

Our Sustainability Approach

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

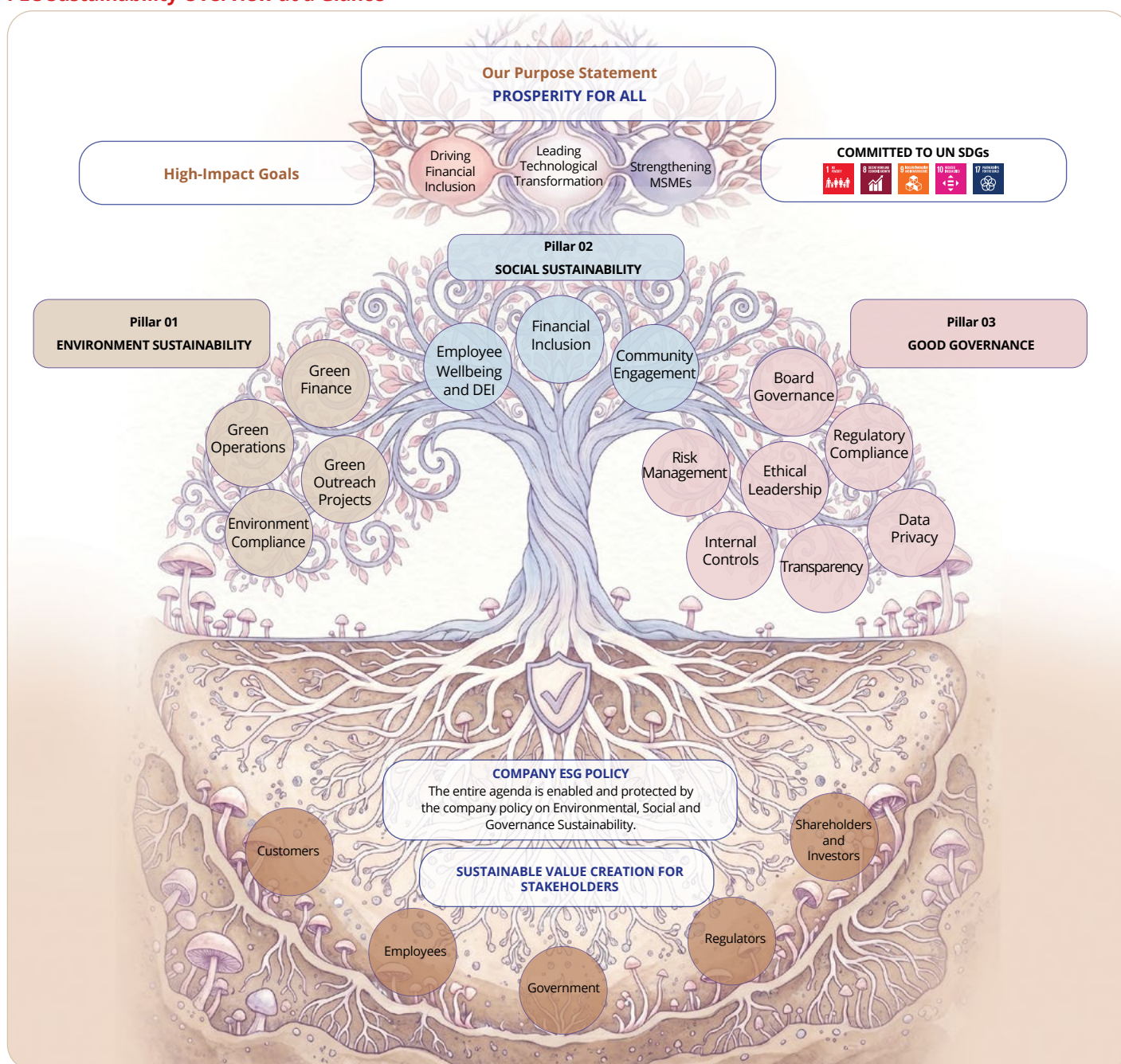
Embedding Sustainability into Our Core

As a leading Non-Banking Financial Institution in the country, People's Leasing & Finance PLC (PLC) is committed to driving responsible and inclusive growth by embedding sustainability at the core of its business strategy and across all areas of its operations. We balance strong economic performance with environmental stewardship and social responsibility to create long-term value for all stakeholders.

For over three decades, as an NBFIs serving the financial needs of the informal sector, vulnerable communities and broader customer segments, we have consistently contributed to meaningful social growth reinforcing our role in advancing sustainable value creation, particularly through the social dimension of ESG.

We firmly believe that empowering livelihoods through a long-term strategic focus will strengthen Sri Lanka's broader sustainability agenda. This belief is central to our purpose of "Prosperity for All," as we continue to make a high-impact contribution to communities through our three key sustainability goals.

PLC Sustainability Overview at a Glance



Key Sustainability Highlights

During the year, the Company continued to strengthen its commitment to sustainable finance and responsible business practices, integrating Environmental, Social, and Governance (ESG) principles across its operations and decision-making processes.

Key highlights for the year included;

- Strengthened sustainability governance through structured oversight at both Board and Management levels with the establishment of the Board Sustainability Committee (BSC) and the Sustainability Steering Committee (SSC).
- Developed and formalized the Terms of Reference (ToR) for both the BSC and SSC, ensuring clear roles, responsibilities and mandates across governance structures.
- Enhanced institutional capacity on sustainability through participation in globally recognized sustainability development and training programmes.
- Roll out of SLFRS S1 and S2 Implementation Plan to support compliance with reporting standards.
 - Conducted targeted capacity-building sessions for both Board and Management on SLFRS S1 and S2 requirements, to strengthen understanding of climate and sustainability disclosures.
 - Identified Climate-Related Risks and Opportunities (CRROs) and the related assessment framework to ensure compliance with mandatory reporting requirements for 2025/26.
 - Advanced the measurement and disclosure of Greenhouse Gas (GHG) emissions in line with ISO 14064-1:2018 and the Greenhouse Gas Protocol for the PLC Group, with verification aligned to SLFRS S2 requirements.
- Launched the “Say No to PET Bottles” campaign, initiated at Board level and extended across the organisation, promoting the reduction of single-use plastics, including minimizing plastic bottle usage in Board meetings and training sessions.

- Strengthened initiatives to reduce operational emissions through energy efficiency improvements and increased digitalisation of core business processes.
- Continued integration of ESG considerations into credit evaluations and new supplier registrations through the implementation of an ESG due diligence checklist.

PLC has in place a Board approved Environment, Social & Governance (ESG) Policy, that sets out clear priorities across key pillars - environmental sustainability, social sustainability, and strong governance



Scan QR code for full policy

PLC Goes Green - Switching to Glass Bottles

Starting from September 2025, Our Company takes a meaningful step forward in our sustainability journey by, **Saying NO to PET Bottles**



Embracing Refillable Glass Bottles

beginning from Head Office and expanding company-wide, from Board meetings to training sessions.



Join us in making this change count!

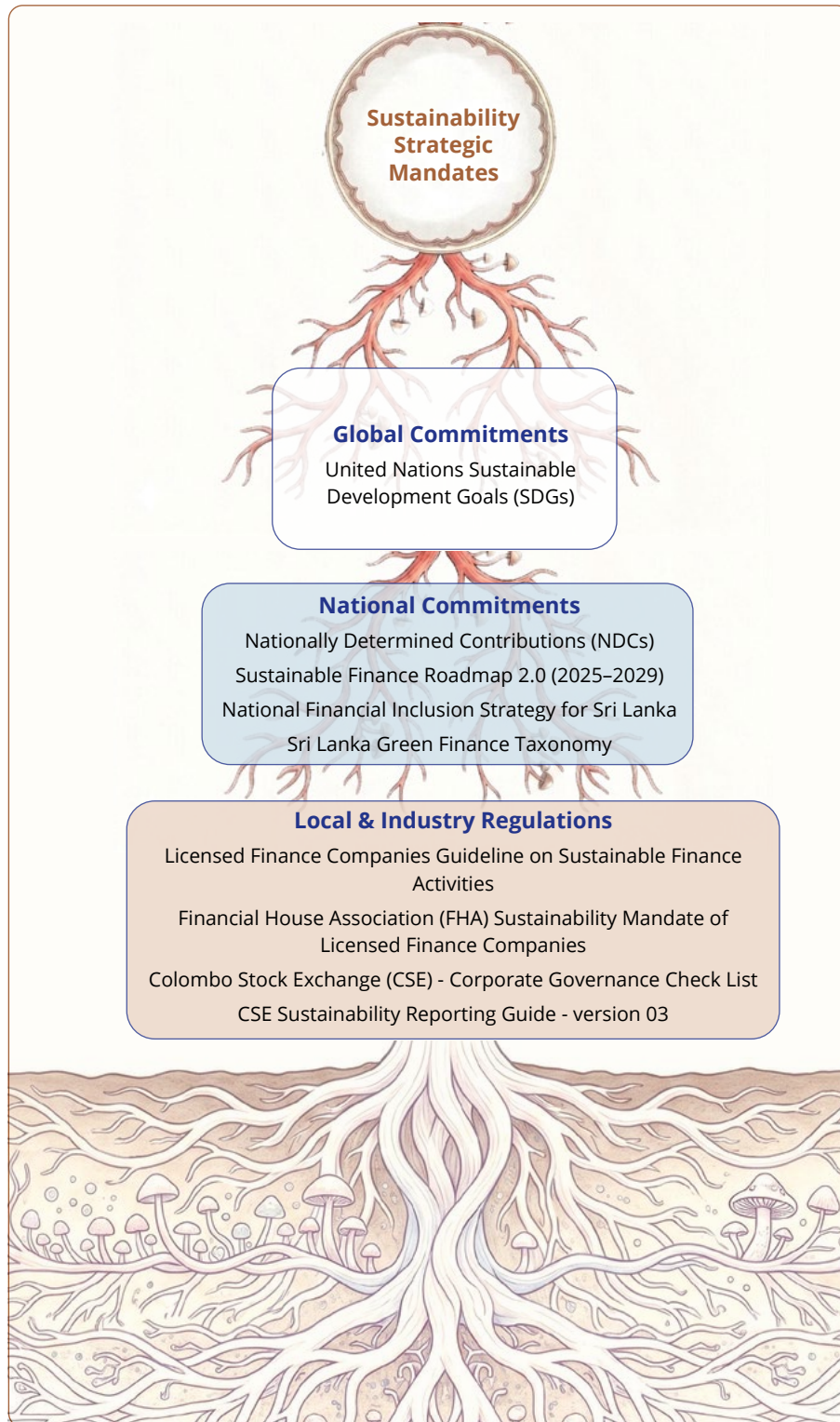


A Message from Sustainable Finance Unit



Our Sustainability Approach

Principles, Standards and Guidelines Informing Our Sustainability Agenda



Sustainability Reporting Standards & Frameworks

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

SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2) issued by the Institute of Chartered Accountants of Sri Lanka

Sustainability Accounting Standards for Commercial Banks – Sustainability Accounting Standards Board (SASB) of the IFRS Foundation

Institute of Chartered Accountants of Sri Lanka Code of Best Practice on Corporate Governance

Sustainability Standards and Certification Initiative (SSCI) of European Organisation for Sustainable Development (EOSD)

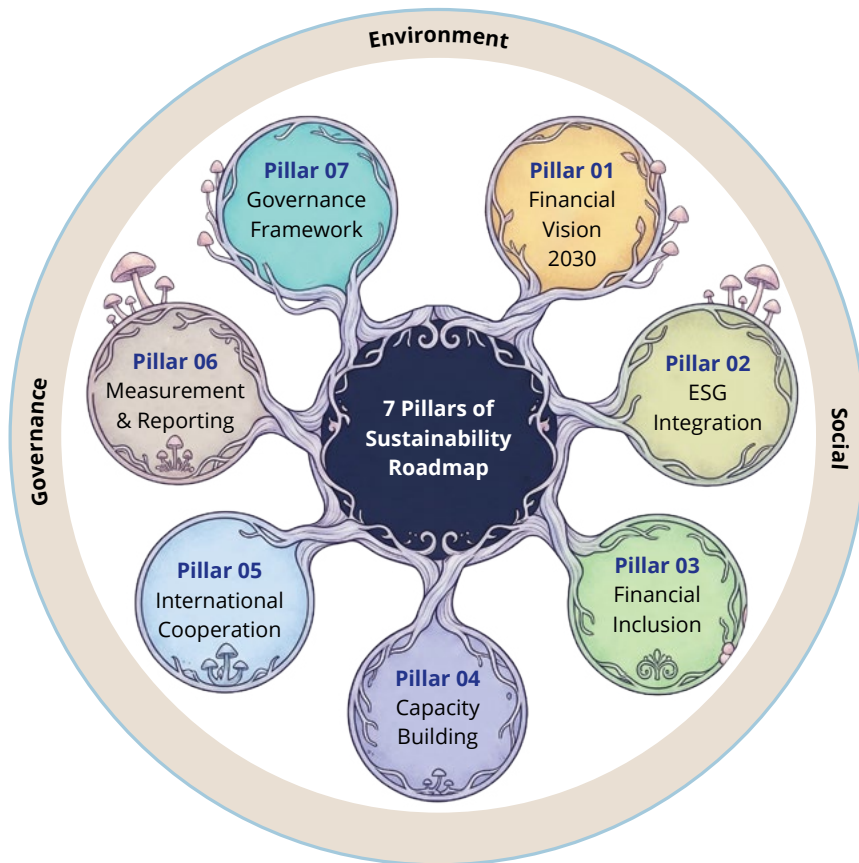
Climate & GHG Quantification

ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removal

Greenhouse Gas (GHG) Protocol

Sustainability Roadmap of PLC

At People's Leasing, our sustainability agenda is aimed at creating long-term value for our stakeholders while promoting inclusive economic growth and environmental responsibility. Our approach is structured around key focus areas, aligned with regulatory requirements and guided by our commitment to sustainable best practices.



Pillar 01: Financial Vision 2030: Innovate ESG Compatible Products

This pillar focuses on assessing the viability of and innovating ESG-compliant products, while actively promoting sustainable financing activities.

During the year under review, the Company continued to advance Sustainable Finance Activities (SFAs) by supporting environmentally and socially responsible financing initiatives. Sustainable finance remains a key priority in aligning the Company's financial services with broader sustainable economic development objectives.

In this regard, the Company introduced EV Lease/Loan products and a bundled Solar Lease offering. As the automotive industry transitions towards electric mobility, demand for electric vehicles (EVs) has been steadily increasing. As a strategic initiative, the Company offers a 100% Solar Lease facility to customers purchasing unregistered EVs through PLC, thereby encouraging clean energy adoption.

Furthermore, during the year under review, the Company provided leasing and loan facilities for EVs and solar products, demonstrating its commitment to advancing sustainable financing solutions.

UNDP Tuk Tuk Project

In addition, PLC supported the United Nations Development Programme (UNDP) initiative for an e-tuk tuk project, facilitating support for customers who have submitted the expression of interest to UNDP in converting conventional three-wheelers to electric.

eWheel Initiative

PLC also continued its engagement with Lanka e-Mobility Solutions (LeMS), where Phase 1 of the project involved converting internal combustion engine (ICE) three-wheelers into electric vehicles. Through this initiative, the Company provides financial assistance that promote low-carbon transportation and support the transition towards a greener mobility ecosystem.

Pillar 02: ESG Integration

Integrating Environmental, Social, and Governance (ESG) considerations into our decision making is a core element of responsible financing. The Company has already embedded ESG risk into its Enterprise Risk Management (ERM) framework.

During the year under review, Climate-Related Risks and Opportunities (CRROs) were identified and an assessment framework was developed as part of the first year of reporting. This has been reviewed and approved by the Board following the recommendation from BSC and the SSC.

In addition, the Company continues to apply ESG due diligence checklists in credit appraisal processes and new supplier registrations, ensuring that sustainability considerations are embedded across key operational decisions.

Furthermore, the Company is in the process of formalizing its Sustainable Finance Framework and has already established an ESG Policy to guide its sustainability and responsible financing initiatives.

Our Sustainability Approach

Pillar 03: Financial Inclusion

This pillar focuses on developing accessible, affordable and efficient financial products and services, while improving access to essential financial solutions, fintech tools, and financial literacy initiatives. It is one of the Company's key high-impact goals, reflecting its commitment to financial inclusion.

As a leading NBFI, the Company consistently prioritizes expanding access to finance, particularly for underserved and informal sector communities. In doing so, it also promotes financial and digital literacy among its customers to enhance awareness and responsible financial behaviour.

Financial transformation remains a key objective, with continued efforts to strengthen inclusive and digitally enabled financial services.

During the year under review, the Company introduced biodegradable card materials, enhanced accessibility features for visually impaired customers, and launched PLC Al-Safa specialized VISA Debit Cards, further reinforcing its commitment to inclusive and customer-centric financial solutions.

Pillar 04: Capacity Building

Building a Sustainability Mindset at PLC

At PLC, we believe that sustainability is more than a concept - it is a mindset shift. With this belief, we focus on embedding sustainability into our core operations in a structured and strategic manner.

As sustainability continues to evolve rapidly on the global stage, staying informed about national and international developments, emerging frameworks and new opportunities is essential. In this context, we place strong emphasis on continuously equipping our employees with relevant knowledge and insights.

To support this, we have provided both local and international learning opportunities, along with internal and external training programmes focused on sustainability. These initiatives are designed to strengthen employee awareness, technical understanding and practical application of ESG principles across the organisation.

Furthermore, we have continued our "ESG Awareness" Tuesday initiative, where awareness e-flyers are shared with all PLC staff every Tuesday by Sustainable Finance Unit. This ongoing communication platform plays a key role in educating, engaging and reinforcing sustainability awareness across the workforce.



Key sustainability capacity-building initiatives conducted during the year include:

- Internal session for Chief Managers - Branch Network on driving social impact through Sustainable Value Creation
- Chairman of the Board, Chairman of the BSC and the Chief Executive Officer/ General Manager participated in the Global Sustainable Finance Conference (GSFC) with the theme From Financial Technology to Technology Finance in September 2025 in Karlsruhe, Germany
- DGM-Head of Operations and employee from Sustainable Finance Unit participated in the Global Impact Leadership in Finance Industry workshop a three day workshop organized by European Organisation for Sustainable Development (EOSD) in Karlsruhe, Germany

- Board Members, Corporate Management and the Operational teams—including SSC, Risk, and Finance—participated in dedicated SLFRS S1 & S2 workshops delivered by external consultancy service providers.
- Sustainability related external training sessions for employees

Pillar 05: International Cooperation

This pillar focuses on learning, capacity building and mobilizing funds through collaboration with international bodies, knowledge sharing, and network development.

As a key initiative, the Company has joined the European Organisation for Sustainable Development (EOSD) Sustainability Standards and Certification Initiative (SSCI), with the aim of strengthening its business processes and strategies within a globally recognized sustainability framework.

During the year under review, and as part of its engagement with EOSD, the Company also participated in global sustainability initiatives, including the Global Sustainable Finance Conference (GSFC) and Global Impact Leadership in Finance Industry (GILIF) programmes. These engagements have enhanced internal capacity across all levels from staff to management and the Board strengthening the organisation's overall sustainability competency.

Progress on Sustainability Standards & Certification Initiative (SSCI)

The Sustainability Standards & Certification Initiative (SSCI) is a global framework designed to enable financial institutions to continuously develop, review, and enhance their sustainability commitments. It provides a holistic, robust, and evolving approach that is both globally recognized and locally relevant, aimed at strengthening institutional resilience and long-term profitability.

The SSCI "Octagon Model" covers eight key dimensions; Governance, Management, Technology, Business Model, Operations, Products, Stakeholder Relations, and Human Capital enabling a 360-degree approach to organisational sustainability. Through this framework, financial institutions are guided by top-tier financial and non-financial performance metrics, along with operational targets that support improved corporate performance and leadership in environmental, social, and economic sustainability.

The initiative, driven by the European Organisation for Sustainable Development (EOSD) in Germany, also equips certified financial institutions with enhanced crisis readiness and resilience, ensuring sustained stakeholder value under varying economic conditions.

During the year under review, the Company made significant progress in aligning with the SSCI framework by,

- Reviewing and refining the Company's Purpose Statement and High Impact Goals.
- Completing a Board and Corporate Management Competency and Diversity Matrix.

These initiatives reflect the Company's continued commitment to strengthening its sustainability governance and advancing toward globally recognized best practices.

Pillar 06: Measurement & Reporting **Sustainability Reporting and Disclosures**

The Company continues to enhance its sustainability-related disclosures and reporting practices in line with evolving regulatory requirements and stakeholder expectations. Since 2008/09 company has been voluntarily reporting its Non-Financial Information in accordance with Global Reporting Initiative (GRI) and obtaining Independent Assurance of the same since 2008/09.

From Financial year 2025/26 onwards, the Company also progressed with the mandatory adaptation of the SLFRS S1 and SLFRS S2 Disclosure Standards, with detailed requirements and applications outlined in pages 81 to 109 of this report. In parallel, greenhouse gas (GHG) emission assessments were continued to support climate-related reporting obligations and strengthen data-driven decision-making.

Independent assurance continues to be obtained on GRI and IR frameworks, reinforcing the credibility and reliability of reported information.

SLFRS S1 & S2 Adoption

In line with the adoption of SLFRS S1 and SLFRS S2, the Company has strengthened its approach to identifying, assessing, and managing Sustainability-Related and Climate-Related Risks and Opportunities. These standards have been integrated into the Company's reporting framework to enhance comparability, decision-usefulness, and alignment with global best practices.

During the reporting period, the Company identified key Climate-Related Risks and Opportunities relevant to its operations, lending portfolio, and business environment. These were assessed through a structured framework and subsequently reviewed and approved by the Board Sustainability Committee and the Board of Directors. The Company will continue to refine its climate risk assessment methodologies and further embed climate considerations into strategic planning and operational decision-making.

To support effective implementation, the Company also conducted a Board Skills and Experience Gap Analysis to evaluate the Board's knowledge and expertise in relation to SLFRS Sustainability Disclosure Standards and the management of Sustainability-Related Risks and Opportunities (SRROs).

Going forward, the Company remains committed to continuously strengthening its sustainability reporting practices and enhancing alignment with SLFRS S1 and S2 requirements as part of its broader sustainability journey.

GRI 2-9

Pillar 07: Governance Framework **Sustainability Governance**

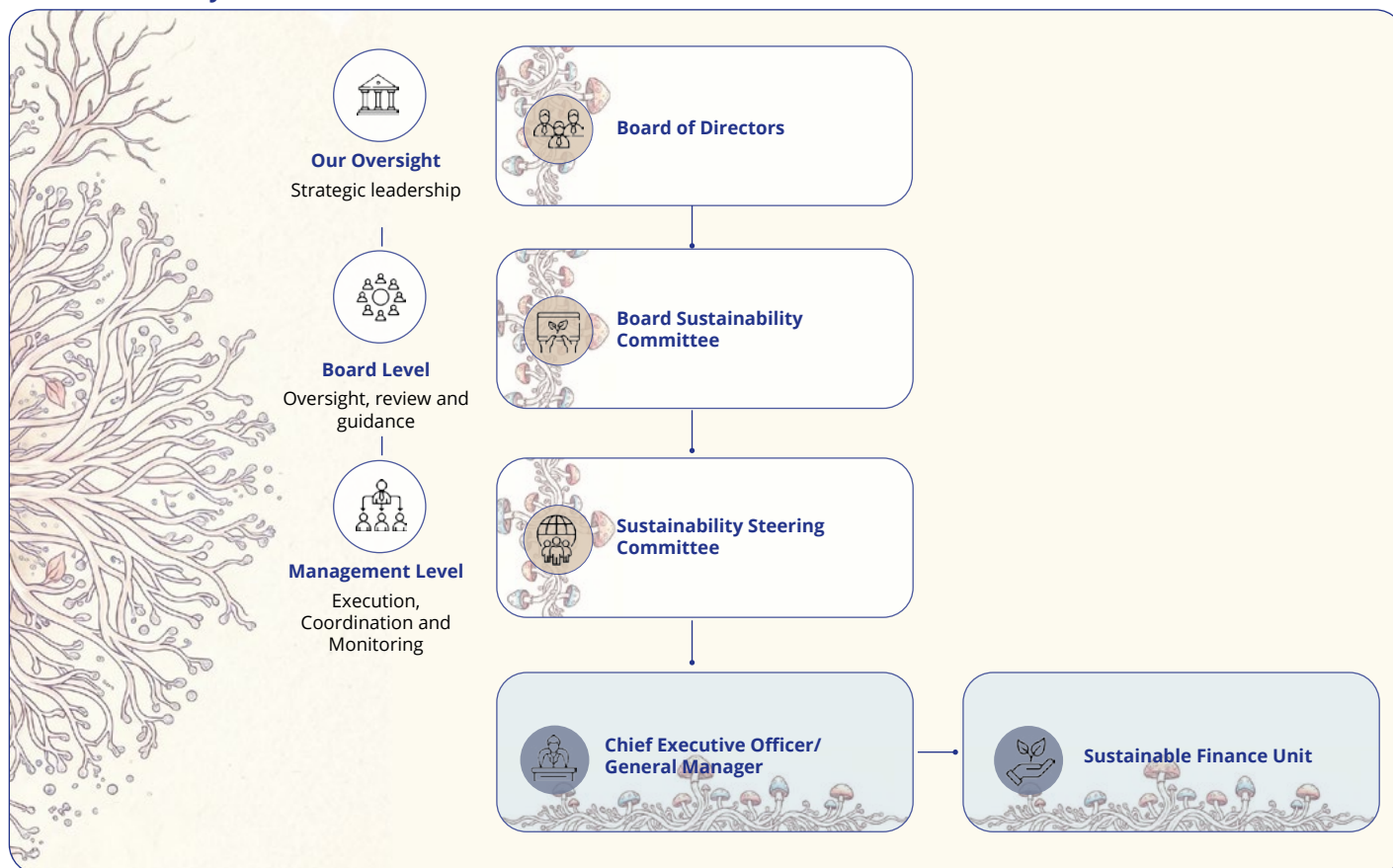
At People's Leasing, Sustainability governance is a key part of our corporate governance framework, ensuring Environmental, Social and Governance (ESG) considerations are embedded into our strategy, decision-making and operations.

During the financial year 2025/26, we further strengthened this framework through the establishment of Sustainability Committees at both Board and Management levels. These committees oversee our sustainability strategy, while supporting the management of related risks and the identification of emerging opportunities.

This structure provides clear oversight, enhances coordination across the organisation and ensures that sustainability remains an integral part of how we operate and create long-term value.

Our Sustainability Approach

Our Sustainability Governance Structure



Board Level Oversight

The Board of Directors holds the highest level of responsibility for sustainability governance at People's Leasing & Finance PLC. It provides strategic direction and oversight to ensure that Environmental, Social, and Governance (ESG) considerations are effectively integrated into the Company's long-term strategy, risk management framework, and value creation objectives. The Board ensures that sustainability priorities remain aligned with regulatory expectations, stakeholder needs and global best practices.

Board Sustainability Committee (BSC)

The Board Sustainability Committee (BSC) supports the Board of Directors in providing strategic oversight and governance of the Company's sustainability agenda. The Committee plays a critical role in ensuring that sustainability initiatives are effectively integrated into the Company's overall strategy and implemented in alignment with its long-term objectives.

The BSC provides guidance on emerging ESG trends, ensures compliance with applicable sustainability reporting standards and regulatory requirements, and oversees the review of the Company's sustainability strategy. It also monitors ESG performance and supervises key Sustainability-Related Risks and Opportunities (SRROs).

The Committee comprises four (04) Non-Executive Directors, including one (01) Independent Director and is chaired by a Non-Independent Non-Executive Director. Refer to pages 281 to 282 of the BSC Report.

Sustainability Steering Committee (SSC)

Sustainability Steering Committee (SSC) is a Management Level Committee for Sustainability headed by Chief Executive Officer/ General Manager of the Company. SSC was formally established during the financial year 2025/26 to provide strategic and operational leadership for the implementation of the Company's sustainability and sustainable finance agenda. It ensures the effective integration of ESG principles across all business functions and supports the achievement of the Company's sustainability objectives.

The key responsibilities of the Committee include:

- Providing strategic and operational direction for the Company's sustainability strategy and sustainable finance initiatives.
- Ensuring the integration of sustainability and ESG principles across all business units and operational processes.
- Identifying, monitoring, and managing Sustainability-Related Risks and Opportunities.
- Promoting responsible finance practices and ensuring alignment with applicable regulatory and reporting requirements.
- Monitoring sustainability performance and reporting progress, outcomes, and key developments to the Board Sustainability Committee (BSC).

The Committee is chaired by the Chief Executive Officer/General Manager and comprises committee members including:

- Chief Executive Officer / General Manager (Chairman)
- Chief Operating Officer
- Chief Information Officer
- Head of Operations
- Chief Risk Officer
- Chief Finance Officer
- Head of Human Resources
- Head of Leasing & Loans
- Head of Sustainable Finance

In addition, other relevant officers of the Company may be invited to participate in Committee meetings as required.

SSC plays a central role in the operationalisation of the Company's sustainability agenda. It ensures effective coordination across functions, monitors implementation progress, addresses execution challenges and drives continuous improvement in ESG performance. The Committee also fosters awareness, accountability and a culture of sustainability across the company.

Sustainable Finance Unit

Sustainable Finance Unit (SFU) is responsible for driving the Company's sustainability agenda. It supports the development and implementation of sustainable finance policies, frameworks, and tools across the organisation. The Unit ensures that ESG considerations are integrated into business operations and strategies.

It also identifies and promotes green and sustainable financing opportunities in line with regulatory requirements and global best practices, while fostering a strong culture of sustainability within the Company.

In addition, the Unit works closely with business units to implement ESG due diligence, monitor sustainability performance and support climate-related reporting in line with SLFRS S1 and S2 standards. It also plays a key role in building awareness and strengthening capacity on sustainable finance across the organisation. The Sustainable Finance Unit at PLC operates under the purview of the Chief Executive Officer/General Manager, with a dedicated team in place to support effective implementation of Company's Sustainability Agenda.

Awards & Accolades

- Special Recognition for Excellence in Sustainability Reporting at CA TAGS Awards 2025
- Merit Award in the Finance Sector under the Service - Large Category at the National Cleaner Production Awards 2025, organized by the National Cleaner Production Centre.
- Merit Certificate at the Sri Lanka National Energy Efficiency Awards 2025 organized by the Sri Lanka Sustainable Energy Authority.

Looking Ahead

The Company remains committed to continuously enhancing its sustainability performance through deeper integration of ESG principles, strengthening climate resilience, advancing sustainable finance initiatives and further improving stakeholder engagement.

Going forward, the Company will continue to focus on creating long-term sustainable value while contributing to economic growth, environmental stewardship, and social well-being. Key priorities include promoting financial inclusion, accelerating digital transformation and strengthening community engagement, while upholding strong governance practices.

Our Sustainability Approach

Creating Shared Value Through Inclusion, Well-being and Community Empowerment



Fostering Respect for Diverse Beliefs

- Religious and cultural observance programs
- Staff welfare initiatives
- Community religious and cultural sponsorships
- Multi-faith engagement activities promoting harmony and inclusivity



Reducing Environmental Footprint

- Reusable glass water bottles at Board and management meetings
- Promoting responsible Solid Waste Management
- Promoting paperless operations
- Supporting renewable energy adoption where feasible.



Ensuring Equal Access for All

- Wheelchair-accessible entrances and ramps at head office and branches
- Elevator access and handrails
- Supporting vulnerable and underserved communities through financial inclusion initiatives
- Delivering inclusive products and services that cater to diverse customer needs.



Enhancing Livelihoods Across Communities

- Financial literacy and entrepreneurship programs
- Community welfare and livelihood enhancement projects
- Supporting education and scholarship programs for disadvantaged students.
- Creating employment and income-generating opportunities



Creating a Family-Friendly Workplace

- Flexible work arrangements
- Promoting employee wellbeing
- Maternity, paternity, and parental leave benefits
- Financial assistance and welfare support for employees during family emergencies.
- Educational scholarships support for deceased employees' children



Promoting Information Accessibility

- Improving language accessibility by using multilingual communication
- Availability of Braille documents and customer information materials
- Signage designed for ease of understanding
- Digital accessibility initiatives
- Support for customers with hearing and visual impairments

SLFRS S1 & S2 Disclosure

SLFRS Sustainability Related Financial Disclosures (SLFRS S1 and SLFRS S2) of People's Leasing & Finance PLC for financial year 2025/26

This section presents Sustainability related financial disclosures of People's Leasing & Finance PLC (hereinafter referred to as "PLC" or "the Company") prepared in accordance with SLFRS Sustainability Disclosure Standards (SLFRS S1: General requirements for disclosure of sustainability-related financial information and SLFRS S2: Climate-related disclosures) (collectively referred to as "the Standards") issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

In first year of reporting, it explains how the Company integrates Climate Related Risks and Opportunities (CRROs) which could reasonably be expected to impact the entity's cash flows, access to finance and cost of capital over the short, medium and long term into its core business model and value chain.

It also details how these considerations are aligned with the Company's Governance, Strategy, Risk Management and Metrics & Targets during this first year of reporting.

01. Basis of Preparation

1.1 Reporting Entity, Organisation Boundary and Value Chain

1.1.1 Reporting Entity

People's Leasing & Finance PLC ("PLC" or "the Company") is a subsidiary of People's Bank and a public limited liability company listed on the Main Board of the Colombo Stock Exchange (CSE). The Company was established in 31st May 1996. In November 2012, PLC obtained a license from the Monetary Board of the Central Bank of Sri Lanka (CBSL) to conduct finance business under the Finance Business Act No. 42 of 2011. The Company's registered office is located at No. 1161, Maradana Road, Borella, Colombo 08.

1.1.2 Organisation Boundary

The organisational boundary of these disclosures is aligned with the Company's financial reporting boundary. Disclosures are therefore presented on a consolidated

financial basis in consistence with the preparation of the Company's financial statements.

Accordingly, all subsidiaries within the PLC Group; namely People's Leasing Fleet Management Limited, People's Leasing Property Development Limited, People's Leasing Havelock Properties Limited, People's Micro Commerce Limited, People's Insurance Limited and Alliance Finance PLC (Bangladesh) have been considered in the identification of CRROs at group level. However, only those CRROs assessed as material under the Company's materiality thresholds have been disclosed in this report.

1.1.3 Value Chain

The Company operates within an interconnected value chain characterized by both dependencies and impacts as outlined in its Business Model for Sustainable Value Creation. The value chain includes all entities and stakeholders involved in the creation, delivery and use of financial products and services.

PLC utilizes multiple forms of capital including Financial, Human, Intellectual, Social and Relationship, Manufactured and Natural Capital to create value through its operations. At the same time, the Company's activities influence these capitals, resulting in value creation, preservation or in certain instances, impact.

In line with SLFRS Sustainability Disclosure requirements, PLC identifies and reports CRROs that could reasonably be expected to affect the company's prospects over short, medium and long term.

In assessing CRROs, the Company considers its upstream, operational and downstream activities of its value chain.

1.1.3.1 Upstream value chain (Inputs)

The upstream value chain represents the Company's external environment, comprising suppliers of goods, services and capital inputs that support its operations. This includes funding providers, technology partners and other service providers that enable the Company to access the financial and non-financial resources required to deliver its products and services.

CRROs may influence these upstream activities by affecting the availability, cost and reliability of inputs including access to funding, supplier stability and the evolving expectations around environmental and social performances.

In response, the Company continues to strengthen its engagement with upstream partners with an increased focus on sustainable procurement practices, digitalisation, ethical business conduct and alignment with environmental and social standards.

1.1.3.2 Own Operations

PLC's own operations represent the core activities through which the Company delivers financial services and creates value. These include leasing and loans, fixed deposits and savings, margin trading, gold loans, Islamic finance and other financial solutions provided to individuals and businesses across Sri Lanka.

Within its operations, PLC utilizes and integrates six forms of capital; financial, manufactured, intellectual, human, social and relationship and natural capital to support efficient service delivery and sustainable value creation. These resources are managed internally to ensure operational efficiency, customer satisfaction and long-term business continuity.

CRROs may impact the Company's operations through factors such as operational disruptions, changes in regulatory requirements, shifts in customer behaviour and the transition towards low-carbon practices. These impacts may arise from the Company's physical infrastructure including branch locations and head office operations as well as its digital systems and resource utilisation.

In response, PLC continues to strengthen its internal processes, governance frameworks and risk management systems while advancing digitalisation and resource efficiency initiatives to enhance operational resilience and support sustainable growth.

SLFRS S1 & S2 Disclosure

1.1.3.3 Downstream value chain (Outcomes)

PLC's downstream value chain represents the external environment where value is delivered to customers and where the outcomes and impacts of its financial services are realized. This primarily includes individuals, businesses and other entities that utilize the Company's financial products and services across various sectors of the economy.

Through its lending, leasing and other financial solutions, PLC indirectly influences the use of financed assets such as vehicles, equipment and properties as well as the broader economic activities of its customers. As a result, CRROs may arise from sectoral exposures, customer behaviors and the environmental performance of financed activities.

The Company's downstream partners mainly include borrowers, lease customers and deposit customers across retail, SMEs and corporate segments. These relationships form a key part of PLC's value creation process where the provision of financial services translates into economic activities and broader societal impact.

In managing downstream impacts, PLC continues to strengthen its credit assessment processes, portfolio monitoring and responsible financing practices with increasing consideration of environmental and social factors in decision-making. Climate risks may affect borrower resilience and portfolio stability while creating opportunities to advance sustainable finance, support low-carbon transitions and generate positive value for stakeholders and the environment.

1.2 Basis of Materiality

The Company discloses CRROs that could reasonably be expected to materially affect its prospects including impacts on cash flows, access to finance and cost of capital over the short, medium and long term. Accordingly, the Company applies the SLFRS S1 materiality principle to ensure that its sustainability-related financial disclosures focus on matters most relevant to its future prospects. The materiality assessment

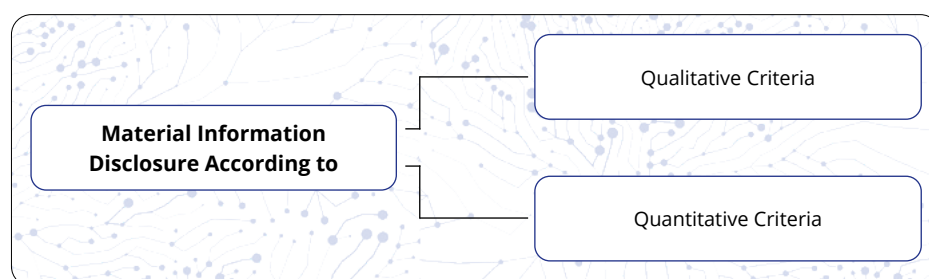
incorporates both quantitative and qualitative considerations. Quantitative factors include the magnitude of potential financial impacts, while qualitative factors consider the nature, likelihood and strategic relevance of identified CRROs.

While the SLFRS Sustainability Disclosure Standards are based on financial materiality, the Company has also considered impact materiality to provide a broader perspective on sustainability related matters, as further detailed in the "Material Matters" section.

Financial materiality

The financial materiality assessment integrates both quantitative and qualitative factors to determine the significance of potential financial effects arising from the CRROs, employing a scoring system that evaluate the likelihood and impact/severity of each CRRO.

The following thresholds were applied to determine the impact/severity of the CRROs during the reporting period.



1.2.1 Quantitative Materiality Threshold

The determination of severity of a CRRO has been carried out subsequent to establishing the materiality threshold of the Company. Materiality has primarily been assessed using quantitative financial criteria with reference to the Company's Profit before Tax (PBT) for the past three financial years. The average PBT derived from this period was used to evaluate potential financial losses against predefined threshold values.

Accordingly, a threshold loss value of $\pm 3.83\%$ from the average PBT has been considered as the benchmark for determining the magnitude of financial impact and quantifying the severity level of each CRRO.

1.2.2 Qualitative Materiality Threshold

In addition to the financial magnitude, the Company also considers the nature, likelihood, severity of impact and overall materiality assessment of CRROs. Furthermore, qualitative factors such as reputational damage arising from non-compliance with regulations, strategic relevance, stakeholder concerns, operational implications and alignment with the Company's long-term sustainability objectives are also taken into consideration in evaluating the significance of each CRRO.

By incorporating both financial and non-financial dimensions into the assessment process, the Company ensures a more holistic and comprehensive evaluation of material risks.

1.3 Functional Currency

The financial statements of the Company are presented in Sri Lankan Rupees (Rs.), being the functional currency of the primary economic environment in which company operates.

Financial information is rounded to the nearest thousand, unless otherwise stated. There were no changes to the Company's functional or presentation currency during the year under review. As well all sustainability-related financial disclosures are presented in Rs., consistent with the financial statements.

1.4 Sources of Guidance

In preparing these sustainability-related financial disclosures in accordance with SLFRS S1 and SLFRS S2, the Company has considered a range of internationally recognized frameworks, national policies and climate-related research to ensure a comprehensive and robust assessment of CRROs.

Key sources of guidance includes:

- SLFRS S1 : General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 : Climate-related Disclosure Standard
- National Disaster Management Plan 2030 issued by the Disaster Management Centre of Sri Lanka
- Sustainability Accounting Standards Board (SASB) Standards - 2023
- Global Risks Report 2026 (21st Edition) - World Economic Forum
- Sri Lanka Nationally Determined Contributions (NDCs) 3.0 (2025 - 2035)
- Global Climate Risk Index 2026 - Germanwatch

- Sixth Assessment Report - Intergovernmental Panel on Climate Change (IPCC)
- Climate Risk Country Profile - Sri Lanka - World Bank and Asian Development Bank (ADB)
- Sustainable Finance Roadmap 2.0 - Central Bank of Sri Lanka

1.5 Reporting Period

This report covers the financial year from 01st April 2025 to 31st March 2026 and is prepared in consistency with the Company's audited consolidated financial statements.

1.6 Time Horizon

PLC assesses material CRROs across short, medium and long-term time horizons to support informed decision-making and

strategic planning. The current reporting period corresponds to the financial year 2025/26.

1.6.1 Basis of Defining the Time Horizon

The short-term horizon aligns with the Company's annual budgeting and operational planning cycle. The medium-term horizon reflects the Company's three year financial, capital and funding strategies. The long-term horizon extends beyond five years, enabling the assessment of emerging Sustainability Related Risks and Opportunities under a broader range of future scenarios and transition pathways.

Time horizon	Definition	Relevant Financial year period
Short Term	Within 01 year	2026/27
Medium Term	02 to 03 years	2027/28 - 2029/30
Long Term	More than 03 years	After 2029/30

1.7 Connected Information

This section uses cross-references and navigation icons as shown below to highlight the connections between the CRROs and the rest of the disclosures.

- Connections between different CRROs
- Connections within its climate related financial disclosures
- Connections across climate related financial disclosures, Annual Financial Statements and sections in the Integrated Report

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures - Page 85 to 87	• Corporate Governance - Page 215 to 282 • Board Sustainability Committee Report - Page 281 to 282 • Board Integrated Risk Management Committee Report - Page 271 to 274
Strategy	SLFRS S1 & S2 disclosures - Page 87 to 92	Strategy & Resource Allocation - Page 105 to 111
Risk Management	SLFRS S1 & S2 disclosures - Page 93 to 97	Risk Management Report - Page 283 to 298
Metrics & Targets	SLFRS S1 & S2 disclosures - Page 97 to 104	Natural Capital Report - Page 202 to 214

SLFRS S1 & S2 Disclosure

1.8 Transitional Relief

The Company has applied the following transitional reliefs permitted under SLFRS S1 and S2 as issued by CA Sri Lanka in first year of reporting the SLFRS sustainability-related financial disclosures.

- SLFRS S1 | E5 - Disclosure of information only on CRROs
- In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only CRROs (in accordance with SLFRS S2)
- SLFRS S1 | E6 & SLFRS S2 | C3 - Disclosure of Comparative Information
- In the first annual reporting period in which the entity applies this standard, it is not required to disclose comparative information about its CRROs
- SLFRS S2 | C4 (b) - Disclosure of Greenhouse Gas Emissions
- Entities shall initially disclose only Scope 1 and Scope 2 emissions.
- SLFRS S1 | 34 & S2 | 15 (b) - Disclosure of qualitative information regarding anticipated risks and opportunities
- Entities are permitted to defer the disclosure of qualitative information regarding anticipated risks and opportunities for a period of two years following the mandatory application of the standard.
- SLFRS S2 | 22 - Disclosures on Climate resilience
- Relief period of two years are granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

1.9 Significant Judgements, Uncertainties and Proportionality

In preparing sustainability-related disclosures in line with SLFRS S1 and SLFRS S2, the Company has applied professional judgement and estimates, considering the inherent uncertainty, forward-looking nature and data limitations associated with CRROs, particularly in areas where methodologies and data are still evolving. The Group operates within a dynamic financial environment where CRROs give rise to significant forward-looking uncertainties.

Uncertainties also arise from data limitations, the use of assumptions and reliance on external inputs such as emission factors, which are common in the measurement of greenhouse gas emissions and climate-related assessments.

In addressing these challenges, the Company has adopted a proportionality approach by prioritizing material areas and applying reasonable estimates where necessary while balancing the practicality and cost of data collection. The Company remains committed to continuously enhancing the quality, accuracy and scope of its disclosures as systems and processes evolve over time.

In fulfilling the requirements of SLFRS S2, the company recognizes the following contextual challenges:

- The inherently forward-looking nature of CRROs which gives rise to uncertainty regarding their timing, likelihood, and potential financial impact.
- Limited availability of consistent and granular climate-related data, particularly across diverse customer segments and SME portfolios.
- An evolving regulatory and policy landscape alongside changes in technology, market dynamics and consumer preferences which create uncertainty in assessing impacts on business models and borrower performance.
- Reliance on external assumptions, models and emission factors which may differ across methodologies and sources.
- Varying levels of climate resilience and adaptive capacity across sectors within the Company's leasing portfolio.
- The developing nature of internal systems and processes for capturing, validating and reporting climate-related information.
- Exposure to physical climate risks arising from extreme weather events and long-term environmental changes, the timing and severity of which remain uncertain and may affect operations, assets, and supply chains.
- Uncertainty surrounding opportunities related to green financing and low-carbon technologies, particularly due to

the pace of market adoption, regulatory developments and technological advancements.

- Dependencies on critical infrastructure and third-party service providers where climate events may result in correlated operational disruptions and credit risks.
- Limited availability of customer-level, asset-specific and geographically disaggregated data, which constrains the precision of climate risk modelling.
- Rapidly evolving expectations from regulators, investors and international institutions, creating uncertainty in aligning with emerging global sustainability standards while maintaining credibility.

Key Areas of Measurement Professional Judgements

Category	Significant Judgement Applied
Materiality Threshold	Judgement was applied in determining which CRROs are material to the Company's leasing portfolio. This included assessing the potential impact of CRROs on credit risk, asset quality, customer repayment capacity and cost of funds, particularly in sectors such as transport, construction, manufacturing, and SMEs where climate exposure may indirectly affect cash flows.
Portfolio Exposure and Sector Sensitivity	The Company applied judgement in identifying sectors within its leasing and lending portfolio that are more vulnerable to physical and transition climate risks. This included assessing exposure to climate-sensitive industries (Such as transport, logistics, agriculture-linked SMEs) based on internal portfolio segmentation and external climate risk indicators.
Value Chain	All upstream and downstream activities which are prone to CRROs are mapped over the value chain based on operational control and material impact to the Company.
Time horizon classification	Short, medium and long-term time horizons were defined based on CRRO assessment framework and strategic planning cycle. These judgements directly affect how CRROs are disclosed and tracked over time.
Identification of CRROs	Physical climate risk projections are based on the published climate risk profiles of the country and vary significantly by region and scenario.
Quantifying the Financial Impact	Judgement was required in determining where quantitative estimation of climate-related financial impacts was not sufficiently reliable. In such cases, the Company applied qualitative assessments to describe potential credit risk deterioration, collateral value sensitivity, and sector-level vulnerability, ensuring consistency with available data and avoiding overstatement of precision.

Key Areas of Measurement Uncertainties

Category	Nature of Uncertainty
GHG Emission Quantification	Direct measurement is not feasible for all supplier categories and assumptions are updated as more accurate category benchmarks become available.
GHG Emission Factors	Estimations rely on third-party emissions factors published in the latest publicly available sources.
Physical Climate Risk Projections	Climate risk models for Sri Lanka vary significantly by region and scenario. Therefore, the most recent and most popular sources have been used in assessing the physical climate risks.
Regulatory and Policy Forecasts	Estimation of the potential impact of the applicable regulatory changes involve high uncertainty.
Likelihood of Occurrence of CRROs	The likelihood of occurrence of identified CRROs has been determined based on professional judgement considering the dependency of future events

2.0 Statement of Compliance

This report represents a complete set of Sustainability related financial disclosures for People's Leasing & Finance PLC for the year ended 31st March 2026. The Group's Sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by CA Sri Lanka.

02. Governance

This section outlines the governance structures, processes and control mechanisms established to monitor, manage and oversee the People's Leasing's SRROs.

GRI 2-12

2.1 Board Oversight Role

The Board of People's Leasing is actively engaged in reviewing the company's sustainability-related matters, initiatives and SRROs with the aim of embedding sustainability into business operations and strategic decision-making. This reflects the company's commitment to acting as a responsible corporate citizen.

Governance Oversight Structure

The Company has established a robust and structured governance framework to ensure effective oversight of sustainability-related strategies including sustainability reporting

in accordance with SLFRS S1 and SLFRS S2 requirements. The Board of Directors holds overall responsibility for sustainability governance including the consideration of CRROs from the financial year 2025/26, thereby guiding the entity's strategic direction and decision-making towards sustainability.

Through this governance structure, the organisation promotes accountability, transparency and alignment with SLFRS S1 and S2 disclosure requirements while continuously strengthening its approach to sustainability risk management and reporting practices.

SLFRS S1 & S2 Disclosure



2.1.1 Responsibility

Board Sustainability Committee (BSC)

With the objective of clearly supporting the Board of Directors in providing strategic oversight and governance of the Company's sustainability agenda, PLC established the Board Sustainability Committee (BSC) during the financial year 2025/26, following approval by the PLC Board.

The BSC comprises four Board members, all of whom are Non-Executive Directors. The Company Secretary or any Assistant Secretary nominated by the Company Secretariat Department, serves as the Secretary to the Committee. In the absence of the appointed Secretary, the Committee may designate another officer, as approved by the Committee to act as Secretary to the BSC.

The BSC meets at least on a quarterly basis to discharge its responsibilities effectively. The BSC is responsible for providing oversight in the following key areas:

- Strategic oversight of sustainability matters
- Governance of Sustainable Finance Activities (SFAs)
- Oversight of ESG and SRROs
- Oversight of Sustainability related policies, reporting, and disclosures
- Monitoring of sustainability performance
- Strengthening Board capacity and competency on sustainability matters

The Committee also provides periodic updates to the Board on sustainability performance, SRROs and relevant regulatory developments.

Defined governance structures, committee mandates and regular reporting to the Board, ensure that there is Board oversight on the implementation of Environmental, Social and Governance (ESG) matters including the effective management of SRROs according to the TOR. For further details, please refer to the BSC Report on page 281 to 282.

2.1.2 Skills and Competencies

In line with the implementation of SLFRS S1 and SLFRS S2, the Company conducted a Board of Directors' Skills and Experience Gap Analysis to assess the knowledge, expertise and experience of the Board in relation to the SLFRS Sustainability Disclosure Standards and the management of SRROs.

To further strengthen competency and awareness, both external and internal knowledge-building sessions were conducted for the Board of Directors. A dedicated session for all PLC Board members was conducted by an external consultancy services provider on 06th March 2026 in line with the Company's SLFRS S1 and S2 implementation plan. The session focused on the implications and requirements of SLFRS S1 and SLFRS S2, enhancing the Board's understanding of sustainability-related governance, disclosures and climate-related considerations. Members of the

Sustainability Steering Committee also participated in the session.

In addition, members of the Board participated in several sustainability related programmes and forums during the financial year, including:

- Board's Role in Mandatory Sustainability Reporting Programme by Sri Lanka Institute of Directors (SLID)
- Global Sustainable Finance Conference 2026 held in Karlsruhe, Germany, convened by the European Organisation for Sustainable Development

2.1.3 Inform, Address and Monitor

In the first year of adopting SLFRS S1 and SLFRS S2 during the year under reviewed, PLC identified two climate-related risks and one climate-related opportunities which were fully reviewed and recommended by BSC and approved by the Main Board.

The Company will continue to strengthen its approach towards managing those identified climate-related risks and opportunities as part of its sustainability journey. BSC meets quarterly to oversee the management of the SRROs and Sustainability related Strategies.

In addition, the Sustainable Finance Unit will provide periodic updates to the BSC upon the recommendations from Management Level Sustainability Steering Committee (SSC) for the review and approval of PLC Main Board on the progress of managing CRROs including related sustainability initiatives and developments.

2.2 Management Role

With the objective of strengthening the management of ESG and sustainability initiatives including the effective management of SRROs, the Company established a Sustainability Steering Committee (SSC) during the financial year 2025/26 with the approval of the Board of Directors.

The Committee facilitates the review and monitoring of identified CRROs while overseeing the Company's progress towards its sustainability journey and objectives. The Committee is chaired by the Chief Executive Officer/General Manager and comprises key members of the Corporate Management and business units to ensure effective implementation and integration of sustainability initiatives across the organisation.

- The composition of the Committee is as follows:
- Chief Executive Officer/General Manager - Committee Chairman
 - Chief Operating Officer
 - Chief Information Officer
 - Head of Operations
 - Chief Risk Officer
 - Chief Finance Officer
 - Head of Human Resources
 - Head of Leasing & Loans
 - Head of Sustainable Finance

Head of Sustainable Finance serves as the secretary to the Committee.

Furthermore, a capacity-building session series on SLFRS S1 & S2 was conducted covering Governance, Risk Management, Strategy and Metrics and Targets. The session was delivered to members of the SSC along with representatives from the Risk and Control Department, Sustainable Finance Unit and Finance Department to strengthen understanding and support effective implementation of the standards across the Company.

2.2.1 Delegation

The SSC was established during the year under review with the approval of the Board of Directors. Following its establishment, the Terms of Reference (TOR) of the Committee were developed, reviewed and recommended by the BSC and subsequently approved by the Board.

The ToR clearly outline the Committee's purpose, objectives, roles, responsibilities and governance structure to ensure effective oversight and management of ESG and sustainability-related matters across the Company. The Committee comprises key personnel representing cross-functional areas including Risk, Finance, Products, Information Technology, Operations, Sustainable Finance and Human Resources.

SLFRS S1 & S2 Implementation Group

The SLFRS S1 & S2 Implementation Group is responsible for overseeing and coordinating the implementation of SLFRS Sustainability Disclosure Standards within the Company. The Group comprises representatives from the following key departments:

- Sustainable Finance Unit
- Risk and Control Department
- Finance Department

The Group is required to meet at least once every two months. During the year under review, two meetings were held.

In addition, the dedicated Sustainable Finance Unit continues to drive the implementation of the Company's sustainability agenda in coordination with the respective business units and stakeholders across the organisation.

2.2.2 Policies and procedures

The Company has established an Environmental, Social and Governance (ESG) Sustainability Policy, which will be further strengthened to effectively address and manage Company's SRROs.

In addition, ESG risk considerations have been integrated into the Company's Risk Management Policy. Furthermore, the Company evaluates ESG-related impacts through an ESG Due Diligence Checklist applied to credit proposals and new supplier registrations as company's one of the best practices.

03. Strategy

As part of its first year of reporting under the new sustainability disclosure requirements SLFRS S1 and S2, People's Leasing identified the following set of CRROs relevant to its operations for the financial year 2025/26.

Climate Related Risk 01 (CRRO1)
Adverse weather conditions

Climate Related Risk 02 (CRRO2)
Regulatory requirements on Climate related disclosures & frameworks

Climate Related Opportunity 01 (CRRO3)
Offering sustainable finance solutions

SLFRS S1 & S2 Disclosure

The following is a discussion of the identified CRRO's expected to affect the prospects of the Peoples Leasing's business model and value chain as well as the organisations strategy for managing these SRRO's.

CRRO 1	Adverse weather conditions	
CRROs impact on Prospects	Description	Adverse weather conditions such as floods, droughts and changes in weather patterns such as extreme rainfalls may affect the operations and customers of company. These events may disrupt business activities, reduce customers' repayment capacity and increase operational and credit risks. Climate-related weather events may also impact business continuity, financial performance and long-term sustainability.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Short term/Medium term/Long term
	Define time horizon	Refer Note 1.6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Adverse weather conditions may disrupt customer operations, supply chains and economic activities, particularly in climate-sensitive sectors such as agriculture and transportation. In the long term, the Company may require additional investments in resilience, digitalisation and climate risk management to sustain business continuity and long-term growth. - Value Chain Impacts: Operational disruptions across branches, suppliers and key sectors such as agriculture and transport may lead to delays in service delivery, reduced efficiency and increased contingency costs across the value chain. - Financial Performance Impacts: A decline in borrowers' repayment capacity may increase credit risk, impairment provisions and operational costs, thereby putting pressure on profitability and overall financial performance. - Business Model Impacts: Economic disruptions may reduce demand for financial products and affect portfolio stability, requiring greater investment in resilience and adaptive strategies to sustain long-term growth and sustainability.
	Where is it Concentrated?	The impacts of adverse weather conditions are mainly concentrated in climate-sensitive sectors such as agriculture, transportation, SMEs and other businesses dependent on stable weather conditions. Exposure is also higher in geographical areas prone to floods, droughts, landslides and heavy rainfall as well as among customers and borrowers whose income is directly affected by weather-related disruptions.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	PLC will integrate climate-related risks into its strategy and risk management framework. The Company considers adverse weather risks in credit assessments, strengthens portfolio diversification and enhances monitoring of climate-sensitive sectors. Business continuity plans and digital service channels are being improved to reduce operational disruptions. Climate-related risks are also being gradually aligned with sustainability targets including SLFRS S1 & S2 reporting requirements and long-term resilience objectives.

CRRO 1	Adverse weather conditions	
	How the Company is Resourcing and Plan to Resource Activities	PLC is allocating resources to strengthen its management of climate-related risks including adverse weather conditions. This includes internal capacity building through training and awareness programmes, enhancing risk management systems and improving data collection and reporting capabilities. The Company is also investing in digital infrastructure and business continuity improvements to support operational resilience. In addition, cross-functional teams and governance structures are being strengthened to support the implementation of SLFRS S1 & S2 requirements and to ensure effective monitoring and management of climate-related risks.
	Progress (qualitative and quantitative)	Qualitative progress: Climate-related risks including adverse weather conditions have been identified and incorporated into governance discussions with increased internal awareness and capacity building on SLFRS S1 & S2 reporting requirements. Quantitative progress: The Company is gradually strengthening data collection on climate-sensitive exposures within its lending portfolio and enhancing monitoring of sectoral risks, while expanding digital service channels to improve operational resilience and reduce disruption impacts.
Financial Effects	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 1.8 Transitional Relief
	Climate resilience	Resilience Assessment Refer Note 1.8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 1.8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer page 84
	Uncertainties	

SLFRS S1 & S2 Disclosure

CRRO 2	Regulatory requirements on climate related disclosures/frameworks	
CRROs impact on Prospects	Description	Evolving climate-related regulatory requirements increasingly require the Company to strengthen its Greenhouse Gas (GHG) emissions quantification, measurement and disclosure practices, particularly in relation to Scope 3 financed emissions arising from lending and investment activities. In addition to compliance with applicable sustainability reporting frameworks including climate-related disclosure requirements, the Company may face increased complexity in data collection, monitoring, reporting processes and regulatory compliance obligations. Failure to effectively respond to these evolving climate regulations and stakeholder expectations may adversely impact the Company's reputation, access to sustainable finance opportunities and long-term business prospects.
	Physical Risk or Transition Risk	Transition Risk
	Time Horizon	Short term/Medium term/Long term
	Define time horizon	Refer Note 1.6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Increased regulatory requirements may require changes to internal reporting systems, enhanced data collection processes and stronger coordination across departments. The Company may need to invest in new systems, skills and controls to ensure accurate and timely climate-related disclosures which may increase operational costs but improve transparency and stakeholder confidence. - Value Chain Impacts: Tracking Scope 3 emissions in category 15 of financed emission across suppliers and customers requires data gathering, systems, and capacity building, affecting operations and procurement decisions. - Financial Performance Impacts: Reporting and compliance increase costs but can create green financing opportunities and improve investor confidence, non-compliance may lead to penalties or reputational loss. - Business Model Impacts: Climate considerations must be integrated into business operations and lending, driving sustainable strategies and long-term resilience.
	Where is it Concentrated?	This risk is concentrated in financial reporting, sustainability reporting, risk management and regulatory compliance functions within the Company. It also affects all business units involved in data collection, portfolio reporting and ESG disclosures.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Company is progressively integrating SLFRS S1 & S2 requirements into its sustainability strategy and governance framework by strengthening climate-related disclosure and reporting processes. As part of this initiative, the Company plans to enhance its GHG emissions data collection and calculation processes through improved data management systems, standardized data gathering methodologies and strengthened internal controls, particularly in relation to Scope 3 financed emissions. The Company also aims to improve the accuracy, consistency and reliability of climate-related data while embedding climate reporting into risk management and decision-making processes in line with evolving regulatory expectations.
	How the Company is Resourcing and Plan to Resource Activities	The Company is allocating resources to build internal capacity including staff training, system enhancements and strengthening ESG risk management and GHG emission calculation. External expertise is also being utilized where required to ensure compliance with evolving disclosure standards specially in GHG emission reporting.

CRRO 2	Regulatory requirements on climate related disclosures/frameworks	
Strategy and Decision Making	Progress (qualitative and quantitative)	Qualitative progress: The Company has initiated alignment with SLFRS S1 & S2 requirements and strengthened internal awareness of climate-related disclosure obligations. Quantitative progress: Improved data collection processes and enhanced reporting structures are being developed to support consistent climate-related disclosures across the organisation.
	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year.
Financial Effects	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 1.8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 1.8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer page 84
	Uncertainties	

CRRO 3	Sustainable Financing	
CRROs impact on Prospects	Description	Sustainable financing refers to providing financial products and services that support environmental sustainability, climate resilience and low-carbon economic activities. PLC has the opportunity to expand its lending and investment portfolio by supporting green projects, renewable energy, energy efficiency, sustainable agriculture and climate-resilient businesses, thereby contributing to national and global sustainability goals. This opportunity is expected to strengthen the Company's long-term growth prospects, enhance portfolio resilience, improve access to sustainable finance markets and reinforce its reputation as a responsible financial service provider for sustainable future.
	Physical Risk or Transition Risk	Not applicable
	Time Horizon	Short term/Medium term/Long term
	Define time horizon	Refer Note 1.6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain
	Anticipated Effects on Business Model and Value Chain	Sustainable financing can diversify the Company's product portfolio and create new revenue streams. It enhances customer engagement, strengthens long-term credit quality by supporting resilient businesses and improves access to international funding and ESG-linked capital. It also strengthens the Company's reputation and competitiveness in the financial services sector.

SLFRS S1 & S2 Disclosure

CRRO 3 Sustainable Financing		
Business Model and Value Chain		- Value Chain Impacts: Supporting customers, suppliers and investors in adopting climate resilient practices strengthens relationships, promotes efficient resource use and enhances overall value chain resilience. - Financial Performance Impacts: Sustainable financing products and incentives for climate resilient practices can create new revenue streams, reduce credit risk, attract ESG focused investors and improve long-term profitability. - Business Model Impacts: Integrating climate considerations into strategy, risk management, and product development positions the company as a sustainable finance leader and drives low carbon, climate-resilient solutions for clients.
	Where is it Concentrated?	This opportunity is concentrated in sustainable lending portfolios, green finance products, SME financing for climate-resilient businesses, renewable energy projects and customer segments transitioning to low-carbon and resource-efficient operations.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Company is integrating sustainable finance into its core strategy by promoting green lending products, aligning with SLFRS S1 & S2 requirements and supporting National Determined Contributions and the assist in achieving UN SDGs. Risk management frameworks are being enhanced to identify and prioritize sustainable investment opportunities while ensuring proper assessment of environmental and credit risks.
	How the Company is Resourcing and Plan to Resource Activities	The Company is allocating resources to develop sustainable finance frameworks, build staff capacity in green financing and enhance product innovation. It is also strengthening public and private partnerships and leveraging external expertise to support sustainable project implementation.
	Progress (qualitative and quantitative)	Qualitative progress: The Company has initiated awareness and capacity-building on sustainable finance and integrated ESG considerations into lending discussions. Quantitative progress: Gradual growth in environmentally and socially responsible lending activities and increasing identification of potential green finance opportunities within the portfolio.
Financial Effects	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 1.8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 1.8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 1.8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer page 84
	Uncertainties	

04. Risk Management

This section outlines how Peoples' Leasing identifies, assesses, priorities and monitors the CRROs and how they are integrated to the overall risk management framework.

4.1 Processes and Policies used to identify, assess, priorities and monitor climate-related risks

People's Leasing manages climate-related risks through established internal policies and processes that are being progressively aligned with SLFRS S1 & S2 requirements.

ESG risk is already embedded within the Company's Enterprise Risk Management (ERM) framework. ESG factors are assessed during customer onboarding, credit appraisal, and supplier evaluation processes. In addition, the Company applies business continuity planning to manage operational disruptions arising from climate-related events. These processes are supported by governance structures, including risk management committees and sustainability oversight mechanisms.

Policies and procedures are continuously being strengthened to improve data collection, enhance risk assessment methodologies, and ensure consistent identification and monitoring of climate-related risks across the business.

Climate-related risks are identified through both physical and transition risk pathways, while climate-related opportunities are increasingly emerging through sustainable and green financing solutions over the short, medium, and long term.

The CRRO management process follows a structured approach:

- Identify
- Assess
- Prioritize
- Monitor
- Update and Improve Processes

4.1.1 Identification

During the year under review, the Company focused on identifying CRROs and strengthening the underlying assessment framework to meet the Sustainability Disclosure requirements of SLFRS S1 and S2. These initiatives strengthened the

company's sustainability agenda and supports its transition towards a low carbon, climate resilient future.

I. Inputs and Parameters

PLC uses internal research and referenced sources (as indicated in Page 82-83) to identify Climate-Related Risks and Opportunities (CRROs) as part of its structured risk identification process.

In addition, the Company considers the following key inputs and parameters when identifying climate-related risks:

- Geographic exposure to climate-vulnerable areas, such as flood- and drought-prone regions - Disaster Management Centre (DMC), Sri Lanka
- Historical loss events and operational disruptions linked to extreme weather conditions
- Macroeconomic indicators influenced by climate variability and environmental changes - World Bank – Sri Lanka Climate Risk Country Profile
- External information, including regulatory updates, industry guidance, and climate risk frameworks

These inputs support the early identification of both physical and transition climate-related risks and enhance the Company's ability to integrate climate considerations into risk management and decision-making processes.

II. Use of Climate-related Scenario Analysis

People's Leasing is in the early stages of integrating climate-related scenario analysis into its risk management and reporting framework. At present, the Company does not use climate scenario analysis as part of its process for identifying climate-related risks. However, it is progressively building internal capabilities and frameworks to support future incorporation of scenario-based assessments into its risk identification and risk management practices.

At present, the Company uses qualitative assessments to understand potential climate-related impacts across different time horizons. Formal scenario analysis practices are being progressively developed in line with SLFRS S2 requirements, including the evaluation of possible future climate conditions and their

impacts on the lending portfolio, business operations, and overall financial resilience.

As part of ongoing development, the Company aims to further strengthen scenario-based assessments to support more forward-looking climate risk management, strategic planning, and informed decision-making.

4.1.2 Assessment of CRROs

Nature of CRROs

The Company assesses the nature of CRROs by determining whether they arise from physical climate events or transition-related developments and by evaluating their potential impact on the Company's operations, customers, portfolio quality, financial performance and long-term sustainability.

The assessment considers both direct and indirect impacts across the value chain, including exposures arising from climate-sensitive sectors, operational disruptions, evolving regulatory requirements and changing stakeholder expectations.

The Company evaluates:

- Whether the CRRO is physical or transition related (Please refer Assessment table below)
- The extent of impact on customers, financed assets, operations, and service delivery
- Potential implications on credit quality, operational resilience, reputation, and profitability
- Geographic and sectoral concentration of exposures
- Strategic implications to the Company's business model and long-term objectives
- Interconnections between climate-related risks and existing risk categories within the Enterprise Risk Management (ERM) framework

Assessment of the likelihood

Description	Probability (No. of events per year)
Very Low	1
Low	2
Medium	3
High	4
Very High	5

SLFRS S1 & S2 Disclosure

Assessment of the Magnitude/Exposure

Impact Dimensions

Determination of severity based on financial materiality threshold

The determination of severity is undertaken after establishing the Company's materiality threshold. Accordingly, People's Leasing has assessed the severity of CROs with reference to its defined materiality framework, ensuring that the evaluation reflects the relative significance of each risk in the context of the Company's overall risk appetite and business operations.

Description	Quantitative Factor	Qualitative Factor
	Loss value as a % of PBT	
Minimal	Below 1.0%	Negligible Damage - No material effect on operations, finances or reputation. Fully manageable within routine processes.
Minor	1.0%-2.5%	Limited Damage - Minor operational or financial loss, slight stakeholder concern. Manageable through standard controls.
Moderate	2.5%-4.0%	Moderate Damage - Noticeable impact on business performance, portfolio quality or stakeholder confidence. Requires active management measures.
Major	4.0%-5.0%	Significant Damage - Substantial operational disruption, financial loss or reputational harm. Requires senior management intervention and structured response.
Critical	Over 5.0%	Severe Damage - Threatens business continuity, major financial stability or organisational reputation. Immediate crisis response is essential.

Risk Heat Matrix (Likelihood vs Severity)

Likelihood

Very Low Low Medium High Very

Severity	Critical	Low	Medium	High	Very High	Very High
	Major	Low	Medium	High	High	Very High
	Moderate	Very Low	Low	Medium	High	High
	Minor	Very Low	Low	Low	Medium	Medium
	Minimal	Very Low	Very Low	Very Low	Low	Low

Very Low	The current risk exposure level is well below risk appetite and no further actions are needed besides regulatory monitoring to ensure activities and controls take place as intended.
Low	The current risk exposure level is within risk appetite and no further actions are needed besides regulatory monitoring to ensure activities and controls take place as intended.
Medium	The current risk exposure level is within risk appetite, but is approaching excess levels; active monitoring is in progress and further mitigation is possibly required.
High	The current risk exposure is above acceptable levels and it must be the object of an action plan to reduce residual exposure in likelihood or impact, or escalation and risk acceptance by management.
Very High	The current risk exposure is much beyond risk appetite and must be subject to an urgent risk mitigation action plan.

Assessment Table

No	CRRO	Physical or Transition	Time Horizon	Likelihood	Severity	Overall Rating
01	Adverse Weather Conditions	Physical Risk	Short term Medium term Long term	Medium	Moderate	Medium
02	Regulatory requirements on climate related disclosures/ frameworks	Transition Risk	Short term Medium term Long term	Medium	Moderate	Medium
03	Offering Sustainable Finance Solutions	Opportunity	Short term Medium term Long term	Medium	Moderate	Medium

4.1.3 Prioritisation of CRROs

The Company prioritises climate-related risks within its ERM framework by assessing their potential impact on financial performance, operational continuity, portfolio quality, regulatory compliance and long-term business resilience. Climate-related risks are evaluated alongside other principal risk categories including credit risk, liquidity risk, operational risk, market risk, information security risk, strategic risk and reputational risk.

The prioritisation process considers:

- Magnitude and likelihood of potential impacts
- Financial materiality thresholds established by the Company
- Exposure concentration across sectors and geographic regions

- Potential impact on customers' repayment capacity and collateral values
- Regulatory and stakeholder expectations
- Potential cascading effects across multiple risk categories

The Company uses risk matrices, sector-level analysis, and risk registers to determine the relative significance of climate-related risks. Risks assessed as material are escalated through governance structures including the Sustainability Steering Committee (SSC), Executive Integrated Risk Management Committee (EIRMC), Board Sustainability Committee (BSC), and Board Integrated Risk Management Committee (BIRMC).

Climate-related risks are increasingly prioritised due to their potential to create interconnected impacts across credit, operational, strategic, and reputational risk domains.

4.1.4 Monitoring of CRROs

The Company monitors climate-related risks through its established governance structures, risk management processes, and internal reporting mechanisms integrated within the ERM framework.

Climate-related risks are monitored through:

- Periodic risk reporting and risk register reviews
- Monitoring of climate-sensitive sector exposures and geographic concentrations
- Branch-level operational risk self-assessments
- Environmental scanning and PESTLE analysis
- Business continuity planning and incident reporting mechanisms

SLFRS S1 & S2 Disclosure

- Continuous monitoring of regulatory developments and sustainability disclosure requirements
- Committee-level oversight through SSC, EIRMC, BIRMC, and the Board Sustainability Committee.

The Risk & Control Department (RCD), together with the Sustainable Finance Unit and relevant business units, continuously monitors emerging climate-related developments and their potential impact on the Company's operations, portfolio quality, liquidity, and financial resilience. Quarterly updates relating to climate-related risks are incorporated into the Company Risk Register and communicated to management and Board-level committees through dashboards, heat maps, and committee deliberations.

4.1.5 Changes in the Process during the year

During the financial year 2025/26, the Company further strengthened and formalised its climate-related risk management processes in line with the first-time implementation of SLFRS S1 and SLFRS S2 requirements.

Key enhancements introduced during the year include:

- Establishment of the Board Sustainability Committee (BSC) and Sustainability Steering Committee (SSC)
- Integration of climate-related risks into the ERM framework
- Inclusion of climate-related risks within the Company Risk Register
- Development of structured processes for identifying, assessing, prioritising, and monitoring CRRs
- Strengthening of governance oversight and reporting mechanisms relating to sustainability matters
- Enhanced internal awareness and capacity-building programmes on sustainability reporting and climate-related disclosures
- Improved data collection and reporting processes relating to climate-sensitive exposures
- Incorporation of climate-related considerations into business continuity planning and operational risk management

- Increased focus on sustainable finance and ESG-related opportunities within strategic discussions

As this represents the Company's first reporting period under SLFRS S1 and SLFRS S2, the Company will continue to enhance methodologies, systems, data quality, and monitoring processes over future reporting periods.

4.2 Processes and Policies used to identify, Assess, Prioritize and Monitor to Climate-related Opportunities

The Company identifies climate-related opportunities through its strategic planning, sustainability governance structures, market assessments, and ongoing monitoring of regulatory and industry developments.

Climate-related opportunities are assessed based on their potential to:

- Support sustainable business growth
- Enhance long-term financial performance and portfolio resilience
- Expand sustainable finance and green lending portfolios
- Improve operational efficiency and digital transformation
- Strengthen stakeholder confidence and reputation
- Support national and global sustainability objectives

The Company currently identifies sustainable financing as a key climate-related opportunity, particularly in areas such as renewable energy, energy efficiency, climate-resilient SMEs, sustainable transportation, and environmentally responsible financing solutions.

The processes used to identify, assess, prioritise, and monitor climate-related opportunities include:

- Strategic and sustainability-related discussions at Board and management level
- Environmental scanning and market trend analysis
- Assessment of evolving regulatory requirements and sustainable finance frameworks
- Integration of ESG considerations into lending and investment discussions

- Monitoring emerging customer demand for sustainable financial products
- Evaluation of potential financial and reputational benefits arising from sustainable financing activities

The Company also considers forward-looking climate-related developments when evaluating long-term strategic opportunities; however, detailed climate scenario analysis disclosures are currently provided in line with the transitional relief provisions under SLFRS S2.

The Sustainable Finance Unit, SSC, and relevant management committees continuously monitor the progress of climate-related opportunities and provide updates to the Board and management.

4.3 Integration of Climate Related Risk Processes into Enterprise Risk Management

The processes for identifying, assessing, prioritizing, and monitoring CRRs are progressively being integrated into the Company's overall ERM framework.

CRRs are considered within the Company's broader governance, strategy, risk management, and decision-making processes and are integrated into key risk categories.

The Company integrates climate-related considerations into:

- Risk identification and environmental scanning processes
- Risk registers and heat maps
- Credit assessment and portfolio monitoring activities
- Business continuity planning
- Stress testing and scenario analysis processes
- Governance and committee reporting structures
- Strategic planning and sustainable finance initiatives

The Risk & Control Department, Sustainable Finance Unit, Finance Department, and business units collaborate to ensure climate-related risks and opportunities are incorporated into the Company's overall risk management framework and reporting processes.

Governance oversight is provided through the Board, BIRMC, BSC, SSC, EIRMC, and other management committees to ensure climate-related matters are appropriately monitored, escalated, and integrated into strategic and operational decision-making processes.

05. Metrics and Targets

5.1 Cross Industry Metrics

5.1.1 Greenhouse Gas Emissions (GHG)

Basis of Determination of Organisational Boundary and Operational Boundary
Organisational Boundary
People's Leasing & Finance PLC (PLC) has established its organisational boundary based on the financial control approach, in accordance with the requirements of the Greenhouse Gas (GHG) Protocol. Accordingly, all operations over which PLC has financial control are included within the reporting boundary.

Entities included under Organisational Boundary;

- Entity 01 : People's Leasing & Finance PLC (PLC) including the head office located at No.1161, Maradana Road, Colombo 08 and 112 Branches, 06 Vehicle Yards and 01 Holiday Homes
- Entity 02: People's Insurance PLC including the head office located at No 07, Havelock Road, Colombo 05 and its 18 Branches
- Entity 03: People's Micro Commerce Ltd including the head office located at No.290, Highlevel Road, Nugegoda, and its 13 Branches
- Entity 04: Peoples' Leasing Fleet Management Ltd head office located at 19/4, Puwalingam Place, Ganartha Pradeepa Road, Colombo 08
- Entity 05: People's Leasing Havelock Property Ltd head office located at No.1161, Maradana Road, Colombo 08
- Entity 06 People's Leasing Property Development Ltd head office located at No.1161, Maradana Road, Colombo 08
- Entity 07: Alliance Finance PLC head office located at Level 10, Laila Tower, 8 South Gulshan Avenue, Dhaka 1212, Bangladesh and Principal Branch and Uttara Branch

This boundary definition ensures that all entities and operations under PLC's financial control are consistently accounted for within the Greenhouse Gas (GHG) inventory. The seven entities listed above will be referred to as the PLC Group in the GHG emissions inventory report for the financial year 2025/26.

Operational Boundary

The operational boundary is defined as all direct and indirect emissions arising from relevant inventory categories generated through the company's operational activities. This encompasses Scope 1, Scope 2 and Scope 3 emissions, as detailed below:

Scope 1 - Direct Emissions

- These are emissions from sources owned or controlled by the company.
- Stand by Generators & LP Gas
- Refrigerant gas Leakage & Fire extinguisher gas Leakage
- Business travel - company owned vehicles

Scope 2 - Indirect Emissions

- Grid electricity

Scope 3 - Other Indirect Emissions

These are all other indirect emissions occurring in the company's value chain, both upstream and downstream. They are usually the largest and most complex category.

- Municipal Water
- Transmission & Distribution loss
- Freight transport
- Waste Disposal

- Business Travel- Hired Vehicles
- Business related air travels
- Employee commuting

Methodology used for the measurement and disclosure of GHG Emissions

People's Leasing & Finance PLC measures and discloses its greenhouse gas (GHG) emissions in accordance with the GHG Protocol and the disclosure requirements of SLFRS S2. The Company applies the financial control approach to define its organisational boundary, thereby accounting for 100% of emissions from all entities and operations over which it has full financial authority and control.

Emissions are categorized into Scope 1, Scope 2, and Scope 3. The Company uses emission factors from the GHG Protocol, IPCC guidelines, and other locally relevant sources, and reports emissions in MtCO₂e (metric tonnes of CO₂ equivalent).

Data collection is carried out through coordination with relevant internal units and The Company has calculated the GHG emission with the services from Climate Smart Initiatives (PVT) Ltd (Climate SI) in line with globally and locally accepted standards.

Furthermore, in line with the transition relief provisions (refer note 1.8), PLC has not yet disclosed scope 3 emission - financed emissions. This report has been prepared in accordance with the requirements of SLFRS S2.

Summary of GHG Emissions of PLC Group

Scope	2025/26 (tCO ₂ e)
Scope 1	841.10
Scope 2	2,849.96
Scope 3 (Note: Refer Transitional Relief)	2,947.19
Total	6,638.25

GHG Scope 1, 2 and 3 Emissions

Scope	Greenhouse gas emissions (metric tones CO ₂ e) 2025/26			
	Scope 1	Scope 2	Scope 3	Total
Consolidated accounting group	841.10	2,849.96	2,947.19	6,638.25
Other investee (investment in associate, joint ventures)	N/A	N/A	N/A	N/A
Total (Operational control approach)	841.10	2,849.96	2,947.19	6,638.25

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Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Generator	Invoices/ actual consumption and running hours	- Diesel (Stationery Combustion)- CO₂ - 74,100kgCO₂/TJ - Diesel (Stationery Combustion)- CH₄ - 10 kgCH₄/TJ - Diesel (Stationery Combustion)- N₂O - 0.6 kgN₂O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 1	Stationary combustion	LPG	Invoices	- LPG (Stationery Combustion) - CO₂ - 63,100kgCO₂/TJ - LPG (Stationery Combustion) - CH₄ - 5kgCH₄/TJ - LPG (Stationery Combustion) - N₂O - 0.1kgN₂O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 1	Mobile combustion	Company owned vehicle	Central Accounts	- Diesel (Mobile Combustion)- CO₂ - 74,100kgCO₂/TJ - Diesel (Mobile Combustion)- CH₄ - 3.9kgCH₄/TJ - Diesel (Mobile Combustion)- N₂O - 3.9kgN₂O/TJ - Petrol (Mobile Combustion)- CO₂ - 69,300kgCO₂/TJ - Petrol (Mobile Combustion)- CH₄ - 33kgCH₄/TJ - Petrol (Mobile Combustion)- N₂O - 3.2kg N₂O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf	
Scope 1	Fugitive Emissions	Fire Extinguishers (CO ₂)	Service records/ Invoices		https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 1	Fugitive Emissions	Refrigerant Leakages	Service records/ Invoices	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 2	Electricity Consumption	Grid Electricity Consumption	Central Accounts of CEB sheets	0.4173kgCO₂e/kWh (Sri Lanka) https://www.energy.gov.lk/images/energy-balance/energy-balance-2022.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 2	Electricity Consumption	Grid Electricity Consumption	Central Accounts	0.62 kgCO₂e/kWh (Bangladesh) https://unfccc.int/sites/default/files/resource/Updated%20BUR1%20Report_15_11_2023.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Mobile combustion	Employee commuting (private/hired)	Actual travelling details collected through survey	- Diesel (Mobile Combustion) - CO₂ 74,100kgCO₂/TJ - Diesel (Mobile Combustion) - CH₄ - 3.9kgCH₄/TJ - Diesel (Mobile Combustion) - N₂O - 3.9kgN₂O/TJ - Petrol (Mobile Combustion) - CO₂ - 69,300kgCO₂/TJ - Petrol (Mobile Combustion) - CH₄ 33kgCH₄/TJ - Petrol (Mobile Combustion) - N₂O - 3.2kgN₂O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Mobile combustion	Employee commuting (public)	Actual travelling details collected through survey	- Bus - 0.01516 kgCO₂e/passenger km - Train - 0.0079 kgCO₂e/passenger km - Staff van - 0.209 kgCO₂e/passenger km - Reference - Indian GHG programme	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Purchased goods and services	Municipal Water consumption	Municipal water consumption bills/ invoices	0.35 kWh/m ³ http://www.climatechange.lk/Documents/A_Guide_for_Carbon_Footprint_Assessment.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Fuel- and energy related activities	Transmission & Distribution loss	Central Accounts of CEB sheets	T & D loss factor Sri Lanka - 9.5 % https://www.ceb.lk/front_img/img_reports/1751344341Statistical_Digest_2024.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Fuel- and energy related activities	Transmission & Distribution loss	Central Accounts	T & D loss factor Bangladesh -- 7.793 % https://www.ceicdata.com/en/bangladesh/environmental-energy-production-and-consumption/bd-electric-power-transmission-and-distribution-losses--of-output	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

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Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 3	Mobile combustion	Freight transport	Central accounts	- Diesel (Mobile Combustion)- CO2 -74,100kgCO2/TJ - Diesel (Mobile Combustion)- CH4-3.9kgCH4/TJ - Diesel (Mobile Combustion) - N2O -3.9kgN2O/TJ - Petrol (Mobile Combustion) - CO2 -69,300kgCO2/TJ - Petrol (Mobile Combustion) - CH4 -33kgCH4/TJ - Petrol (Mobile Combustion) - N2O -3.2kgN2O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Waste generated in operations	Waste Disposal	Waste disposal data collected by the organisation	Waste disposal emissions factors are based on waste type and disposal method https://assets.publishing.service.gov.uk/media/6846a4f5e92539572806125/ghg-conversion-factors-2025-full-set.xlsx	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Mobile combustion	Business Travel- Hired Vehicles	Central Accounts	- Diesel (Mobile Combustion) - CO2 -74,100kgCO2/TJ - Diesel (Mobile Combustion) - CH4 -3.9kgCH4/TJ - Diesel (Mobile Combustion) - N2O -3.9kgN2O/TJ - Petrol (Mobile Combustion) - CO2 -69,300kgCO2/TJ - Petrol (Mobile Combustion) - CH4 -33kgCH4/TJ - Petrol (Mobile Combustion) - N2O -3.2kgN2O/TJ https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
Scope 3	Business travel	Business air travels	Air travel tickets	https://www.icao.int/environmental-protection/environmental-tools/icec	https://ghgprotocol.org/sites/default/files/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

5.1.2 Climate-related Physical Risks

The Group has not assessed the amount and percentage of assets and businesses vulnerable to climate related risks for the financial year 2025/26.

5.1.3 Climate-related Transition Risks

The Group has not assessed the amount and percentage of assets and businesses vulnerable to climate related risks for the financial year 2025/26.

5.1.4 Climate-related Opportunities

The Group has not quantified the amount and percentage of assets and businesses aligned for the climate related opportunities for the financial year 2025/26.

5.1.5 Capital Expenditure

There is no specific capital expenditure incurred or planned for the future as at 31st March 2026.

5.1.6 Internal Carbon Pricing

The Group has not yet adopted internal carbon pricing as at 31st March 2026. PLC will apply carbon pricing in its decision making as part of a forward looking action plan, where applicable.

5.1.7 Remuneration

The Group has not yet linked any remuneration of key management personnel to climate related performances as at 31st March 2026.

5.2 Industry Specific Metrics

This section presents the Sustainability Accounting Standards Board (SASB) Index prepared in accordance with the Commercial Banks Sustainability Accounting Standard (Version 2023-12), outlining the Company's disclosures across the defined climate-related topics and metrics relevant to the financial services sector.

Sustainability Accounting Standards Board (SASB) Index (Version 2023-12)

Commercial Banks Sustainability Accounting

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	People's Leasing's Response	
					Data for FY 2025/26	Management Framework
Customer Privacy	Number of account holders whose information is used for secondary purposes	Quantitative	Number	FN-CF-220a.1	476,631 customers (from lending, gold loan, deposits and savings)	People's Leasing & Finance PLC (PLC) significantly strengthened its data protection and cybersecurity framework, ensuring alignment with the Finance Business Act No. 42 of 2011 and maintaining a multi-layered security system anchored by ISO 27001 certification. The Company achieved several critical technical and operational milestones during the reporting period: Outcomes: These integrated efforts resulted in zero substantiated complaints regarding breaches of customer privacy or data loss for the financial year. For more details refer - Social and Relationship Capital - page 196
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Presentation Currency	FN-CF-220a.2	ZERO breaches of customer privacy.	People's Leasing strictly adheres to data protection laws and restricted access protocols. Monitoring is conducted through periodic privacy drills and customer-visible data permissions. The report indicates zero substantiated complaints concerning breaches of customer privacy for the period

SLFRS S1 & S2 Disclosure

Topic	Metric	Category	Unit of Measure	Code	People's Leasing's Response	
					Data for FY 2025/26	Management Framework
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected 3	Quantitative	Number, Percentage (%)	FN-CF-230a.1	There are no reported data breaches during the financial year 2025/26	
	Card-related fraud losses from (1) card not-present fraud and (2) card-present and other fraud	Quantitative	Presentation currency	FN-CF-230a.2	N/A	Although the People's Leasing introduced Islamic ATM and Women's ATM card solutions during the year, no monetary losses were recorded from card-related fraud. Security is maintained through robust digital infrastructure and ongoing monitoring
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a		Governance is exercised through Board and management-level committees overseeing IT strategy and cybersecurity. In FY 2025/26, the Company implemented a 24x7 Security Operations Centre (SOC) and Network Operations Centre (NOC) for real-time monitoring and proactive threat detection. Additionally, an enterprise-grade SIEM solution was deployed, and the Data Leakage Prevention (DLP) solution was upgraded with automated classification capabilities	
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	Percentage (%)	FN-CF-270a.1	Significant portion of the total employee expenses for the year was on account of performance-based rewards	At People's Leasing, the performance management process ensures that every employee's contribution is directly aligned with corporate strategy through a structured cascading approach, where strategic objectives are translated into individual Key Performance Indicators (KPIs). Specifically for marketing officers, remuneration consists of a fixed salary and bi-annual performance-based bonuses. Additionally, these staff members receive a variable component directly linked to their business target achievement. In FY 2025/26, the Company introduced a structured increment scheme to enhance transparency and ensure salary progression is objectively aligned with performance. Furthermore, KPIs for senior roles were realigned to better reflect evolving strategic objectives and regulatory requirements. This framework is supported by continuous monitoring, including formal mid-year and annual appraisals. For more details refer - Human Capital - page 181 - 182
Selling Practices	Approval rate for (1) credit and (2) prepaid products for applicants	Quantitative	Percentage (%)	FN-CF-270a.2	1) Credit Products: Approvals are managed through the Credit Management System (CMS), an advanced assessment tool that evaluates creditworthiness based on the "3Cs" (Client, Company, and Collateral) to ensure a 360-degree assessment of applicants. The PLC CORE Loan Origination System further streamlines the application and approval process to improve efficiency and responsiveness, (2) Prepaid Products: People's Leasing does not offer any prepaid financial products or services. While the Company introduced Islamic ATM and Women's ATM card solutions during the year, these are linked specifically to savings accounts and do not constitute stand-alone prepaid products For more details refer - Intellectual Capital - page 169	

Topic	Metric	Category	Unit of Measure	Code	People's Leasing's Response	
					Data for FY 2025/26	Management Framework
	(1) Average fees from add-on products, (2) average APR of credit products, (3) average age of credit products, (4) average number of credit accounts, and (5) average annual fees for pre-paid products	Quantitative	Presentation currency, Percentage (%), Months, Number	FN-CF-270a.3	Regulatory Compliance & Transparency: People's Leasing strictly adheres to Central Bank of Sri Lanka (CBSL) mandated disclosure requirements for all financial products. All critical disclosures, including fees and interest rates, are communicated in a clear, transparent, and unambiguous manner. Inclusive Communication: To ensure full understanding across diverse customer segments, all marketing materials and product disclosures are developed in Sinhala, Tamil, and English. Pricing & APR Management: The Average Annual Percentage Rate (APR) for lending products is managed in alignment with movements in the Average Weighted Prime Lending Rate (AWPLR). Digital Disclosure Tools: The Company has integrated transparency features into its digital platforms, such as the "Total Cost Walkthrough" screen and rate lock timers within its apps, ensuring customers have a full understanding of costs during the application process. Product Structuring: Credit products are structured based on typical industry tenors; Leasing products generally average a period of 36 months, while Gold Loan products are short-term, typically 12 months. People's Leasing's lending customer base comprised 151,888 customers as at 31 March 2026 Pre-paid Products: The Company does not offer any stand-alone prepaid products. For more details refer -Social & Relationship Capital - page 192-196	
	(1) Number of customer complaints filed, (2) percentage with monetary or nonmonetary relief	Quantitative	Number, Percentage (%)	FN-CF-270a.4	A total of 54 customer complaints were received in FY 2025/26 All complaints were resolved to the full satisfaction of the customer as such no Monterey relief was provided as recompense	
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	Presentation currency	FN-CF-270a.5	Zero incidents of non-compliance concerning marketing, product information, or labeling	

SLFRS S1 & S2 Disclosure

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Quantitative	Number	FN-CF-000.A	N/A, PLC has not issued credit cards or pre-paid debit cards to its customers.
Number of (1) credit card accounts and (2) pre-paid debit card accounts	Quantitative	Number	FN-CF-000.B	N/A, PLC has not issued credit cards or pre-paid debit cards to its customers.

5.3 Climate-related Targets

At the initial stage, PLC has not yet set measurable targets and deadlines to the Climate related Goals. To support the achievement of its sustainability objectives, PLC has embedded a long-term plan integrated into its strategic framework from 2026 at achieving net zero, aligned with Sri Lanka's Nationally Determined Contributions (NDCs) and the United Nations Sustainable Development Goals (SDGs). These targets are aligned with global sustainability frameworks and net zero ambitions.

The targets are based on the Company's material ESG topics, stakeholder expectations, regulatory requirements, strategic direction, and industry benchmarks. They include both quantitative and qualitative indicators, particularly in areas such as climate action, sustainable financing, ESG screening, environmental management systems and sustainability reporting.

The target-setting process follows a structured ESG Procedure, which establishes clear baselines and integrates targets into departmental strategies. It is guided by the recommendations of the Sustainability Steering Committee and the Board Sustainability Committee, subject to approval by the PLC Board going forward.