

# **ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) POLICY**

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# Environmental, Social, and Governance (ESG) Policy

## 1. Introduction

- 1.1. **Purpose and Scope** Citizens Development Business Finance PLC (here and after refer as “CDB”) is dedicated to integrating Environmental, Social, and Governance (ESG) principles into our operations, investment decisions, and overall business strategy. This ESG policy outlines our commitment to sustainability, ethical practices, and responsible governance to drive long- term value and positive impact.
- 1.2. **Commitment** CDB is committed to embedding ESG principles into our corporate culture, decision-making processes, and stakeholder engagements. We aim to lead by example and promote responsible business practices across all facets of our operations.

## 2. Governance Structure

2.1 Board Sustainability Committee (BSC), A dedicated Board ESG Subcommittee to provide focused oversight and guidance on sustainability and Environmental, Social, and Governance (ESG) issues.

- Managing Director/ Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Sales and Digital Business Officer
- Deputy General Manager – Compliance
- Senior Assistant General Manager – Finance
- Manager – Sustainability

2.2 ESG Steering Committee, chaired by the CEO, is responsible for overseeing the implementation and monitoring of this policy. The Committee includes representatives from senior management and key departments.

- CEO /Director (Chairman of the committee)
- Deputy CEO/ Director
- Director – Corporate Finance
- Senior General Manager – Chief Sales and Digital Business Officer
- Head of Sustainability
- Head of Risk
- Head of Compliance
- Senior AGM Finance
- Head of Marketing
- HR Division Representatives (Senior Manager, SDM and AM)

### 2.3 Roles and Responsibilities

- ESG Steering Committee: Develop, review, and update the ESG policy; oversee ESG performance and reporting; engage with stakeholders.
- Senior Management: Implement ESG strategies within their respective areas; ensure alignment with overall business objectives.
- Employees: Adhere to ESG principles and participate in related training programs.

### 2.4 Reporting and Accountability

- CDB will report ESG performance through annual integrated reports, including progress against approved sustainability objectives, targets, and Key Performance Indicators (KPIs).
- Management, through the ESG Steering Committee and the Sustainability Division, shall be responsible for the preparation, accuracy, completeness, and timeliness of sustainability data and disclosures, as well as for implementing corrective actions arising from reviews and recommendations.
- The Board Sustainability Committee (BSC) shall have primary oversight responsibility for sustainability-related reporting and accountability, including reviewing sustainability disclosures, monitoring performance against approved targets, and providing guidance to Management prior to submission to the Board.

## 3. Environmental Criteria

3.1 Sustainable Practices, CDB is committed to reducing our carbon footprint and enhancing environmental sustainability. We will:

- Implement energy-efficient technologies in our head office and branch network.
- Promote waste reduction and recycling initiatives.
- Monitor and manage our water and energy consumption.

3.2 Green Investments, our investment strategy prioritizes:

- Bio-diversity conservation projects.
- Renewable energy and green housing projects.
- Sustainable mobility solutions.
- Energy efficiency improvements.
- Sustainable and environmentally responsible ventures.

3.3 Climate Risk Management, we will assess climate-related risks and opportunities, integrating them into our risk management framework and investment decisions. Strategies will be developed to mitigate identified risks and capitalize on opportunities.

## 4. Social Criteria

4.1 Diversity and Inclusion, CDB values diversity and inclusion, and we are committed to:

- Increasing diversity in hiring practices.
- Providing training on inclusion and bias reduction.
- Supporting career development and advancement for underrepresented groups.

4.2 Community Engagement, we will engage with and support our communities through:

- Philanthropic initiatives for child health and well-being.
- Philanthropic initiatives for child education and literacy.
- Philanthropic initiatives for Sri Lankan cultural development.
- Volunteer programs and community service.
- Collaboration with local organizations to address community and social needs.

4.3 Human Rights and Labour Practices, CDB will ensure fair labour practices and respect for human rights by:

- Enforcing anti-discrimination policies.
- Ensuring fair wages and safe working conditions.
- Upholding ethical labour practices within our supply chain.

## 5. Governance Criteria

5.1 Ethical Conduct, CDB maintains high ethical standards by:

- Adopting a Code of Conduct that addresses anti-corruption and business integrity.
- Ensuring transparency in all business dealings.
- Compliance with relevant laws and regulations.

5.2 Risk Management, our risk management framework includes:

- Identifying and managing ESG-related risks.
- Regularly reviewing risk management strategies.
- Incorporating ESG considerations into overall risk assessments.

5.3 Stakeholder Engagement, we will actively engage with stakeholders through:

- Regular communication and feedback channels.
- Transparent disclosure of ESG practices and performance.
- Collaboration with industry groups and regulatory bodies.

## **6. Implementation and Integration**

- 6.1 Policy Integration, ESG considerations will be integrated into our business processes, including investment analysis, operational practices, and strategic planning.
- 6.2 Training and Awareness, we will provide ongoing training for employees and management on ESG principles, policies, and practices to foster a culture of sustainability and responsibility.
- 6.3 Partnerships and Collaboration, CDB will partner with external organizations, industry groups, and stakeholders to advance our ESG goals and share best practices.

## **7. Monitoring and Reporting**

- 7.1 Performance Metrics, We will measure ESG performance using KPIs such as carbon footprint reduction, diversity metrics, and community impact.
- 7.2 Regular Reviews, The ESG Committee will conduct regular reviews and audits to ensure the effectiveness of ESG practices and policy adherence.
- 7.3 Public Reporting, CDB will issue annual ESG reports, adhering to recognized standards such as the Global Reporting Initiative (GRI) or SLFRS Sustainability Disclosure Standards.

## **8. Continuous Improvement**

- 8.1 Feedback Mechanism, We will establish feedback channels for employees, clients, and stakeholders to provide input on ESG practices and suggest improvements.
- 8.2 Policy Updates, This ESG policy will be reviewed and updated regularly to reflect new regulations, emerging trends, and feedback from monitoring activities.

## **9. Conclusion**

- 9.1 Commitment to Progress CDB reaffirms its commitment to ESG principles and strives for continuous improvement in our sustainability and governance practices.
- 9.2 Contact Information for inquiries or further information regarding our ESG policy, please contact the ESG Committee.