

POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

1.0 Introduction

Panasian Power PLC (PAP) stands as a pioneering supplier of clean, renewable energy in Sri Lanka. Having begun with the support of the Sri Lankan Board of Investment in 2002, PAP has become a leader in the renewable energy industry through the operational excellence of its multiple mini-hydro, ground and rooftop solar plants. At PAP, we have always strived to grow our business while protecting our planet and doing good for the people. Even though we generate Renewable energy, we firmly believe, we need to care for all our stakeholders – our customers, employees, investors and above all, the planet and society.

Our Sustainability and ESG policy set out our commitment to conducting our business responsibly with regard to a range of environmental, social and economic considerations in our decision-making processes and maintaining high standards of corporate governance and risk management.

2.0 Purpose of this Policy

The purpose of this policy is to define PAP's approach to integrating the consideration of sustainability and ESG issues. The Company will seek to update this policy on a continuing basis, as deemed appropriate.

3.0 Regulatory Framework on ESG Reporting

- SLFRS 1 and SLIFRS 2 issued by the International Accounting Standards Board (IASB)
- Sustainability Accounting Standards Board (SASB) industry-specific standards (Solar Technology & project Developers and Electric utilities & Power Generators)
- ISO 14064 – Carbon Footprint Verification
- Standards published by the Global Reporting initiative (GRI)
- Sustainable Development Goals (SDGs)
- Shop and office employees (regulation of employment and remuneration) act
- CSE Corporate Governance (CG) rules and code of best practice on CG

4.0 Focus Areas

Environmental Commitments

We are committed to improving the health of our planet. Our key focus areas under Environmental Commitments are:

- GHG emissions reduction
- Water consumption management
- Waste minimization and disposal
- Environmental stewardship in projects
- Compliance with Environmental Regulations
- Environmental impact mitigation through conducting EIA / IEE studies
- Contribute to achieve Carbon net Zero 2050
- Contribute to Achieve Nationally Determined Contributions (NDCs) as per Paris Agreement
- Energy management & Clean energy and technologies

- Biodiversity and Land use
- Development and assessing Climate related Risk and opportunities (CRROs)

Social Commitments

We strive to address social concerns and improve people's health, confidence, and wellbeing. Our key focus areas under Social Commitments are:

- Equal opportunity employer
- Equity, diversity, and inclusion
- Talent strategy, training, and development
- Health & wellbeing
- Freedom of association and collective bargaining Occupational health and safety
- Community commitments and partnerships/ Public- Private Partnership (PPP)
- Raise living standards
- CSR Activities
- Product safety

Governance Commitments

Conducting our operations with integrity and respect for people and the planet has always been core to our corporate behavior and governance. Our key focus areas in Governance are:

- Policies and procedures
- Board level oversight
- Appropriate due diligence processes
- Responsible supply chain management
- Robust ESG reporting
- Transparency and risk management
- Business and tax strategy and governance
- New business and operating models

Sustainability Commitments

Our commitment towards sustainability is to determine stability to overcome challenges and to institute sustainable mechanisms in resource deployment and managing employees. This will assist us to diversify our workforce, diversify our products and services, and create a resilient community.

As a leading Renewable Energy conglomerate, sustainability at PAP is enormously productive, influencing both human and natural resource management. The growth of the company focuses on competent human capital to drive a responsible and ethical business, improving processes and taking advantage of Sustainable related opportunities. Our key focus areas in Sustainability are:

- Being the resilient business
- Building a resilient community
- A continuous footprint to minimize the impacts
- Development and assessing Sustainability related risk and opportunities (SRROs)

5.0 Who is Responsible for this Policy?

- The Board of Directors
- Board Audit and Risk Committee
- Board ESG Sub-Committee
- ESG Management Committee
- ESG working groups

6.0 Policies that guide PAP ESG and Sustainability Commitments

- Integrated Environment, Health, and Safety Policy
- Comprehensive Health and safety policy
- HR Policy & Manual
- Code of conducts
- Whistleblower Policy
- Internal Code of Business Conduct and Ethics for all directors and employees
- Anti-corruption and bribery policy
- Risk management and internal controls
- Relations with Shareholders and investors
- Remuneration policy
- Control and management of company's asset and shareholder investment
- Corporate disclosure

7.0 Monitoring and Reporting

The monitoring and reporting of this policy will conduct through:

- Environment Management System Audit
- Occupational Health and Safety System Audit
- HR Audits
- Financial Audits
- ESG / Sustainability Audits
- The overall ESG/ Sustainability reporting according to SLFRS 1, SLFRS 2 and SASB industry-specific standards

8.0 Administration of the Policy

The Board shall review the ESG and Sustainability Policy of the Company and oversee its implementation and practices.

9.0 Date of Approval and Amendment, if any:

The Policy is approved and adopted by the Board of Directors of the Company on 11th Feb 2025 and is effective from same date.

The amended policy (version 2.0) is approved and adopted by the Board of Directors of the Company on 04th May 2026 and is effective from same date.