

**Environment, Social & Governance  
Sustainability Policy**



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## 1. Introduction

LB Finance PLC is engaged in the business of leasing, loans and receivables, deposits, and value-added services, and recognises the need to manage its environmental and social impacts through a strong governance framework. This ESG policy outlines the company's commitment to identifying, measuring, monitoring, and managing its impacts on the economy, environment, and society, while maintaining strong governance. The overall objective is to

- a) promote integrated thinking, optimising resource allocation for short, medium, and long-term financial stability and sustainable growth.
- b) comply with the requirements of IFRS S1, General Requirements for Disclosure of Sustainability-Related Financial Information, and IFRS S2, Climate-Related Disclosures

A comprehensive policy framework governs various aspects of the organisation. This ESG policy details how the company will manage its impacts on the economy, environment, society, and governance.



## 2. Implementation

- A. The policy will be implemented across all entities within the company and at all operational locations.
- B. The non-financial information required to assess the company's impacts will be collected from all entities and locations reflected in the company's financial statements, ensuring alignment between financial and non-financial reporting boundaries.

### 3. ESG Governance

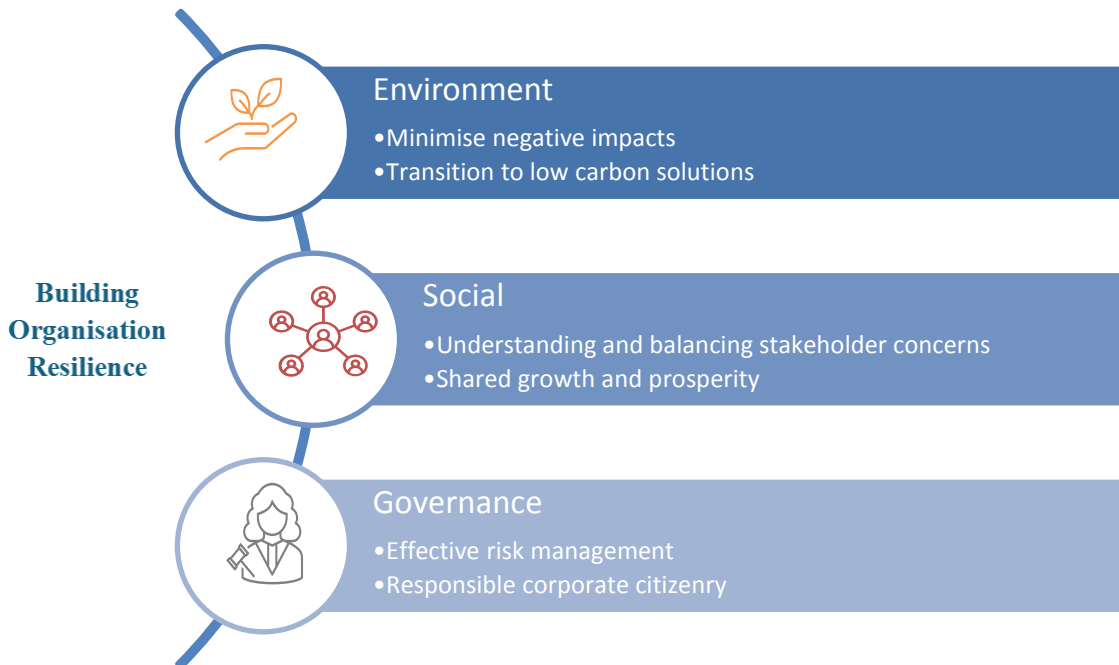
- A. The Board acknowledges its responsibility for overseeing how the company manages ESG-related matters and has appointed a subcommittee, known as the Board Sustainability Committee, to assist with oversight of corporate sustainability matters. Under this, the Sustainability Management Committee monitors the company's impacts on the economy, environment, governance, and people.
- B. This Subcommittee meets at least quarterly and is responsible for the following:
  - a) Ensuring that a robust system is in place for identifying, measuring, monitoring, and managing the company's sustainability-related risks and opportunities  
Reviewing the process for identifying material topics and approving them at least annually
  - b) Reviewing stakeholder engagement processes and considering feedback from these processes on an ongoing and aggregate basis
  - c) Reviewing the Environmental, Social, and Governance statements of the Company
  - d) Recommending ESG-related strategies to be incorporated into the company's overall business strategy
  - e) Reviewing and recommending relevant ESG goals and targets to the Board
  - f) Maintaining and submitting meeting minutes to the Board
  - g) Escalating critical matters to the Board
- C. The Board Sustainability Committee is supported by the Sustainability Management Committee, chaired by the Deputy Managing Director (DMD) and comprises heads of selected departments. This committee is responsible for implementing the company's ESG strategy, managing risks, and steering the company towards achieving its sustainability-related goals and targets
- D. The company appointed a Head of Sustainability (HOS) to coordinate and manage this function. This person is authorised to obtain the necessary information for monitoring the company's ESG performance.
- E. The Head of Sustainability (HOS) is responsible for producing regular information dashboards, reports, and recommendations for review by the Sustainability Management

Committee and the Board Sustainability Committee, as well as providing recommendations for future actions.

- F. The DMD of the company and key departments shall appoint Sustainability Champions, whose job descriptions and objectives will include providing reliable and accurate sustainability information to the HOS, as well as ensuring the effective implementation of key sustainability initiatives and programs within the company/departments.
- G. The governance structure for managing the Company’s Sustainability will be as follows:



#### 4. ESG Approach



The principles outlined in this policy apply to our existing operations as well as any major investments the company may consider in the future. The following processes are essential for aligning our strategies and resource allocation with the approach described above:

- a) Understanding our business model
- b) Stakeholder engagement
- c) Review of sustainability standards
- d) Determining material topics (that fall within the broader scope of “material matters”)

## **5. Understanding our business model**

Our business model must be reviewed at least every three years, or more frequently if needed, to assess our position across the value chain and identify areas where financial and sustainability risks are concentrated. This business model will be disclosed in the entity's annual report

## **6. Stakeholder Engagement**

- A. LB Finance PLC recognizes that sustainable growth and profitability depend on maintaining positive engagement with key stakeholders. These relationships are dynamic and continuously evolving. To address this, risk management tools such as data analytics, sensitivity analysis, and scenario analysis must be applied, where appropriate, to Sustainability-Related Risks and Opportunities (SRROs) and Credit-Related Risks and Opportunities (CRROs) that pose significant threats or opportunities to the
- B. Additionally, SRROs and CRROs must be analysed across the short, medium, and long term. The short term is defined as one year, the medium term as one to three years, and the long term as more than three years.
- C. Sustainability-Related Risks and Opportunities (SRROs) that could reasonably be expected to affect the organisation's prospects must be recorded in the Company’s Risk Register as follows:
- D. Company must understand their needs, concerns, and perceived value of the goods and services provided, addressing any issues that may diminish or impair these relationships.
- E. The Board has implemented mechanisms to engage with stakeholders and understand their levels of satisfaction and concerns in dealing with the organisation. Feedback from these

processes will be regularly provided to the Board, and the results (levels of satisfaction and concerns) will be utilised in developing strategic plans for the Company. Stakeholder engagement will be disclosed in the entity's annual report

## 7. Determining Material Matters and Material Topics

- A. It is necessary to assess and refine the potential material topics from the material matters that the Company can focus on to manage its finite resources and optimise resource allocation. This narrowed list of topics, are expected to vary in strategic importance to the entity and the environment in which we operate. The Company will implement a formal process that considers both the organisation's impacts on the economy, society, and the environment, as well as the impact external factors may have on the organisation
- B. In determining potential material topics, the HOS will review the sustainability reporting standards and the rapidly evolving sustainability reporting landscape, with multiple standards expected to be released in the coming years and make recommendations on the standards relevant to the Company's operations.
- C. The Company will determine its material topics as follows:

A matter is material if it could substantively affect the organisation's ability to create value in the short, medium or long term.

**1. Determining relevant Matters:** The HOS will prepare a long list taking into consideration the following:

- a) IFRS Sustainability Standards
- b) Material topics set out in the relevant SASB Standards
- c) Material topics set out in the relevant GRI Sector Standard or Topic Standards
- d) Any other relevant standards or certification requirements

**2. Aggregation:** HOS must consider if topics can be aggregated to avoid overlap. For example, forced labour, child labour and the rights of Indigenous people can be aggregated to make one topic titled Human Rights.

## Dual Materiality

The concept of dual materiality recognizes that issues can be material in two distinct ways

### Financial Materiality

This perspective considers how environmental, social, and governance (ESG) issues impact a company's financial performance. For example, how climate change might affect a company's operations, costs, and profitability.

### Environmental and Social Materiality

This perspective looks at how a company's operations impact the environment and society. For instance, how a company's activities contribute to climate change or affect local communities.

By considering both perspectives, companies can better understand and manage sustainability-related risks and opportunities, and improve their accountability and transparency.

### 3. Applying filters using dual materiality:

The filters applied to determine materiality matters are as follows:

Financial Impact	• Financial Impact
	• Impact on Non-Monetised Capitals
	• Innovation Opportunity
	• Reputation and Brand
	• Impact on Strategy
	• Impact on the Value Chain
	• Key Risk
Stakeholder Impact	• Shareholders
	• Customers
	• Employees
	• Regulators
	• Community
	• Business Partners

### 4. Prioritising Material Matters:

The HOS should begin the process of determining material matters at least six months before the close of the financial year. In determining the material matters both financial and non-financial aspects should be considered. The Management Sustainability Team should



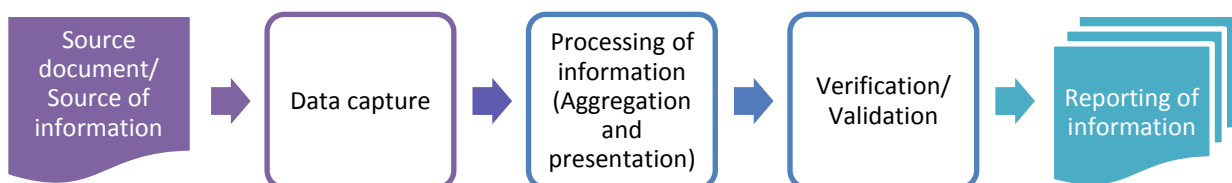
deliberate on the compilation of topics for consideration as material matters, the applicable filters, the rankings, and the material matters determined through the process. Since this prioritised list serves as a guide for both disclosures in the annual report and the strategic planning process, including resource allocation, the participation and consensus of the Sustainability Management Team are essential.

## 8. Identifying Sustainability Related Risks & Opportunities (SRROs)

The process for determining material matters supports the identification of Sustainability Related Risks and Opportunities (SRROs) and Climate-Related Risks & Opportunities (CRROs). Those material matters that rank high present potential risks and opportunities to the Company and therefore, must be proactively managed.

The HOS will share the results of the prioritization of material matters with the Head of Risk to facilitate the inclusion of SRROs and CRROs in the risk register, ensuring that these risks are included in the risk management processes of the Company including measurement, monitoring, management and reporting.

Where existing processes are insufficient for the effective measurement and monitoring of SRROs and CRROs, the HOS will implement a robust system to capture the necessary information. This system must include internal controls to ensure the accuracy and completeness of the information and must be auditable.



Risk management tools such as data analytics, sensitivity analysis, and scenario analysis must be applied, as appropriate, to SRROs and CRROs that pose significant threats or opportunities to the Company or are required by IFRS standards.

Additionally, SRROs and CRROs must be analysed across the short, medium, and long term. The short term is defined as one year, the medium term as one to three years, and the long term as more than three years.

## 9. Environment

LB Finance PLC seeks to minimise its environmental impact while transitioning to a low-carbon business model. As a finance company, LB Finance can guide its customers in supporting these aspirations by creating relevant financial products and services and directing its investment portfolios towards low-carbon business models. Additionally, the company is able to promote capacity building and raise awareness among both internal and external stakeholders, and it is committed to pursuing these goals. The key environmental topics impacting LB Finance PLC are outlined below:



### 1. Relevant Products & Services

The LB Finance is committed to developing products and services that support the country's transition to a low-carbon business model

## 2. Capacity Building & Awareness

LB Finance is committed to developing and implementing projects that raise awareness of the need to preserve and restore the environment, while also building the capacity of micro-entrepreneurs and SMEs to adopt sustainable environmental practices in their business ventures.

## 3. Compliance with Environmental Laws and Regulations

- A. LB Finance PLC is committed to compliance with laws and regulations relating to preservation of the environment and ensuring compliance with the terms and conditions of its operational licenses and certifications.
- B. The Company presents sustainability information as part of their annual reporting suite shall obtain external assurance on the sustainability disclosures.
- C. Recommendations made by both internal and external auditors shall be considered by MSC and the BSC and implemented as agreed.

**Biodiversity** - LB Finance PLC recognizes the impact of its operations on biodiversity and is committed to operating in a way that values, conserves, and restores natural ecosystems. The company aims to maintain ecosystem services that support a healthy planet while delivering essential benefits for all people.

**Materials & Waste** - LB Finance PLC seeks to build resilient supply chains for materials and continues to deepen our understanding of the environment and social risks. The Company will apply the 3Rs (Reduce, Reuse & Recycle) in managing materials while also seeking opportunities for collaborative innovation to minimise negative impacts.

**Energy & Emissions** - LB Finance PLC seeks to manage the Company's energy consumption to enhance energy resilience while reducing the Company's carbon footprint. Accordingly, the Company will continue to invest in the generation of renewable energy and energy-efficient technologies. Additionally, we will continue to explore and implement energy saving practices to minimise energy consumption.

**Water & Effluents** - LB Finance PLC seeks to manage its water consumption to reduce its water footprint.

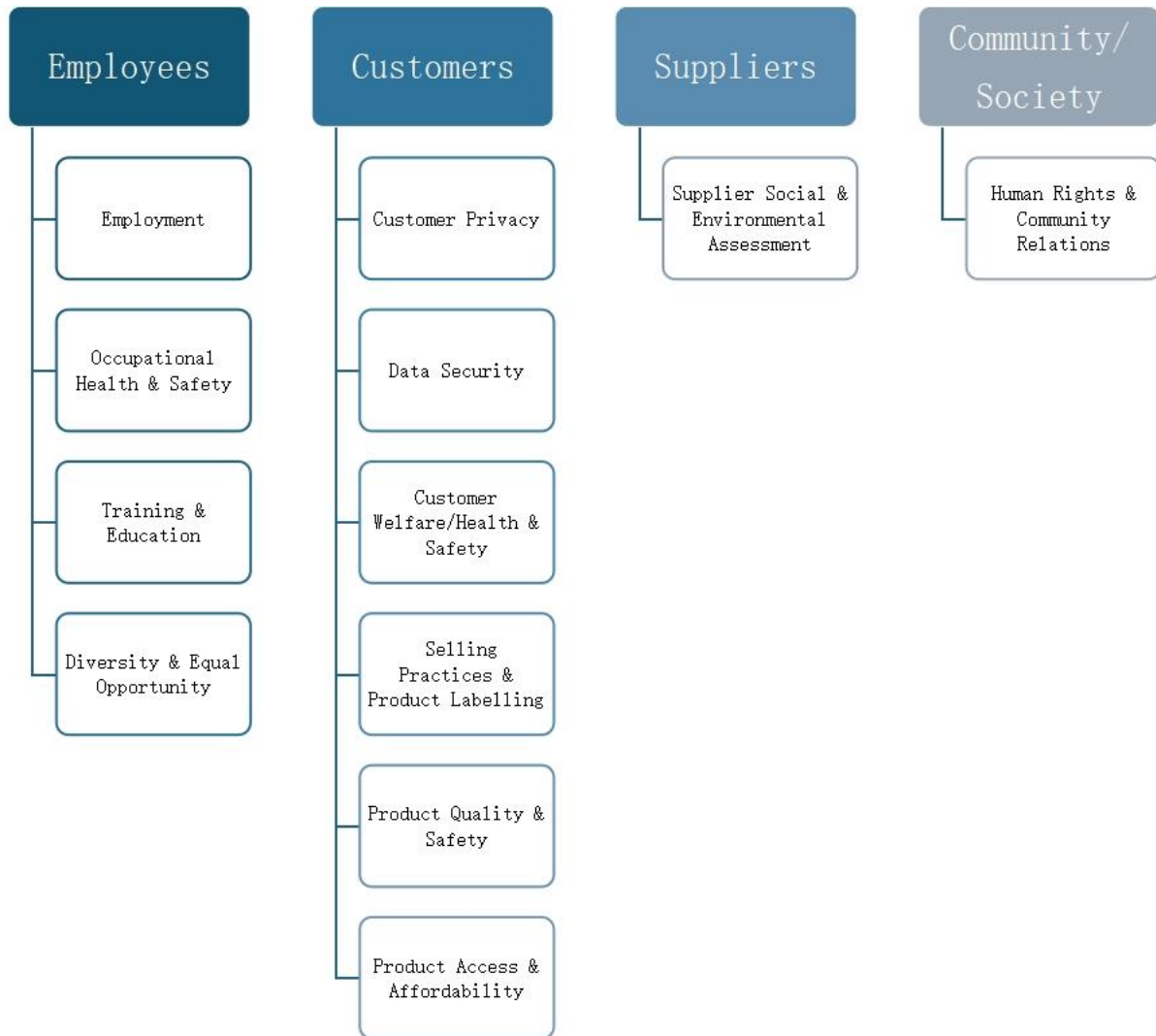
## 10. Social

LB Finance PLC recognizes that stakeholder relationships are dynamic, and the value delivered to stakeholders can fluctuate due to both internal and external factors. Balancing stakeholder interests is crucial for sustainable growth, as different stakeholders may have conflicting concerns. In line with this, LB Finance is committed to expanding access to financial services across diverse communities. By bridging the gap between urban and rural populations, we offer tailored products and services that cater to underserved and unbanked segments of society, empowering individuals and small businesses with the financial tools they need to succeed.

We also prioritize creating an inclusive, diverse, and healthy workplace, recognizing that a sustainable organization is one that nurtures its people. We invest in employee well-being, development, and safety, fostering equal opportunities for growth in a supportive environment where all employees can thrive.

Fair treatment of customers is fundamental to our business philosophy. LB Finance is dedicated to providing transparent and ethical services, ensuring that all customers, regardless of their background or financial situation, receive clear communication, equitable treatment, and support throughout their financial journey with us.

In terms of governance, LB Finance adheres to stringent practices that align with regulatory frameworks. We work closely with governmental bodies to ensure compliance with national laws and regulations while contributing to the broader economic stability and development of the country. Our governance practices emphasize transparency, accountability, and ethical business conduct, reflecting our commitment to responsible and sustainable growth.



## 10.1 Governance

- A. **Legal & Regulatory Compliance** - Stakeholders (Refer to the social) must comply with the laws and regulatory requirements of the countries in which they operate.
- B. **Business Ethics** - Stakeholders are expected to uphold high standards of ethics and business conduct throughout their operations.
- C. **Business & Finance Records** - Both Stakeholders and LB Finance PLC must keep accurate records of all matters related to business transactions. This includes the proper recording of all expenses and payments.
- D. **Anti-Bribery & Corruption** - LB Finance PLC applies a “zero tolerance” approach towards any form of bribery and corruption. Stakeholders acting on behalf of LB Finance PLC must comply with all applicable anti-bribery and anti-corruption laws dealing with bribery of public officials or private parties.

- E. **Responsible Marketing** - Our brands must be advertised and marketed responsibly, and Stakeholders engaged in marketing our products or those engaged to provide marketing and promotional services for our products.

## 10.2 People

- A. **A Conducive Workplace** – We are committed to assessing the performance of employees and contractors based on their ability to perform their jobs, upholding the principle of non-discrimination based on race, color, gender, age, religion, political opinion, national origin, or sexual orientation.
- B. **Human Rights** – We are committed to upholding human rights and ensuring that no one under the legal working age or any form of forced labor is employed in any of our operations.
- C. **Health & Safety** – We are committed to providing a safe workplace and working conditions, considering potential hazards and risks related to each role.
- D. **Fair Wages & Benefits** – We are committed to compensating employees fairly and competitively, in full compliance with applicable local and national labor laws and offering opportunities for employees to develop their skills and capabilities.

## 10.3 Responsibility for Environment

- A. **Compliance** - We expect to conduct business in ways that protect and preserve the environment. At a minimum, to meet applicable environmental laws, rules and regulations.
- B. **Reduce carbon footprint** - We encourage to focus on reducing Greenhouse Gas Emissions.