the company.

In line with the revisions to the Corporate Governance Rules of the Colombo Stock Exchange, the Committee name was changed to Nomination & Governance Committee (BNGC).

The BNGC operates within the terms of reference as approved by the Board which

encompasses the CBSL regulations and CSE regulations given to BNGC.

### COMPOSITION OF THE NOMINATION AND GOVERNANCE COMMITTEE:

The BNGC is composed of three Non-Executive Directors, two-thirds of whom are independent Directors. However, on 29th May 2025, one of the Independent Directors disclosed a change in his independence status in accordance with Section 3.7(vii) of the Finance Business Act Direction No. 5 of 2021. The Committee promptly took action to advise and guide the Board to address this issue by appointing a new independent Director with experience in finance and auditing to chair both the Board Audit Committee and the Board Human Resources and Remuneration Committee. This step was taken to ensure compliance with the minimum independent directors' requirements outlined in section 3.7(a) of the aforementioned direction and Rule 9 of the Listing Rules issued by the Colombo Stock Exchange.

Each member brings valuable expertise and experience in corporate governance, leadership, and industry knowledge to the Committee's deliberations. The profiles of the members are given on the pages 158 to 163 of the Annual Report.

### MEETINGS

The BNGC met five (05) times during the year under review with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer/ GM and Compliance Officer, as well as the AGM HR/ Senior Manager HR attended the Committee meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary at all BNGC meetings.

### TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BNGC. The BNGC's TOR's has been formulated in line with

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates					Meetings
						20 Jun 2024	04 Sep 2024	19 Feb 2025	27 Feb 2025	25 Mar 2025	
1	Mr. S. Sudarshan- Chairman with effect from 11th February 2025		✓	✓				✓	✓	✓	3/3
2	Mr. P.D. Samarasinghe-Member with effect from 11th February 2025		✓					✓	✓	✓	3/3
3	Mr. Bradley Emerson-Member with effect from 11th February 2025		✓		✓			✓	✓	✓	3/3
4	Mr. C.J.Wijetillake-Ceased to be the Chairman with effect from 23rd January 2025		✓	✓		✓	✗				2/2
5	Mr. Y.Kanagasabai-Ceased to be a member with effect from 31st January 2025		✓	✓		✓	✗				2/2
6	Mr. Isuru Balapatabendi-Ceased to be a member with effect from 11th December 2025		✓		✓	✓	✗				2/2

✓ Present | ✗ via Teams | ✗ Excused

the Finance Business act Direction No. 5 of 2021 on Corporate Governance and aforementioned Direction No. 6 of 2021 on Fitness and Propriety. The TOR is reviewed annually by the Board and appropriate changes are made as and when needed to reflect compliance requirements and best practices.

The Board Governance Charter and the Policy on "Board of Directors Selection, Appointment, Nomination, Re-election, and Continuation" outline the procedures for nominating and appointing directors to the Board.

As set out in the TOR, the BNGC assists the Board of Directors in fulfilling its following oversight responsibilities.

- ⊙ To determine the strategy and policy in relation to terms and conditions of engagement of the Directors and Senior Management. The Chairman of the BNGC discusses with other members of the committee and provides feedback to the Chairman of the Board, on board effectiveness and annual Board evaluations
- ⊙ To identify and designate senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management; and
- ⊙ To develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and re-appointments to the board of the Company and reviewing the succession plans for the Directors and Key Responsible Persons (KRPs); and
- ⊙ To establish a fit and proper person policy, taking into account the fit and proper criteria stated in regulations.
- ⊙ To propose suitable guidelines for the identification, appointment and re-appointment of Directors to the Board.
- ⊙ To monitor compliance with the Corporate Governance Statutory Guidelines.
- ⊙ To establish the process for conducting the review of the GM/CEO performance annually.
- ⊙ To oversee and review the Board's succession plan together with the Succession plan for key responsible persons.

- ⊙ To ensure Board Diversity in the range of experience, skills, age and gender as an essential factor for effective Board performance.

### AUTHORITY

The recommendations of the Committee are brought to the notice of the Board to make a final decision. The Committee is authorized to obtain professional advice as and when required at the expense of the Company and this is coordinated by the Company Secretary.

### ACTIVITIES 2024/25

In accordance with Article 27(2) of the Company's Articles of Association, the BNGC conducted a fit and proper assessment of the directors appointed since the last Annual General Meeting, namely Prof. Ajantha Samarakoon, Mr. Dulinda Perera, Ms. Udeni Gallage, Mr. S. Sudarshan, Mr. Anura Perera, Mr. Bradley Emerson, Ms. Shameela Loku Kaluge, and Mr. Jayantha Thilakarathne, all of whom are now eligible for reappointment. Accordingly, the shareholders will be invited to re-elect them at the upcoming Annual General Meeting. The profiles of the said board members are given on the pages 158 to 163 under the Corporate Governance report of the Annual Report.

At the beginning of the financial year 2024/25, all Board Members were assessed for their Independence/ Non-Independence. The criteria on Independence was reviewed against the relevant Directions of the Finance Business Act and the Listing Rules of the Colombo Stock Exchange.

The Committee assessed the skills, experience, diversity, and independence of current Board members to identify any gaps that needed to be filled.

The Committee also assessed the nomination of new appointments Key Responsible Persons (KRP) against the criteria on fitness & propriety for KRP's as defined by the Finance Business Act Direction No. 6 of 2021. Necessary competency, capability and integrity of the members have also been evaluated and recommended by the Committee for such appointments.

The procedure for the Continuous Professional Development of the Board of Director was formalized and a policy with a designated budget allocated for such activities to empower Board Members

with the requisite knowledge and skills necessary to effectively fulfil their roles and responsibilities in governing the Company.

The Committee proactively initiated the early adoption of the revised requirements outlined in Section 9 of the Listing Rules, with necessary amendments to Company policies identified, and respective policy owners engaged with a view to developing necessary inputs to revise, improve, or implement policies accordingly.

The organizational structure of People's Leasing was reviewed with a view to establishing succession plan for the Key Management Personal. All new promotions granted during the year were also reviewed in line with the new organizational structure

Facilitated Board Evaluation for the year 2024/25 as well as the assessment and review of the appointment of the Acting CEO/GM and the CEO.

The Committee also undertook to perform the formal annual evaluation of its effectiveness. The output of the evaluation were forwarded to the Board of Directors for formal approval and / or any corrective action on the shortcomings.

### CONCLUSION

The Nomination & Governance Committee is dedicated to assisting the Board in identifying and recommending candidates who possess the necessary proficiencies, expertise, and familiarity essential for meeting the strategic needs of the Company. Additionally, the committee is committed to ensuring that both the Board and the Company reflect the desired diversity and opportunities for all stakeholders.

The Committee sincerely extend its gratitude to former Chairman Mr. C.J. Wijetillake, along with its members Mr. Y. Kanagasabai and Mr. Isuru Balapatabendi, for their expertise and dedicated efforts in advancing the Committee's goals during their tenure.



**S. Sudarshan**  
Chairman of the Committee  
30 May 2025  
Colombo



# BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT



**MANAGING CREDIT RISK REMAINED CENTRAL TO PLC'S RISK MANAGEMENT FRAMEWORK, HIGHLIGHTING THE PERSISTENT CHALLENGES AND EMERGING OPPORTUNITIES WITHIN SRI LANKA'S SHIFTING ECONOMIC LANDSCAPE. THE COMPANY PLACED EMPHASIS ON MAINTAINING SOUND CREDIT RISK PRACTICES TO ENSURE FINANCIAL STABILITY, WHILE SUPPORTING ITS CUSTOMERS AND CONTRIBUTING TO BROADER ECONOMIC RESILIENCE.**

**S. Sudarshan**  
Chairman - Board Integrated Risk Management Committee

The Board of Directors of People's Leasing & Finance PLC which is primarily responsible for the integrated risk management initiatives has delegated its authority to the Board Integrated Risk Management Committee ("BIRMC" or "Committee") to review and assess the adequacy and effectiveness of the risk profile of the Company and the Group, in terms of Section 10.3 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

## TERMS OF REFERENCE (TOR)

During the period under review, the TOR of the Committee were revised, and in an effort to strengthen the decision-making process, the quorum for conducting Committee business was raised to three Members. In compliance with the aforementioned Direction, The TOR clearly set out authority/ delegations vested with the Committee, composition, responsibilities, meeting frequency and quorum, reporting and other procedures of the Committee.

## COMPOSITION

The BIRMC comprised the following members whose profiles are given on pages 158 to 163

Name of the BIRMC Member	Directorship Status
Mr. S. Sudarshan w.e.f. 11.02.2025	Committee Chairman (Non-Executive, Independent Director)
Prof. Ajantha Samarakoon w.e.f. 11.02.2025	Committee Member (Non-Executive, Independent Chairman)
Mr. Anura Perera w.e.f. 11.02.2025	Committee Member (Non-Executive, Non-independent Director)
Mr. Pravir Samarasinghe up to 10.02.2025	Committee Chairman (Non-Executive, Independent Director)
Mr Azzam A. Ahamat up to 10.02.2025	Committee Member (Non-Executive, Non-Independent Director)
Mr. Yudhishtan Kanagasabai up to 31.01.2025	Committee Member (Non-Executive, Independent Director)
Secretary to the Committee Ms. Akila Samarasinghe (Acting Chief Risk Officer)	

## Regular Attendees by Invitation

- Chief Executive Officer/ General Manager
- Chief Operating Officer
- Acting Chief Risk Officer
- AGMs Branch Network
- Compliance Officer

## Key Management Personnel from PLC Subsidiaries

- Chief Executive Officer - People's Insurance PLC (PI)
- Chief Executive Officer - Head of People's Micro-commerce Limited
- Officer-in-charge of People's Leasing Fleet Management Limited
- Chief Executive Officer – Lankan Alliance Finance Limited
- Director - People's Leasing Property Development Limited
- Director - People's Leasing Havelock Properties Limited

## MEETINGS

The Committee held six (06) meetings during the year under review, The attendance of the members of the Committee was as follows.

No.	Name of the Director	Executive	Non-Executive	Independent	Non independent	No. of Meetings (Attended/Eligible to attend)
1	Mr S. Sudarshan - Committee Chairman W.e.f. 11.02.2025		✓	✓		4/4
2	Mr. Pravir Samarasinghe-Committee Chairman Up to 10.02.2025		✓	✓		2/2
3	Prof Ajantha Samarakoon - Committee Member W.e.f. 11.02.2025		✓	✓		4/4
4	Mr. Anura Perera - Committee Member W.e.f. 11.02.2025		✓		✓	4/4
5	Mr Yudhishtan Kanagasabai Up to 31.01.2025		✓	✓		2/2
6	Mr Azzam A. Ahamat – Committee Member Up to 10.02.2025		✓		✓	1/2

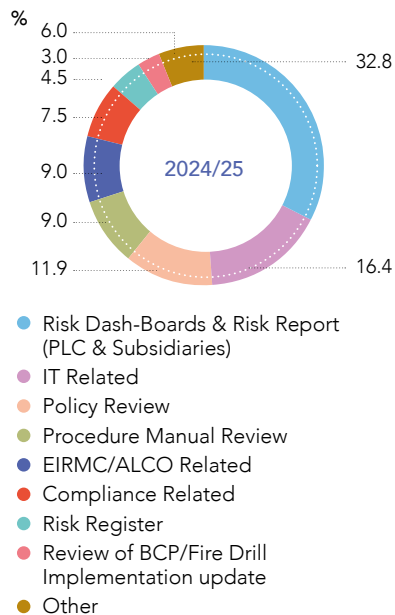
## REPORTING TO THE BOARD

Immediately after the BIRMC meetings, Risk Assessment reports are submitted to the Board seeking their views, concurrence and/or specific directions. Minutes of the Committee which include the deliberations and conclusions reached were submitted to the subsequent BIRMC meeting for confirmation and adoption. All minutes of the meetings were formally approved by the Committee Chairman and the approved minutes were also submitted to the Board.

## ACTIVITIES

The BIRMC effectively assisted the Board of Directors in performing its oversight function in relation to the internal/external risks faced by the Company in carrying out its business operations. All key risks tracked through Key Risk Indicators (KRIs) on a monthly basis are reviewed by the Committee at its meetings.

### Key Areas of Discussion and Time Allocated



## INTEGRATED RISK MANAGEMENT

- ⊙ In compliance with the Finance Business Act Direction No.02 of 2024 and No. 04 of 2024, issued by the Central Bank of Sri Lanka, the Risk & Control Department formulated the Credit Risk Management Framework and Operational Risk Management Framework, respectively. The Committee reviewed and

recommended both frameworks for Board approval.

- ⊙ The Committee reviewed the Policies and amendments submitted, including the following;
  - Risk Tolerance Statement
  - Business Continuity Policy
  - Information Protection Procedure
  - Document Retention and Destruction Policy
  - Default Interest Policy
  - AML Policy
  - Outsourcing Policy
  - Write-off Policy
- ⊙ The Committee reviewed the procedure manuals and amendments to the existing manuals submitted, including the following;
  - Transaction System Monitoring System Manual
  - Compliance Charter & Policy Manual
  - Amendments to the Tender-Auction Manual
  - Amendments to the FD & Savings Manual
- ⊙ The Committee reviewed and recommended the TOR of Change Management Committee for Board approval. This Committee was formed to review system modification requests by the users, prioritize them upon evaluation and monitor the progress of system developments.
- ⊙ The Committee reviewed the risk register quarterly, which was reported in line with the Corporate Governance Direction no. 5 of 2021.
- ⊙ The Committee reviewed and deliberated on the Branch Risk Rating Assessments submitted to the Committee.
- ⊙ Reviewed the quarterly risk reports (Risk Dash-board/Risk Indicator reports) of PLC and its subsidiary companies. All participants at meetings were actively encouraged to review all risks comprehensively and also to undertake analyses going beyond the requirement of regulations.
- ⊙ The Committee reviewed the ALCO and EIRMC meeting minutes and

discussed the concerned matters and proposed necessary action.

## CREDIT RISK

Managing credit risk remained central to PLC's risk management framework, highlighting the persistent challenges and emerging opportunities within Sri Lanka's shifting economic landscape. The Company placed emphasis on maintaining sound credit risk practices to ensure financial stability, while supporting its customers and contributing to broader economic resilience.

- ⊙ The Committee focused on asset quality indicators including infectious score and deliberated in detail on the necessary course of action to improve the asset quality of the Company.
- ⊙ Reviewed the portfolio quality through non-performing loan analysis and compared with the industry ratios.
- ⊙ The Committee reviewed impairment model back testing procedure and recommended adopting upon Board approval.
- ⊙ Reviewed the credit concentration risk sector-wise, product-wise and asset-wise and compliance with regulatory requirements such as single borrower limits.
- ⊙ The Committee reviewed stress tests to assess the impact of the increase in the level of loss ratio with the increase of objective evidence on the profitability and capital adequacy.
- ⊙ Reviewed the deliberations that were carried out by the EIRMC in respect of managing the credit risk including detailed credit risk analyses and post loan review findings.

## LIQUIDITY AND MARKET RISK

- ⊙ Reviewed the minutes of ALCO meetings submitted to the Committee to assess the effectiveness of liquidity and market risk management.
- ⊙ Reviewed the adequacy of maintained liquid assets, the maturity mismatch, sensitivity analysis, and interest rate re-pricing gaps.
- ⊙ Reviewed liquidity stress test results and adequacy of contingent funding lines.



# BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

## OPERATIONAL RISK

- ⊙ Reviewed the Risk register, which includes operational risk events together with the operational risk matrix.
- ⊙ Reviewed key operational risk indicators established with respect to human resources and frauds and deliberated on risk mitigation strategies.
- ⊙ Reviewed the status of unsatisfactory rated audits determined based on the strength of the internal control system.
- ⊙ Reviewed the adequacy of operational risk management based on the Branch Level Operational Risk Assessment results and deliberations carried out by the EIRMC on operational risk-related areas.

## Business Continuity

- ⊙ Reviewed the progress of the BCP drill and Fire drill execution at the Branch level.

## INFORMATION AND CYBER SECURITY RISK

- ⊙ The Committee reviewed the ICT Risk Assessment based on numerous asset categories related to ICT operations and the Risk Assessment on Change Management submitted by the Information Security Officer (ISO) quarterly. The Committee reviewed the following risk assessments submitted by the ISO during the period under review.
  - Risk Assessment of eDoc
  - Risk Assessment of Gold Card
  - Risk Assessment of Tab Usage of Marketing Staff
- ⊙ Reviewed the minutes of the IT Steering Committee and Information Security Committee and deliberated on the action items, especially on the development of the core IT system.
- ⊙ The Committee reviewed the revised ICT disaster recovery plan and recommended for Board approval.
- ⊙ The Committee reviewed the IT staff competency requirements set out by the CBSL direction on Technology Risk Management and Resilience.

## REGULATORY AND COMPLIANCE RISK

- ⊙ Reviewed the Company's compliance with the regulatory requirements and monitored against the risk tolerance levels, where applicable.
- ⊙ Reviewed the compliance reports submitted by the Compliance Officer to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of Company operations.
- ⊙ Reviewed the new directions, circulars and guidelines issued by the Central Bank of Sri Lanka and deliberated the action items thereon.
- ⊙ Reviewed the Annual Compliance Plan and recommended for the Board approval.
- ⊙ Reviewed quarterly group compliance reports, which included a summary of the compliance status of all PLC subsidiaries.
- ⊙ Reviewed the status of branch compliance reviews and degree of compliance and the Committee provided directions thereon.
- ⊙ Reviewed the comprehensive AML reports quarterly and the Company level Money Laundering and Terrorist Financing risk assessment.

## STRATEGIC RISK

- ⊙ Reviewed the effectiveness of strategies implemented in response to the changes in the business environment.
- ⊙ Reviewed strategic risk indicators against set risk tolerance levels and industry ratios.

## ASSESSING THE RISK PROFILE OF SUBSIDIARY COMPANIES

During the year under review, the following subsidiary companies submitted Risk Dashboard/ key risk indicator reports to the BIRMC enabling the Committee to review the risk profile of each subsidiary company and the overall risk profile of People's Leasing Group. Highlights of subsidiary company reviews are given below.

## PEOPLE'S INSURANCE PLC (PI)

- ⊙ The Committee reviewed the underwriting quality, investment concentrations, motor claim ratios together with KRIs of default risk, operational risk, strategic risk, compliance risk on a quarterly basis.
- ⊙ The Committee reviewed the PI's Compliance with the Risk-Based Capital Model regulated by the Insurance Regulatory Commission of Sri Lanka (formerly known as the Insurance Board of Sri Lanka)
- ⊙ The Committee reviewed the industry analysis and deliberated on the future strategies of the Company.
- ⊙ The Committee reviewed the progress of the action items agreed at the meetings.

## PEOPLE'S MICRO-COMMERCE LIMITED (PML)

- ⊙ PML involves in the business of providing microfinance facilities to ensure financial inclusivity of the under privileged, rural and urban population and operates with a different risk profile.
- ⊙ The Committee reviewed the asset quality and credit concentration sector-wise and product-wise.
- ⊙ The Committee reviewed the Company's risk profile quarterly against set risk tolerance limits.
- ⊙ The Committee deliberated and reviewed the future strategies of the Company.

## PEOPLE'S LEASING FLEET MANAGEMENT LIMITED (PLFML)

- ⊙ PLFML operations were mainly confined to valuation services.
- ⊙ BIRMC quarterly reviewed the Risk Dash-board reports submitted by PLFML.
- ⊙ The Committee deliberated on the resource utilisation of the Company given the stressed operating environment and reviewed the future strategies of the Company.

### ALLIANCE FINANCE LIMITED (AFL) - (PLC'S BANGLADESH SUBSIDIARY)

- ⊙ BIRMC quarterly reviewed the Risk Dash-board reports submitted by AFL.
- ⊙ CEO of AFL participated in BIRMC meetings through video conferencing to explain the operations of the Company and risk mitigating strategies.
- ⊙ The Committee reviewed the future strategies of the Company.

### PROPERTY DEVELOPMENT SUBSIDIARIES

- ⊙ The Committee reviewed the Risk Indicator reports submitted by People's Leasing Property Development Limited and People's Leasing Havelock Properties Limited.
- ⊙ The Committee reviewed the operations of these companies, including occupancy details.

The Risk and Control Department coordinated with the aforementioned subsidiaries of People's Leasing and briefed the Committee on the relevant information through various risk indicators and additional information.

### OTHERS

- ⊙ Worked with the Senior Management closely and made decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.

- ⊙ Supervised the procedures of Integrated Risk Management responsibilities pertaining to risk management strategies, policies and processes.
- ⊙ Recommended corrective action to mitigate the effects of specific risks at levels beyond the risk tolerance levels approved by the Board and on the basis of Company's policies, regulatory and supervisory requirements.

During the year under review, the BIRMC extended its support in line with the risk appetite and tolerance framework and also by reviewing and recommending policies, manuals and products to the Board, and in the execution of overall business strategy emphasising the upside and downside risks which can have an impact on the Company and the Group.

The BIRMC also takes this opportunity to thank Mr. Pravir Samarasinghe, Mr. Yudhishran Kanagasabai and Mr. Azzam A. Ahamat the previous members of the BIRMC during the financial year for their contribution.



**S. Sudarshan**  
*Chairman - Board Integrated Risk Management Committee*

30 May 2025

Colombo

## BOARD CREDIT COMMITTEE



**ITS PRIMARY ROLE IS TO ASSIST THE BOARD OF DIRECTORS IN FULFILLING ITS CORPORATE RESPONSIBILITIES BY PROVIDING OVERSIGHT ON THE COMPANY'S CREDIT ACTIVITIES, PARTICULARLY IN IDENTIFYING, ASSESSING, MEASURING, MONITORING AND MANAGING THE COMPANY'S CREDIT RISK AND TAKE INTO ACCOUNT THE BOARD APPROVED CREDIT STANDARDS, POLICIES, PROCEDURES.**

Clive Fonseka  
Chairman - Board Credit Committee

The Board Credit Committee (BCC) is pleased to present its report for the financial year ended 31st March 2025.

The BCC is a voluntary body established by Board of People's Leasing & Finance PLC (People's Leasing) to oversee its Credit and Credit functions and provide assistance to the Board in reviewing and supervising the Company's lending processes.

### COMPOSITION OF THE COMMITTEE

The BCC consists of three Non- Executive Directors. The BCC is chaired by a Non- Executive Non-Independent Director. Each member brings valuable expertise and experience in credit risk management to support the Committee's deliberations. (Profiles of the members are given on pages 158 to 163 of the Annual Report).

### MEETINGS

The BCC held four meetings during the year under review, with all meeting proceedings reported to the Board of Directors.

The Chief Executive Officer of the Company is a permanent invitee of the committee and attends all BCC meetings. When necessary, members of Senior Management attended BCC meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary at all BCC meetings.

### TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BCC. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

As set out in its TOR, the BCC assists the Board of Directors in fulfilling its oversight responsibility by;

- ⊙ Considering and recommending to the Board of Directors on the overall Credit Strategy and Credit Policy of the Company
- ⊙ Considering and recommending to the Board of Directors on Manuals and lending guidelines related to Credit including any changes required from time to time
- ⊙ Reviewing and recommending the appropriate portfolio mix/ diversification by considering Market Conditions/ Economic Climate of the Country, Risk Appetite, Regulatory Requirements and Risk Return Tradeoff.
- ⊙ Sanctioning of Credit Proposals – The BCC shall consider and approve/ decline credit proposals within its delegated credit approving authority limits
- ⊙ Reviewing and making suitable recommendations to the Board on the Credit Proposals that are beyond its delegated credit approving authority limits
- ⊙ Reviewing the Credit Portfolio, Portfolio Performance and delinquency on regular basis with a

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates				Meetings
						20 Jun 2024	29 Aug 2024	26 Mar 2025	31 Mar 2025	
1	Mr. Clive Fonseka-Chairman with effect from 11th February 2025		✓		✓			✓		2/2
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓				✓		2/2
3	Mr. Dulinda Perera-Member with effect from 11th February 2025		✓		✓			✓		2/2
4	Mr. Azzam Ahamat-Ceased to be the Chairman with effect from 10th February 2025		✓		✓	✓				2/2
5	Mr. C.J. Wijetillake-Ceased to be a member with effect from 23rd January 2025		✓	✓						2/2
6	Mr. U.L.A.W. Bandara-Ceased to be a member with effect from 10th February 2025		✓	✓		✓				2/2

✓ Present | via Teams | Excused

view to consider all issues that may materially impact on the credit quality of the company and to ensure the adequacy of loan loss provisions.

- ⊙ Evaluating the effectiveness of the follow-up and/or corrective action implemented by the Management to address the deterioration in the asset quality and recommended the required changes, if any.
- ⊙ Considering and approving exposure limit/loan to value ratio for each type of collateral based on the current economic climate of the Country and risk appetite of the Company and conducting periodic reviews of the same
- ⊙ Reviewing and approving the Credit scoring Model to evaluate the Credit Risk or the Probability of Default of the Borrowers and reviewing the same at least once in every year
- ⊙ Product development – Review and recommend credit related product development proposals submitted by the Management considering Marketability, Margins, Collateral, Recovery or Collection process, Control requirements, Regulatory requirements and overall risk relating to the product.
- ⊙ Credit Administration – Periodically review Credit administration process and make sure that the process is effective to deliver a smooth and fast service to clients while ensuring

the process has adequate control mechanisms to mitigate operational risks

- ⊙ Promote Credit Culture within the Company by adhering to the regulations relating to credit, best practices in credit while maintaining high level of ethical standards.

### AUTHORITY

The recommendations of the BCC are brought to the notice of the Board for final decision. The BCC is authorised to obtain professional advice as and when required at the expense of the Company.

### ACTIVITIES 2024/25

During the year under review, the BCC consistently reviewed extension of significant credit facilities as well as evaluated major settlement proposals.

The delegated Credit authority limits were reviewed in line with the organisational structure.

The BCC also proposed amendments to the policy governing the valuation and inspection of immovable property and additionally has advised the management to uphold a robust and diversified loan portfolio, with vigilant oversight on credit risk.

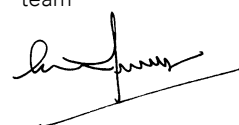
The Credit Policy was reviewed and recommended to the Board for adoption.

The BCC recommended the implementation of the new Credit

Management System allowed for electronic approval of facilities.

### CONCLUSION

The BCC acknowledges the importance of fostering a robust credit culture and remains committed to upholding the Company's credit management policies and practices in accordance with the highest standards of integrity. Furthermore, the Committee is confident that its recommendations are well-aligned with the credit and lending objectives of both the Board and the management team



Clive Fonseka  
Chairman - Board Credit Committee

30 May 2025

Colombo

## BOARD INVESTMENT COMMITTEE



THE BOARD INVESTMENT COMMITTEE'S MAJOR RESPONSIBILITY IS TO OVERSEE AND ADVISE THE BOARD ON INVESTMENT STRATEGIES, ENSURING THAT THE ORGANIZATION'S FINANCIAL OBJECTIVES ARE REALIZED WHILE MINIMIZING RISK. THEY OVERSEE CREATING INVESTMENT POLICY, MONITORING PORTFOLIO PERFORMANCE, AND SUGGESTING CHANGES TO THE BOARD.

Anura Perera  
Chairman - Board Investment Committee

The Board Investment Committee (BIC) is pleased to present its report for the financial year ended 31st March 2025.

The Board Investment Committee (BIC), is a voluntary board subcommittee of People's Leasing & Finance PLC (People's Leasing) Board to oversee the Company's investment activities and strategic direction.

### COMPOSITION OF THE COMMITTEE

The BIC consists of three Non-Executive Directors, of which one -thirds of Independent Directors. The BIC is chaired by non-Independent Non-Executive Director Each member brings valuable expertise and experience in portfolio management to support the Committee's deliberations. (Profiles of the members are given on the pages 158 to 163 of the Annual Report.

### MEETINGS

The BIC met four (04) times during the year under review, with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer and the members of Corporate Management attended Committee meetings by invitation.

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the BIC

### TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BIC. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

As set out in its TOR, the BIC assists the Board of Directors in fulfilling its oversight responsibility;

- ⊙ To establish PLC's investment strategy to be in line with the Company's Vision and Mission and review annually.
- ⊙ To assess if such investments are in line with the Company's Investment Policy Statement.

- ⊙ To evaluate high profile investment opportunities or investments that have a substantial impact to the business structure of the Company, including acquisitions/divestments/spinoffs/mergers, investments in subsidiaries/associates/special purpose vehicles or related parties, equity investments (except for trading purposes), debentures, government securities (except for investments aimed at fulfilling statutory requirements).
- ⊙ To evaluate the Company's investment portfolio risks and returns
- ⊙ To review the progress of due diligences and progress of potential investments such as acquisitions/divestments/spin-offs/mergers, etc.
- ⊙ Any other matters relating to investments referred to the Committee by the Board.

### AUTHORITY

The recommendations of the BIC are brought to the notice of the Board to make a final decision. The BIC is authorised to obtain professional advice

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates				Meetings
						09 Apr 2024	14 Mar 2025	17 Mar 2025	24 Mar 2025	
1	Mr. Anura Perera-Chairman with effect from 11th February 2025	✓			✓	✓	✓	✓	✓	3/3
2	Mr. S. Sudarshan-Member with effect from 11th February 2025	✓	✓			✓	✓	✓	✓	3/3
3	Mr. Clive Fonseka-Member with effective from 11th February 2025	✓			✓	✓	✓	✓	✓	3/3
4	Mr. C.J.Wijetillake-Ceased to be a member with effect from 23rd January 2025	✓	✓			Ex				0/1
5	Mr. Azzam A. Ahamat-Ceased to be a member with effect from 10th February 2025	✓			✓	✓				1/1

✓ Present / ✓ via Teams / Ex Excused

as and when required at the expense of the Company.

### ACTIVITIES 2024/25

During the year under review, the BIC reviewed the revised dividend policy aligning with the present regulatory requirements on distribution

The Committee continued to work closely with management to ensure that the Company's investment decisions are informed by comprehensive research and analysis, and that the Company's asset and liability portfolios are positioned to capture opportunities while managing risk effectively.

### CONCLUSION

The Board Investment Committee wishes to express its appreciation to the investment team and all employees involved in the investment process for their dedication and diligence in managing the Company's investment portfolio. The Committee remains committed to its oversight responsibilities and will continue to monitor and evaluate investment activities to ensure the optimal best possible outcomes for the company and its stakeholders.



Anura Perera  
*Chairman - Board Investment Committee*

30 May 2025  
Colombo

# COMPLIANCE RISK MANAGEMENT STATEMENT

## STRENGTHENING THE COMPLIANCE CULTURE

During the financial year 2024/25, People's Leasing & Finance PLC (People's Leasing) made significant progress in reinforcing its compliance framework, embedding regulatory discipline and ethical conduct across all operations. These efforts helped safeguard the Company from legal, financial, and reputational risks while enabling sustainable growth and stakeholder trust.

## PEOPLE'S LEASING'S COMPLIANCE FRAMEWORK

PLC operates under a structured Compliance Risk Management Framework designed to ensure full adherence to applicable laws, regulations, and internal governance standards.

### Key elements of the framework include:

- ⊙ **Independent Compliance Division:**  
The Compliance Division functions independently and reports directly to the Board Integrated Risk Management Committee (BIRMC), ensuring strategic oversight and accountability.
- ⊙ **Established policies and procedures:**  
The Company maintains a comprehensive set of policies, including:
  - Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy
  - Compliance Charter and Policy Manual
  - Outsourcing Policy
  - Related Party Transaction (RPT) Policy and Manual
  - Share trading Policy
  - Information Security and Data Privacy Policy

- ⊙ **Technology and systems for compliance monitoring:**  
Technology remains central to People's Leasing's compliance strategy. Recent enhancements include:
  - Enhanced AML surveillance with risk scoring
  - Integration with the GOAML system for efficient reporting
  - Advanced customer screening using World-Check One and internal filters
  - Centralised compliance incident tracking system
  - Automated regulatory reporting processes for improved accuracy
- ⊙ **Compliance risk assessments and third-party oversight:**  
Targeted compliance risk assessments were conducted across key business lines to proactively identify risks, covering:
  - Customer onboarding and due diligence
  - Transaction monitoring and reporting
  - Outsourced services oversight
  - Product-specific regulatory adherence
  - Vendor and partner due diligence was further strengthened to ensure compliance alignment.
- ⊙ **Employee awareness and training:**  
A compliance-first culture was promoted through structured training and communication:
  - Continuous training on AML/CFT, sanctions, and data protection

- Special sessions for high-risk operational areas
- Compliance Bulletins on regulatory updates and guidance
- Participation in industry events such as the FHA Compliance Quiz

## ⊙ Escalation and incident reporting mechanism:

A structured and confidential escalation process remained in place, allowing employees to report concerns or suspected misconduct through multiple secure channels, including a dedicated hotline. This mechanism supports transparency, timely resolution, and accountability.

## HIGHLIGHTS OF FY 2024/25

- ⊙ **Policy revisions:**  
Regular updates to align policies with regulatory changes and best practices.
- ⊙ **Targeted compliance risk assessments:**  
Broadened across business units to proactively manage vulnerabilities.
- ⊙ **Third-Party risk management:**  
Strengthened due diligence of vendors and partners.
- ⊙ **Data privacy and protection:**  
Improved protocols and training on customer data security.
- ⊙ **Regulatory communication:** Active engagement through forums, workshops, and direct communications.
- ⊙ **Internal compliance initiatives:**  
Organisation-wide campaigns to encourage ethical conduct and open reporting.



- ⊙ **System enhancements:**  
Major technology upgrades in transaction monitoring, customer screening, reporting, and incident tracking.
- ⊙ **Zero regulatory breaches:**  
No material breaches or penalties recorded; all submissions were timely and compliant.

## LOOKING AHEAD – 2025/26 PRIORITIES

People's Leasing is committed to continuous enhancement of its compliance framework. Key priorities include:

- ⊙ Expanding automation and real-time monitoring capabilities
- ⊙ Strengthening reporting on ESG (Environmental, Social, and Governance) metrics
- ⊙ Preparing for new data protection legislation and privacy obligations
- ⊙ Enhancing employee engagement and training on emerging risks
- ⊙ Sustaining a strong culture of ethics, integrity, and accountability