



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY OF SEYLAN BANK PLC

1. Introduction & Scope of the Policy

This is an extract of Seylan Bank's ESG Policy and procedures of which are integrated and aligned as relevant with financial and non-financial disclosures and other local and global reporting standards including regulatory requirements and directions of the Central Bank of Sri Lanka.

With the Board and corporate level intervention, ESG governance of Seylan Bank portray a responsible mandate in ensuring the business impact over environment and society subject to 'materiality' remain positive and sustainable to every stakeholder. ESG Policy sets up clear direction for appropriate environmental and social due diligence to be exercised while nurturing and meeting mutual expectations of every stakeholder ethically.

Accordingly, this policy applies to every stakeholder engagement of the Bank and its subsidiaries and Bank strive collaborative approach to operationalize effective implementation wherever the impacts are deemed material in terms of ESG compliance as relevant. Our bank's ESG policy is rigorously monitored, reviewed, and updated to stay current with evolving regulatory and industry standards

2. Bank's ESG Policy Goals

- 1) Assessing business impact and implementing due diligence to negate or mitigate the environmental harm if any while exploring opportunities to enhance positive impact dealing with emissions, energy consumption, water footprint, effluents, waste and materials, which would support gradual transitioning into a low-carbon economy.
- 2) Responsibly engage with social circles while assessing impact and enforcing due diligence to negate or mitigate negative impacts if any while enhancing positive contributions. We foster diversity, inclusivity, and equity, which upholds the rights and well-being of every stakeholder in broader social per se.
- 3) Establish a strong governance framework with collaborative efforts that embeds sustainability into operations prudently, fostering accountability, ethical conduct, compliance, transparency and stakeholder trust forestalling long-term environmental and social resilience in a sustainable manner.

3. Environmental Commitment

In a backdrop of responsible finance, commitment to de-carbonization, climate risk management, energy conservation, waste management and other similar environmental friendly initiatives are carried out subject to 'materiality' connected to respective stakeholders with due diligence as required. The bank's Environmental and Social Management System (ESMS) is integrated and aligned to the lending and other processes as a practical risk management and capacity-building tool. Low-carbon trajectory is followed with the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) and other local and global reporting guidelines. Our branch network is

strategically located and managed with due attention to preserve biodiversity and ensure ecological balance through regular monitoring, stakeholder engagement, and strict compliance with legal requirements.

4. Social Commitment

We uphold equality, diversity, and inclusion in all aspects of our operations. We align HR policies with both local and global standards, emphasizing non-discrimination, safe labor conditions, and freedom of association. Our inclusive culture fosters equal opportunities, a harassment-free workplace, and supports female leadership and gender inclusivity.

We prioritize work-life balance and fair employment practices, focusing on the health and safety of both employees and clients. Our fair grievance redress system, along with comprehensive benefits and professional development opportunities, supports employee well-being. We address human rights violations, reject child and forced labor, and ensure our vendors comply with health and safety regulations. Through active community engagement and CSR initiatives, we commit to sustainable social impact.

5. Governance

Our bank's governance framework ensures effective ESG management, aligning with regulatory directives, the United Nations Sustainable Development Goals (UN SDGs), and Nationally Determined Contributions (NDCs), Sri Lanka Banks Association' Sustainable Banking Initiative (SLBA SBI) wherever relevant. The Board of Directors oversees ESG risk appetite and objectives, including climate risk, while the Executive Committee sets guidelines and monitors policy implementation. The Code of Business Conduct and Ethics upholds high integrity standards, guiding operations and stakeholder interactions.

Our Anti-Bribery and Corruption (ABC) policy together with strict penalties for violations, maintains a zero-tolerance on bribery and corruption. Our Whistleblowing Policy provides a confidential reporting mechanism for serious issues, protected by legal safeguards. We screen suppliers and procurement processes for environmental and social impacts to prevent harm. The bank is committed to digital technology integration as means of fostering environment and society positively while maintaining strong internal controls for data protection and cybersecurity with suitable stakeholder engagement to enhance digital literacy.

6. Monitoring, Policy Review, and Updates

Our bank's ESG policy is rigorously monitored, reviewed, and updated to stay current with evolving regulatory and industry standards. The policy undergoes an annual review to integrate the latest guidelines and directions from relevant authorities. This ensures the policy remains responsive to changes in the ESG landscape.

Significant amendments to the policy require approval from the Board of Directors, reflecting our commitment to high governance standards. We closely monitor and measure the policy's impact through reporting formalities. In addition to the annual review of this policy, we periodically evaluate the coherence of the ESG policy with the bank's other related policies and frameworks.

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