

# Associated Motor Finance Co. PLC

## SUSTAINABLE FINANCE POLICY



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## 1. INTRODUCTION

AMF recognizes the responsibility of the financial industry to be a key driver of system transformation to sustainable finance and is comprised of interconnected pillars addressing the financial institution's environmental, social, and governance (ESG) impact.

The Central Bank of Sri Lanka has been issued Guidelines on Sustainable Finance Activities considering the importance of sustainable economy and need for providing with governance and risk management framework.

AMF has taken the necessary steps to implement sustainable Finance Activities in line with the guidelines. This document is complemented by AMF's Sustainable Finance Policy Statement and has been developed in alignment with guidelines, agreements, goals, and standards concerning sustainability. The Company has identified social inclusive projects, suitable products to support green finance activities.

## 2. SCOPE

AMF's sustainable Finance Policy is applicable to all departments, functions, and lines of business. It provides guidance to all internal stakeholders who are responsible for aligning with the requirements of this policy in their respective areas.

## 3. SUSTAINABLE FINANCE PILARS

- 3.1 Innovate sustainable loan products.
- 3.2 Innovate sustainable saving products.
- 3.3 Innovate sustainable leasing products.

## 4. PRIORITY SECTORS

- a) forestry and logging;
- b) agriculture;
- c) manufacturing;
- d) electric power generation, transmission and distribution;
- e) water supply, sewerage and waste management;
- f) construction;
- g) transportation and storage;
- h) tourism and recreation;
- i) information and communication technology;
- j) financial services (facilitating provision of affordable insurance products to increase climate resilience of agriculture and tourism activities); and
- k) other activities such as, gas, steam, and air conditioning supply, underground permanent geological storage of CO<sub>2</sub>, Hydrogen storage.

The Company should identify the relevant sectors/ activities when granting facilities through GREEN FINANCE TAXONOMY.

## 5. GOVERNANCE FRAMEWORK

### 5.1 Role and responsibilities of Board of Directors

- I) The Board of Directors should approve company sustainable Finance Policy
- II) The Board of Directors are encouraged to oversee sustainable finance activities effectively and efficiently.
- III) Identifying and managing of ESG risk and risk relating to sustainable finance activities
- IV) Measuring the progress of sustainable finance activities.

### 5.2 Role and responsibilities Chief Executive Officer and Key Responsible Persons

- I) The Chief Executive Officer and KRPs are required to identify ESG risk and mitigation measures.
- II) Develop Sustainable finance Road Map.

- III) Ensure policies, tools, metrics, operational procedures, and controls implemented respect of sustainable finance activities reviewed and updated annually.
- IV) Ensure adequately allocated resources, expertise to implement and manage sustainable activities.
- V) Ensure clear articulation of role and responsibilities of business units and functions in managing risk associated with sustainable finance activities.
- VI) Timely informed to BODs on progress and material issues relating to sustainable finance activities.

### 5.3 Capacity Building and Innovation

- i) Develop ESG Risk Management Skills of staff conducting internal and external training
- ii) Develop internal expertise to implement sustainable finance related activities or hire sustainable finance professionals.
- iii) develop expertise in environmental stress testing and scenario analysis.

## 6. IMPLEMENTATION

1. Discuss progress of sustainable finance activities at Management meeting as an Agenda Item
2. Disclose Sustainable Activity Report on Company Annual Report
3. Implementation of SDGs 17.

| Policy Version Control   |         |         |
|--------------------------|---------|---------|
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## SDGs 17

- Goal 1: No Poverty
- Goal 2: Zero Hunger
- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation, and Infrastructure
- Goal 10: Reduced Inequality
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 14: Life Below Water
- Goal 15: Life on Land
- Goal 16: Peace, Justice, and Strong Institutions
- Goal 17: Partnerships to Achieve the Goal