

# APPROACH TO SUSTAINABILITY

GRI 2-14, 2-17, 2-22

People’s Leasing & Finance PLC’s (People’s Leasing) approach to sustainability is built on the belief that sustainability is a shared commitment towards creating a better and more sustainable world for future generations. Accordingly the Company is continually engaged in the process of developing an ESG compatible business framework through the proactive engagement of all of its prioritised stakeholders.

## SUSTAINABILITY PERFORMANCE OVERVIEW

Striving to demonstrate a stronger commitment to sustainability, People’s Leasing is currently working on establishing a cohesive Environment, Social and Governance (ESG) framework to integrate ESG components into the company’s operations and strategies which will enable it to responsibly take into consideration the risks linked to ESG throughout its decision-making and lending processes. The broad based efforts have been undertaken as a joint effort in consultation with the internal and external expertise in order processes. Prior to embarking on this process, a series of capacity building activities were carried out to familiarise the Company’s workforce with the emerging trends in the sustainability sphere. The key capacity building initiatives conducted include the following.

### People’s Leasing ESG Excellence Highlights 2023/24



## Environment

- » An agenda for Sustainability was put into effect after identifying existing ESG gaps within the Company
- » Adherence to evolving regulatory requirements issued by the CBSL & CSE in relation to Sustainable Finance
- » Enrolment with the European Organisation for Sustainable Development’s (EOSD) Sustainability Standard & Certification Initiative (SSCI)
- » CEO and Chairman’s presence at the Global Sustainable Finance Conference (GSFC) in Karlsruhe, Germany in July 2023 where the Certificate of Acceptance was received from EOSD formally



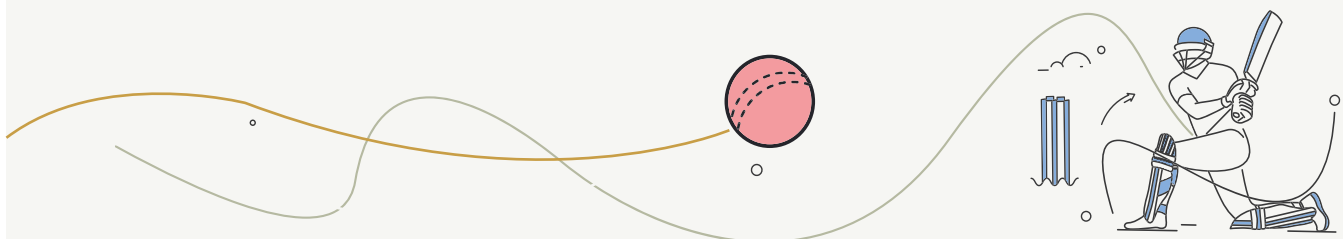
## Social

- » acknowledging People’s Leasing as an on boarded member of SSCI
- » Engaged external experts to acquire expertise in setting up an ESG Framework
- » Introduced an ESG Due Diligence checklist as part of the process for evaluation of Credit Proposals
- » Added a supplier ESG Due Diligence checklist as a mandatory prerequisite for New Supplier Registration
- » Received Sri Lanka’s first ever EDGE - Certified Green Building Certification for Classique by PLC, Premier Centre
- » Established the Company Policy on ESG Sustainability



## Governance

- » Disclosure of non-financial information of the Company in accordance with Global Reporting Initiative (GRI) Standards, with assurance from an independent assurance provider
- » Tie up a new commercial partnership towards Sustainability - eWheel launch with LeMS
- » Allocation of a proportion from all savings products towards ESG education among local communities (Added into leaflet)
- » Conduct of training sessions for Branch Managers/Marketing Officers on ESG and upload of a mandatory learning module on the same in LMS



# Policy on Environmental, Social and Governance (ESG) Sustainability

## 01. INTRODUCTION

We, People's Leasing & Finance PLC (PLC), being a responsible and inclusive financial services provider, understand our true corporate responsibility towards fulfilling national priorities for the nation's sustainable growth. To achieve this goal, we understand the importance of integrating Environmental, Social, and Governance (ESG) principles to our overall corporate strategy, decision-making processes, risk assessment procedures, and corporate reporting, while simultaneous adherence to regulatory requirements.

As a responsible corporate citizen and on our long-term sustainable existence, we pledge fostering sustainable financial solutions to our customer base via our island-wide branch network and digital channels, strengthening stakeholder capacity building on ESG-compliant investment and financial literacy.

By adopting this ESG policy, People's Leasing aims to contribute positively towards enhancing and risk mitigation of environment, society, governance aspects while enhancing long-term value to all our stakeholders.

## 02. ENVIRONMENT RESPONSIBILITY

We commit to mitigate our direct environmental impact by emphasising the importance of sustainable resource optimisation as part of our commitment to safeguarding the nation's biodiversity and fragile ecosystems.

Apart from that, as an ethical financial service provider, we are conscious of environmental risks linked to our lending portfolio and seek to minimise the indirect environmental impact of our business operations by boosting the awareness of ESG fluency of our employees and vital stakeholders as a whole and promoting environmental friendly financial solutions among our clients.

## 03. SOCIAL RESPONSIBILITY

In tandem with our tailored financial solutions and services, we strive to assist our stakeholders be socially responsible in all their activity by creating awareness and knowledge sharing.



We value and promote respecting of human rights, urging fairness, inclusivity and acknowledging diversity among our employees. We admire the diversity of our employees and make year-round investments in their skill and capacity-building to support work-life balance and ensure career advancement.

We also adhere to responsible sourcing practices by ensuring that our supply chain complies with fair labour standards & protect human rights and screen environmental & social risks related to products & services that they supply through a comprehensive supply screening processes.

Further we support green & socially inclusive projects that empower local communities, conversation of nature and enhancing entrepreneurship skills & financial literacy through our strategic outreach initiatives.

## 04. GOOD CORPORATE GOVERNANCE

We adhere to high standards of governance including corporate governance to safeguard the interests of stakeholders.

In sustaining with our commitment to the integrity transparency and accountability as part of an ethical, inclusive, and sustainable business, we voluntarily adhere to all applicable laws and regulations along with our compliance obligations with regards to environmental, social, and governance concerns.

## 05. REPORTING AND TRANSPARENCY

As a mode of communicating to our stakeholders on company's financial and non-financial performance, we voluntarily adhere to internationally recognised sustainability reporting disclosures and frameworks (currently our sustainability reporting based on Global Reporting Initiative (GRI)). The information is also made accessible to public via our corporate website and Annual Report.

Further we are also committed to supporting the UN Sustainable Development Goals (SDG) through our journey towards ESG sustainable future.

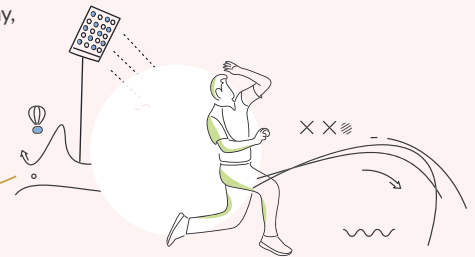
## 06. REVIEW OF THE POLICY

The ESG policy will be reviewed periodically or as and when operating conditions demand in order to protect its effectiveness and relevance to our business.

# APPROACH TO SUSTAINABILITY

## Capacity Building towards Sustainability

- » Awareness sessions for the Corporate Management, Senior Management and the Heads of Departments to educate them on Sustainable Finance with sessions by the Company’s Sustainable Finance Unit under the guidance of the CEO/GM
- » Virtual training session on ESG for Branch Managers, Deputy Branch Managers & Marketing Officers
- » Session on Sustainable Finance at Town Hall Meetings
- » Session on Sustainable Finance at the annual Strategic Planning Meeting
- » Participation in training sessions conducted by the CBSL, CSE, and CA on Green Taxonomy, Sustainability Reporting, and Sustainable Financing
- » Enrolment of employees in professional courses to obtain qualifications in sustainability



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### Guiding Frameworks (Local & International) for Sustainable Finance

- » Roadmap for Sustainable Finance in Sri Lanka published by the Central Bank of Sri Lanka (CBSL)
- » Guidelines for Sustainable Finance Activities - CBSL Direction
- » Sri Lanka Green Finance Taxonomy published by the Central Bank of Sri Lanka (CBSL)
- » National Financial Inclusion Strategy (NFIS) published by the Central Bank of Sri Lanka (CBSL)
- » Corporate Governance Checklist - Colombo Stock Exchange (CSE)
- » CSE Sustainability Reporting Guide - Version 03
- » Sustainability Mandate published by the Finance Houses Association (FHA)
- » United Nations Sustainable Development Goals (SDG)

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### Memberships & Affiliations related to Sustainability

- » Member of Finance Houses Association (FHA) Sustainability Sub Committee
- » On Boarded Applicant of Sustainability Standards & Certification Initiative (SSCI), European Organisation for Sustainable Development (EOSD)
- » Patron Member of Biodiversity Sri Lanka

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### Company Level Governing Bodies for Sustainability

- » Sustainable Finance Steering Committee & Board Sub Committee for Sustainable Finance
- » Dedicated Unit responsible for supervising and carrying out the Company’s sustainable finance initiatives – Sustainable Finance Unit headed by the Head of Sustainable Finance

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### Company Level Governing policies & producers for Sustainability

- » Policy on Environmental, Social and Governance (ESG) Sustainability

**Sustainability Standard & Certification Initiative (SSCI)**

The Sustainability Standards & Certification Initiative (SSCI) is a global initiative to enable financial institutions to develop, continuously review and stay up to date on their sustainability commitments. The first holistic, robust, evolving, universally accepted and locally sensitive framework is designed to make financial institutions more resilient and profitable. The SSCI with its “Octagon Model” encompassing Governance, Management, Technology, Business Model, Operations, Products, Stakeholder Relations & Human Capital focuses on driving 360 degree organisational sustainability. In this regard, the SSCI delivers Top Tier financial and non-financial metrics in addition to operational level targets for boosting corporate performance and becoming a leader in delivering social, economic and environmental sustainability.

SSCI Certified Financial Institutions are equipped to be crisis ready and crisis resilient, enabling the delivery of stakeholder value regardless of economic variables.

The SSCI is driven by the European Organisation for Sustainable Development in Karlsruhe, Germany. In July 2023, People’s Leasing was granted the SSCI “Certificate of Acceptance” confirming the Company’s status as an on-board member eligible to work towards the formal certification process.



- » **Exclusive financial partner for the eWheel**  
People’s Leasing partnered with Lanka E-Mobility Solution (Pvt.) Ltd. (LeMS), a subsidiary of Island Climate Initiatives (Pvt.) Ltd. (ICI), to unveil the first-ever battery-swapping technology-powered three-wheeler conversion in Sri Lanka.
- » **“හරිත නෂ්ඨ” (Haritha Nena) - Youth Skill Development Initiative on Hybrid Automobile Technology**  
People’s Leasing in partnership with the Vocational Training Authority (VTA) initiated a NVQ-Level Hybrid Automobile Technology skill development workshop series “හරිත නෂ්ඨ” (Haritha Nena) aimed at developing automobile technicians specialising in hybrid automobile technology.
- » **Allocation of a portion from Savings on ESG Education**  
As part of this approach, The Company also voluntarily allocates LKR. 1/= from

company funds for every LKR.1,000/= new deposits received from customers, towards the cause of sustainability and ESG education for local communities.

**STRIVING FOR EXCELLENCE: PEOPLE’S LEASING SUSTAINABILITY AGENDA**

In an era where global challenges demand collective action, People’s Leasing’s Sustainability Agenda is designed to trigger positive change across the ESG landscape. Not merely a checklist, the Company’s Sustainability Agenda is a dynamic Roadmap that serves as the cornerstone for reaching a balance between Social Progress, Environmental Responsibility, and Economic Growth.









Developed in line with the guidelines for Sustainable Finance Activities under the CBSL in their Roadmap for Sustainable Finance in Sri Lanka, People’s Leasing’s Sustainability Agenda is operationalised across five pillars.

**People’s Leasing’s Sustainability Agenda**

- » Awareness sessions for the Corporate Management, Senior Management and the Heads of Departments to educate them on Sustainable Finance with sessions by the Company’s Sustainable Finance Unit under the guidance of the CEO/GM
- » Virtual training session on ESG for Branch Managers, Deputy Branch Managers & Marketing Officers
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# APPROACH TO SUSTAINABILITY

## CONNECTING PEOPLE'S LEASING'S SUSTAINABILITY AGENDA TO THE SDG TARGETS

Key Action	Proposed Revised Timeline			SDG Targets
	Short Term Up to 2023	Mid Term 2024-2026	Long Term 2027-2030	
<b>Pillar 1: Financial Vision 2030</b>				
Innovate sustainable loan products	✓	✓	-	
Develop sustainable saving products	✓	✓	-	
Support green and socially inclusive projects through leasing (and non-bank finance) business	✓	✓	-	
Explore sustainable model of leasing (and non-bank finance)	✓	✓	-	
Allocate a portion of savings or funding to investment of sustainable bonds	-	-	✓	
<b>Pillar 2: ESG Integration into Financial Market</b>				
Develop internal ESG risk management strategies and methods	✓	✓	-	
Disclose both positive and negative environmental and social impacts generated through investment	✓	✓	✓	
Disclose sustainable finance policies and programs	✓	✓	-	
<b>Pillar 3: Financial Inclusion</b>				
Develop more accessible, affordable, and efficient financial products and services	✓	✓	-	
Improve access to essential financial products and services	✓	✓	-	
Explore the application of fintech and digital tools	✓	✓	-	
<b>Pillar 4: Capacity Building</b>				
Develop internal ESG risk management training programs	✓	✓	-	
Hire sustainable finance professionals	✓	✓	-	
Support the implementation of sustainable finance campaign programs at local level	-	✓	✓	
<b>Pillar 5: International Cooperation</b>				
Participate in and learn from international collaboration platforms	✓	✓	-	
Expand and deepen the international cooperation and coordination on knowledge sharing and capacity building	✓	-	-	
Mobilise international resources and funding	✓	✓	-	
<b>Pillar 6: Measurement and Reporting</b>				
Establish monitoring and evaluation mechanism	✓	✓	-	
Include ESG factors in internal rating system and publicly disclose ESG performance and impact	✓	✓	-	