

OUR SUSTAINABILITY APPROACH

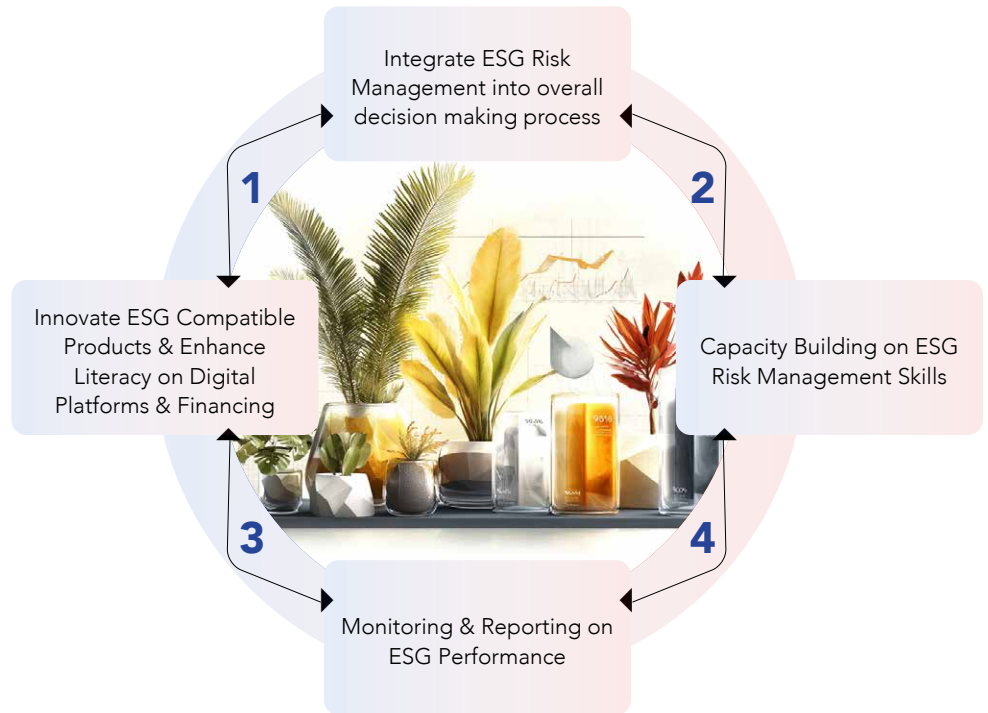
GRI 2-12,2-13,2-14, 2-23,2-24

PEOPLE'S LEASING IS DEEPLY COMMITTED TO EMBEDDING SUSTAINABILITY AT THE CORE OF ITS BUSINESS STRATEGY AND OPERATIONS, AS PART OF ITS BROADER VISION OF RESPONSIBLE GROWTH THAT BALANCES ECONOMIC PERFORMANCE WITH ENVIRONMENTAL STEWARDSHIP AND SOCIAL RESPONSIBILITY.

At the heart of the Company's approach is a robust Sustainability Framework that integrates regulatory requirements alongside globally recognised best practices. This framework is operationalised through a comprehensive Board approved Environment, Social & Governance (ESG) Policy, that sets out clear priorities across key pillars - environmental sustainability, social sustainability, economic responsibility, and strong governance, ensuring a structured and accountable pathway toward building a resilient and future-ready organisation.

KEY AREAS OF PEOPLE'S LEASING'S SUSTAINABILITY AGENDA

At People's Leasing, our sustainability agenda is anchored in creating long-term value for our stakeholders while fostering inclusive economic growth and environmental responsibility. Our agenda is built around the following key focus areas:



SUSTAINABILITY BEST PRACTICES OF COMPANY



Global Reporting Initiative (GRI) issued by the Global Sustainability Standards Board (GSSB)

United Nations (UN) Sustainable Development Goals (SDGs)

ISO 14064-1:2018 Organization Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removal

Ongoing efforts to align with the Sustainability Standards & Certification Initiative (SSCI) of the European Organisation for Sustainable Development (EOSD), for the purpose to qualify as a certified company adopting sustainability standards

COMMITMENT TOWARDS SSCI

The commitment towards Sustainability Standards & Certification Initiative (SSCI) of European Organization for Sustainable Development (EOSD) further strengthens sustainability framework of People's Leasing by providing a globally recognised structure to embed sustainability across all aspects of the business. Through the SSCI's comprehensive "Octagon Model," which focuses on Governance, Management, Technology, Business Model, Operations, Products, Stakeholder Relations, and Human Capital, People's Leasing is able to take a holistic and integrated approach to sustainability.

This certification enhances People's Leasing's ability to systematically assess and improve its sustainability performance, ensuring alignment with international best practices while remaining sensitive to local realities. Moreover, SSCI strengthens accountability and transparency within sustainability agenda of People's Leasing by setting measurable targets and performance metrics to evaluate progress.

A dedicated Management Level Committee on Sustainability has been established to oversee and aligns internal processes with SSCI standards.

Meanwhile for the past 16 years, People's Leasing has voluntarily adopted the Global Reporting Initiative (GRI) standards to report on non-financial disclosures, further affirming its commitment to transparency. As part of this commitment, Independent Assurance is obtained on Sustainability Reporting.

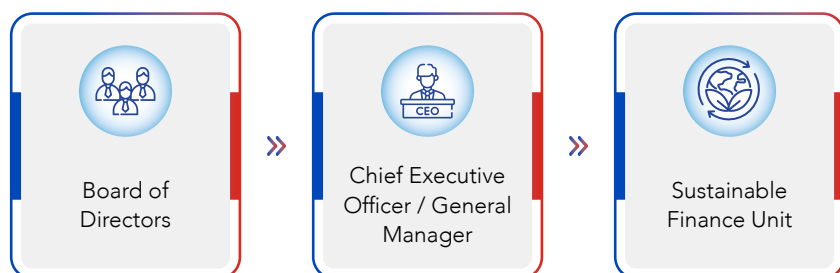


SUSTAINABILITY GOVERNANCE AND OVERSIGHT

The People's Leasing Board sets the strategic direction and sustainability agenda in line with corporate objectives, and regularly reviews progress to ensure that ESG considerations are embedded in decision-making at the highest level.

Operating under the delegated authority of the Board, the Management Committee for Sustainability, headed by the Company CEO provides direction and oversight for embedding sustainability into business processes and ensures alignment with international benchmarks such as the Sustainability Standards & Certification Initiative (SSCI) of the European Organization for Sustainable Development (EOSD).

Meanwhile the Sustainable Finance Unit (SFU) is tasked with operationalising the Company's sustainability agenda. The SFU leads the implementation of sustainability initiatives, monitors progress against defined key action plans, and drives ESG awareness across all levels of the business. The head of the SFU provides regular updates on sustainability progress to the Board, ensuring transparency and alignment.



OUR SUSTAINABILITY APPROACH

PLC SUSTAINABILITY AGENDA

| Key Action | Timeline | | | Progress made during FY 2024/25 |
|---|--------------------------|-----------------------|------------------------|---|
| | Short-term Up to 2023 | Mid-term 2024-2026 | Long-term 2027-2030 | |
| 01. Innovate ESG Compatible Products & Enhance Literacy on Digital Platforms & Financing | | | | |
| Develop ESG compatible Asset & Liability products by utilizing SL Green Finance Taxonomy | ✓ | ✓ | | <ul style="list-style-type: none">⊙ Commercial public-private partnership to explore ESG-compatible asset and liability products.<ul style="list-style-type: none">– Working on an e-mobility project to introduce conversion to an electric three wheeler (e3W) with battery swapping technology.– Partnered with Vega Innovation to provide financial assistance to three wheel operators to go with Elekrateq (ETX 3W)– Partnered with Hayley’s solar to go for renewable energy for households at concessionary rate with the launch of PLC Solar⊙ Provides leases and loans for Hybrid & Electric Vehicle and solar⊙ People’s Leasing provides financial services to the informal sector, aiming to uplift their livelihoods and enhance economic opportunities. |
| Introduce green & sustainable finance products to MSME and vulnerable groups | ✓ | ✓ | | |
| Develop more accessible, affordable and efficient financial products and services | | ✓ | | |
| Explore the application of fintech and digital tools | ✓ | ✓ | | <ul style="list-style-type: none">⊙ Provides access for digital payment systems to customers through PLC Touch App & PLC online platforms as well customers can access ATMs through People’s Bank ATM network.⊙ Launch of PLC SmartForce, enabling our marketing officers to use tablets integrated with real-time access to our core systems⊙ Continued with eDoc,receipts and eMemo for a paperless working environment⊙ Launch of Gold Cash Card |
| 02. Integrate ESG Risk Management into overall decision making process | | | | |
| Develop internal ESG risk management strategies & methods | ✓ | ✓ | ✓ | |
| Disclose both positive and negative environmental and social impacts generated through investment | ✓ | ✓ | ✓ | |
| Disclose Sustainable Finance policies and programmes & Policy on ESG Sustainability | ✓ | ✓ | | Company Policy on ESG Sustainability in placed |
| Include ESG factors in internal rating system | | | | |
| Incorporate ESG risks to overall risk management framework and entire decision making process | | | | |

| Key Action | Timeline | | | Progress made during FY 2024/25 |
|---|--------------------------|-----------------------|-------------------------|---|
| | Short-term Up to 2023 | Mid-term 2024-2026 | Long-term 2027 -2030 | |
| 03. Capacity Building on ESG Risk Management Skills | | | | |
| Develop internal expertise or hire sustainable finance professionals to implement SFAs | ✓ | ✓ | | <ul style="list-style-type: none">Engaged with external expertise on developing the Sustainable Finance Framework for company upon conducting a peer benchmarkingEngaged employees in external training and workshops on Sustainability, ESG, Green Finance, and Reporting to build capacity and stay aligned with local/global trends. |
| Participate and learn from international collaboration platforms & expand and deepen the international cooperation and coordination on knowledge sharing and capacity building | ✓ | ✓ | | <ul style="list-style-type: none">Continued the SSCI programme with EOSD to gain expertise in globally accepted frameworks promoting a holistic approach to sustainability for financial institutions. |
| Employee capacity building on ESG risk management skills | ✓ | ✓ | ✓ | <ul style="list-style-type: none">Continued with ESG Awareness Tuesday E-Flyer on Sustainability/ESG AspectsEducating subsidiary employees on ESG - conducted awareness programme to PIL Top ManagementParticipation for external training sessions - ESG Summit 2024/capacity building sessions on SLFRS S1 & S2 conducted by CA Sri Lanka |
| Support the implementation of sustainable finance campaign programs at local level | | ✓ | ✓ | |
| Increase financial literacy among consumers, particularly vulnerable groups, including women, youth, the poor, and those with poor educational backgrounds | | | | |
| 04. Monitoring & Reporting on ESG Performance | | | | |
| BoD oversee & monitor progress of Sustainable Finance related Activities | ✓ | ✓ | | Report the progress made towards Sustainability/ Sustainable Finance to BoD on periodically basis. |
| Disclose of sustainable finance policies and activities & its impact | | | | Company Policy on Environment, Social & Governance Sustainability (ESG) in placed. |
| Publicly disclose ESG performance and impact | | | | |
| Disclosure on environmental and social impact generated from business activities in company Annual Report through internationally recognized Sustainability reporting frameworks/ standards | | | | People’s Leasing Annual Report is compiled with Global Reporting Initiative (GRI) standards - ‘In Accordance with the GRI Standards’, issued by Global Sustainability Standards Board. |

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY: A WAY OF THINKING, A WAY OF BEING, A PRINCIPLE WE MUST BE GUIDED BY

SUSTAINABILITY JOURNEY OF PEOPLE'S LEASING: FRAMEWORKS AND STRATEGIC DIRECTION

DIRECTIVES ISSUED BY CENTRAL BANK OF SRI LANKA (CBSL)

- ⊙ Roadmap for Sustainable Finance of Sri Lanka
- ⊙ Sri Lanka Green Finance Taxonomy
- ⊙ Non-Banking Financial Institutions (NBFI) sector guideline on Sustainable Finance Activities which is applicable to all licensed finance companies
- ⊙ National Financial Inclusion Strategy for Sri Lanka

DIRECTIVES ISSUED BY COLOMBO STOCK EXCHANGE (CSE)

- ⊙ CSE Sustainability Reporting Guide - version 03 of guidance for communicating sustainability

DIRECTIVES ISSUED BY FINANCE HOUSES ASSOCIATION (FHA)

- ⊙ Sustainability Mandate Licensed Finance Companies in Sri Lanka

DIRECTIVES ISSUED BY CA SRI LANKA

- ⊙ Revised Code of Best Practice of Corporate Governance
- ⊙ SLFRS S 01 & 02

VOLUNTARY ADHERENCE FOR GLOBAL SUSTAINABILITY REPORTING / REPORTING STANDARDS / FRAMEWORKS

- ⊙ Global Reporting Initiative (GRI) issued by the Global Sustainability Standards Board (GSSB)
- ⊙ United Nations (UN) Sustainable Development Goals (SDGs)
- ⊙ ISO 14064-1:2018 Organization Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removal

ESG SUSTAINABILITY

ENVIRONMENT SUSTAINABILITY

- ⊙ Green Awareness
- ⊙ Green Operations
 - Digitalization
 - Procurement
 - Responsible Paperless Operations
- ⊙ Green Finance
- ⊙ Conserve Environment

ECONOMIC SUSTAINABILITY AND GOOD GOVERNANCE

- ⊙ Ethical Leadership & Decision-Making
- ⊙ Board Independence & Diversity
- ⊙ Risk Management
- ⊙ Regulatory Compliance
- ⊙ Internal Controls and Audit
- ⊙ Business Ethics, Transparency and Ethical Behaviour
- ⊙ Policies and Procedures

SOCIAL SUSTAINABILITY

- ⊙ Ethical Investing and Lending
- ⊙ Diversity & Inclusion
- ⊙ Customer data & privacy
- ⊙ Financial Literacy
- ⊙ Community Engagement
- ⊙ Inclusive Financial Services
- ⊙ Customer Protection



SLFRS S1 & S2 ADOPTION

UNDERSTANDING CONTEXT

In the current year, People's Leasing obtained the service of an external consultant to guide the Company's efforts to comply with the SLFRS S1 & S2 standards set to come into effect from the forthcoming reporting period. As a first step towards adopting SLFRS S1 and S2, People's Leasing initiated a comprehensive scenario analysis to assess the sustainability and climate-related risks relevant to its business model and value chain. This process began with

the identification of key environmental, social, and climate-related factors that could potentially impact the Company's operations, stakeholders, and long-term value creation. A detailed review of internal operations and external environmental drivers was conducted, guided by global reporting frameworks and regulatory expectations. Various plausible future scenarios were developed to reflect different levels of climate and sustainability impact, taking into account macroeconomic, sectoral, and regulatory developments.

These scenarios were then mapped against People's Leasing's core business activities to identify potential vulnerabilities and points of exposure across the business model and value chain. The outcome of this exercise will inform the Company's future disclosures under SLFRS S1 and S2, and serve as a foundation for integrating climate risk into strategic planning and enterprise risk management.

SCENARIO ANALYSIS

| Climate Related Risks | Impact Business Model | Impact Timeline | | | Impact to the Value Chain | Impact Timeline | | |
|-----------------------|---------------------------|-----------------|----|----|--|-----------------|----|----|
| | | ST | MT | LT | | ST | MT | LT |
| Physical Risks | Extreme weather events | ✓ | | | Transport interruptions, and logistical delays faced by suppliers may impact the availability of essential products and services for daily operation | ✓ | ✓ | |
| | | | ✓ | | Inadequate response to climate-related events may lead to loss of investor and customer confidence, affecting market positioning | | | ✓ |
| | | | | ✓ | | | | |
| | Rising Temperatures | | ✓ | ✓ | | | | |
| | | | | ✓ | | | | |
| Transition Risk | Regulatory & Policy Risks | | ✓ | | Increased Reporting Requirements – SLFRS S1 & S2 require financial institutions to disclose sustainability-related risks and climate-related financial impacts | ✓ | ✓ | |
| | | | ✓ | ✓ | Investors and financial institutions may demand stronger ESG commitments before providing financing | | ✓ | |

SCENARIO ANALYSIS

| Sustainability Related Risks | Impact Business Model | Impact Timeline | | | Impact to the Value Chain | Impact Timeline | | |
|--|--|-----------------|----|----|---|-----------------|----|----|
| | | ST | MT | LT | | ST | MT | LT |
| Transition Risk Evolving Customer Behaviour & Risk Perception | Borrowers may demand flexible leasing contracts to mitigate climate-related losses, requiring People's Leasing to modify its financial products and modify risk models to incorporate climate stress testing, limiting exposure to vulnerable sectors. | | ✓ | ✓ | Collaborations with government agencies, insurance firms, and sustainability-focused investors to mitigate financial risks. | | ✓ | ✓ |

SLFRS S1 & S2 IMPLEMENTATION TIMELINE

| Area | Action Plan | Timeline |
|---------------------|---|----------------------------------|
| Governance | <ul style="list-style-type: none"> Establish a Board subcommittee for Sustainable Finance. Establish a feedback mechanism that allows governance bodies to communicate their information needs. Include sustainability related responsibilities in the Company's internal governance policies. Evaluates trade-offs associated with sustainability related risks and opportunities. | During the 1Q of FY 2025/26 |
| Strategy | <ul style="list-style-type: none"> Gather external evidence through industry trends. Identify key specific sustainability related risks and opportunities which might impact the Company's financial prospects. Link identified specific sustainability related risks and opportunities with the Company strategy. | During the 1Q - 2Q of FY 2025/26 |
| Risk Management | <ul style="list-style-type: none"> Outline processes to proactively identify and assess sustainability related risks across the Company operations. Implement a structured framework that specifically addresses sustainability related risks. Integrate sustainability risk management into the Company's existing ERM Structure. Establish policies to continuously monitor sustainability related risks. | During the 2Q - 3Q of FY 2025/26 |
| Metrics and targets | <ul style="list-style-type: none"> Establish a process for regularly reviewing the external metrics use by the Company. Need to identify specific metrics commonly used within the sector including the insurance sector. | During the 2Q - 3Q of FY 2025/26 |