

Policy on Environmental, Social and Governance (ESG) Sustainability

Revision history			
Version	Approval Date	Author	Description
1.0	01.10.2024	Group Legal	New Policy

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1. Definitions and Abbreviations

Unless otherwise defined or the context otherwise requires, all capitalized terms used in this Policy shall have the following meanings.

Applicable Laws	means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to the Listing Rules, SEC Act and the Companies Act, in each case as in effect from time to time;
Board	means the Board of Directors of the Company;
Code	means the Code of Best Practice on Corporate Governance 2023
Companies Act	means the Companies Act No. 7 of 2007;
Company	means Laugfs Gas PLC and Laugfs Power PLC;
CSE	means the Colombo Stock Exchange;
ESG	means Environmental, Social, and Governance
Listing Rules	means the Listing Rules of the Colombo Stock Exchange;
Personnel	means all directors, consultants, management, officers and employees (including permanent, probation, temporary or contract staff) of the Company, and individuals (including trainees, seconded staff, casual workers, agency staff, interns);
Policy	means this Policy on Environmental, Social and Governance (ESG) Sustainability;

2. Introduction

This Policy outlines our commitment to Environmental, Social, and Governance (ESG) sustainability, reflecting our dedication to operating in a manner that benefits our stakeholders, society, and the environment. We recognize that integrating ESG principles into our business practices is essential for long-term success, risk management, and creating value for our shareholders. By adhering to this Policy, we aim to foster a sustainable business model that aligns with global standards and contributes positively to the communities in which we operate.

3. Scope

This Policy applies to all Personnel, as well as to contractors, suppliers, and other third parties who engage with us. It encompasses all aspects of our operations, including environmental impact, social responsibility, and governance practices. The Policy provides a framework for managing ESG-related risks and opportunities, ensuring that our practices and decisions reflect our commitment to sustainability and ethical conduct.

4. Related Policies

This Policy should be read in conjunction with the other policies, key documents, and guidelines of the Company, including the following:

- Policy on Relations with Shareholders and Investors
- Policy on Risk Management and Internal Controls
- Policy on Control and Management of Company Assets and Shareholder Investments

5. Environmental Sustainability

Our commitment to environmental sustainability involves minimizing our environmental footprint and actively contributing to the protection of natural resources. We strive to reduce greenhouse gas emissions, manage waste responsibly, and conserve energy and water throughout our operations. Our environmental initiatives include implementing energy-efficient technologies, promoting recycling and waste reduction programs, and engaging in sustainable sourcing practices. We regularly monitor and report on our environmental performance, setting targets for improvement and ensuring compliance with relevant environmental regulations.

6. Social Responsibility

We are dedicated to fostering a positive social impact through our business practices and community engagement. This includes promoting diversity, equity, and inclusion within our workforce, ensuring fair labor practices, and supporting the well-being of our employees. We also aim to contribute to the communities where we operate through philanthropic efforts, volunteering, and partnerships with local organizations. Our approach to social responsibility involves respecting human rights, providing a safe and healthy work environment, and engaging with stakeholders to address social issues effectively.

7. Governance Practices

Strong governance practices are crucial to maintaining the integrity and transparency of our operations. We uphold the highest standards of ethical conduct, ensuring that our business decisions and practices comply with legal and regulatory requirements. The Board is responsible for overseeing the implementation of this Policy and ensuring that our governance practices align with our ESG commitments.

8. Integration of ESG Risks and Opportunities into Business and Strategic Plans

The Company is committed to incorporating the impact of sustainability and ESG risks and opportunities into our business and strategic plans. This integration involves:

- (a) Scenario Analysis: Evaluating potential ESG scenarios and their implications for our operations and strategy.
- (b) Probability of Occurrence: Assessing the likelihood of various ESG risks and opportunities materializing.
- (c) Impact Evaluation: Analyzing the potential impact of ESG factors on our business objectives and performance.
- (d) Mitigative Actions: Developing and implementing strategies to mitigate identified risks and capitalize on opportunities.
- (e) Monitoring and Management: Establishing robust processes for ongoing monitoring and management of ESG risks and opportunities to ensure strategies remain adaptive and effective.

These assessments are presented to the Board regularly to support informed decision-making and strategic alignment.

9. Stakeholder Recognition and Engagement

The Company acknowledges the critical importance of engaging with significant stakeholders and addressing material matters affecting them. Our approach includes:

- (a) Identifying Significant Stakeholders: Recognizing stakeholders with critical interests and influence over our business.
- (b) Determining Material Matters: Assessing and prioritizing issues that are significant to these stakeholders.
- (c) Engagement Methods: Utilizing tailored engagement methods appropriate to each stakeholder's level of interest and influence, fostering effective communication and collaboration to build trust.

10. Reporting

To ensure transparency and accountability, our Company's annual report will provide sufficient information to enable investors and other stakeholders to:

- (a) Assess ESG Risks and Opportunities: Understand how ESG risks and opportunities are recognized, managed, measured, and reported.
- (b) Evaluate Performance: Review our performance related to ESG factors and the effectiveness of our strategies and practices.

11. Implementation and Monitoring

Departments across the Company will be responsible for executing ESG initiatives and ensuring compliance with this Policy. Regular monitoring and reporting will be conducted to assess our progress, identify areas for improvement, and ensure that we meet our ESG objectives. Performance metrics and key performance indicators (KPIs) will be used to track our achievements and drive continuous improvement.

12. Reporting and Accountability

We are committed to transparency in reporting our ESG performance and progress. Regular reports will be published and made available to stakeholders, outlining our achievements, challenges, and future goals. The Board and senior management will be accountable for ensuring that this Policy is implemented effectively and that ESG considerations are integrated into our corporate strategy. Personnel are encouraged to report any concerns or breaches related to ESG practices through established channels, and such reports will be addressed promptly and appropriately.

13. Training and Awareness

To ensure effective implementation of this Policy, we are committed to providing ongoing training and raising awareness about ESG principles among our Personnel and relevant stakeholders. Training programs will be designed to educate Personnel on the importance of ESG issues, their roles in promoting sustainability, and the specific procedures and practices to be followed. Regular workshops and seminars will be conducted to keep Personnel informed about the latest developments in ESG standards and best practices. By fostering a culture of awareness and responsibility, we aim to empower our workforce to actively contribute to our sustainability goals and adhere to this Policy.

14. Enforcement

Violations of this Policy may result in disciplinary action, up to and including termination of employment. All instances of non-compliance should be reported to management or through established reporting channels.

15. Reviews

This Policy and related procedures will be reviewed at least annually, or more frequently if required, by the Board to:

- ensure they remain effective and relevant to the Company;
- ensure that they continue to comply with Applicable Laws and industry standards;
- determine if any changes are required.