Corporate-Level Greenhouse Gas (GHG) Inventory Report

Financial year 2025/2026

LB Finance PLC
No 275/75, Prof. Stanley Wijesundara Mawatha, Colombo 07
www.lbfinance.com

Chapter 1: General Description of the Organization Goals & Inventory Objectives

1.1. The description of the reporting organization
1.2. Persons responsible
1.3. Scope of the assessment
1.4. Assessment focus
1.5. Objectives
1.6. Intended users & Dissemination Policy
1.7. Reporting period covered and frequency of reporting
1.8. Base year
1.9. Recalculation of base year
1.10. Data and information included in the report
1.11. Verification of GHG statement

Chapter 2: Organizational Boundaries

2.1. Organizational boundaries

Chapter 3: Reporting Boundaries

3.1. Reporting boundaries.
3.2. Significancy criteria for evaluating indirect emissions
3.3. Emissions categories that are considered
3.4. Emission categories that are excluded
3.5. Data Sourcing

Chapter 4: Results of GHG Emission Inventory

4.1. Methodology
4.2. GHG Information Management System
4.3. Emission Factors
4.4. GWP Calculation
4.5. Results of GHG quantification

Abbreviation

1.12. CH4 – Methane

1.13. CO2 – Carbon dioxide

1.14. CEB- Ceylon Electricity Board

1.15. GHG – Greenhouse Gas

1.16. ISO – International Organization for Standardization

1.17. N2O – Nitrous oxide

Executive Summary

The LB Finance PLC has prepared this Greenhouse Gas Inventory (GHG) inventory report in compliance with ISO 14064-1:2018, providing a true and accurate account of the organization's greenhouse gas emissions. The inventory consolidates the operational-level emissions of LB Finance PLC, including corporate office and other branches (All 225 branches as at 2026.03.31).

Refer *Annex 1 : comprehensive list of branches with their locations : Page 27*

Department of sustainability assumes full responsibility for designing, implementing, and maintaining an effective data management system to ensure the GHG statement is accurate and free from material misstatements.

In 2025/2026 , LB Finance PLC reported total greenhouse gas emissions of 58,777.03 tCO_2e, categorized into direct and indirect sources. The largest contributor is indirect emissions from use of product from company (category 5), 47,427.49 tCO_2e (81%). Direct emissions & removals (Category 1) follow closely, contributing 4,059.02 tCO_2e (7%). Electricity consumption (Category 2) adds another 2,315.26 tCO_2e (4%), reflecting emissions from grid electricity usage.

Other contributions come from indirect emissions from transportation (Category 3) , 1,914.70 tCO_2e (3%) and indirect emissions from products used by the company (Category 4), 1,443.56 tCO_2e (2%). Other emissions (Category 6) contribute 1,617 tCO_2e (3%). This assessment highlights the investments (motor vehicle loan-financed emission) as the key drivers of emissions, providing a clear focus for future reduction initiatives.

Indicator	**Year 2025/2026 t CO_2e**
Total Direct Emissions	**4,014.15**
Category 1: Direct emissions	4,014.15

Total Indirect Emissions	**54,943.93**
Category 2: Indirect emissions from imported electricity	2,315.26
Category 3: Indirect emissions from Transportation	2,132.24
Category 4: Indirect emissions from products used by the organization	1,446.30
Category 5: Indirect emissions from use of product from company	47,427.49
Category 6: Indirect emissions from other sources	1,622.64
Total GHG Emission	**58,958.08**

Chapter 01

General description of the organization goals & inventory objectives.

1.1. The description of the reporting organization

LB Finance PLC is one of the leading Licensed Finance Companies in Sri Lanka. The main financial services offered by LB Finance PLC include Deposits, Loans & Receivables, Value added services. By taking proactive steps to measure, manage, report and reduce its GHG emissions, LB Finance PLC is demonstrating leadership and commitment to address the risks associated with climate change.

1.2. Persons Responsible

Head of sustainability at LB Finance PLC is accountable for establishing and maintaining the GHG Inventory Quality Management System and is responsible for accounting for and reporting the company's annual GHG emissions across its operations.

1.3. Scope of Assessment

The scope covers Greenhouse Gas (GHG) emission sources of LB Finance PLC under six GHG inventory categories as Category 01, Category 02, Category 03, Category 04, Category 05 & category 06, defined under ISO 14064-1:2018 *Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of GHG emission and removals.*

1.4. Assessment Focus

Assessment focus was to communicate the GHG emissions and removals of LB Finance PLC from 01st April 2025 to 31st March 2026 with compliance to the standards on ISO 14064-1:2018 *Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of GHG emission and removals.*

1.5. Objectives

The main objective of this study is to assess the organization level GHG emissions and removals with compliance to the ISO 14064-1:2018 standards, to measure the environmental impacts from its services and to provide documentary support for achieving verification for GHG emissions inventory and supporting to take measures to reduce or to be neutral the GHG emissions of LB Finance PLC.

1.6. Intended Users & Dissemination Policy

This report will communicate the success of the effort to reduce the impact of organizational carbon footprint to the internal and all external stakeholders. This report intends to demonstrate best practice with respect to consistency, comparability and completeness in the accounting of greenhouse gas emissions.The emission data will be published in LB Finance annual report (FY 25/26) to raise awareness among stakeholders.

- Internal Stakeholders - Employees and Shareholders
- External Stakeholders - Regulators, Business Partners/Suppliers, Society/Communities

Specifically, it will;

- Relate to emissions of the LB Finance PLC.
- Has been prepared in accordance with the requirements of the ISO 14064-1: 2018 standards.
- Attempts to use primary data wherever possible but especially surrounding all major emissions sources. Where primary data is not available, a consistent and conservative approach to calculation will be applied.

1.7. Reporting period covered and frequency of reporting

The reporting period for the GHG assessment is from 01st April 2025 to 31st March 2026. The reporting will continue annually for the same period, which is in line with financial year.

1.8. Base year

This is the 13th consecutive year for which the carbon footprint of the organization has been calculated. Therefore, the first attempt carried out in FY 2013/14 is considered as the base year.

However, the Greenhouse Gas (GHG) inventory for the year 2024/25 represents a comprehensive assessment of emissions for LB Finance PLC. The year 2025/26 includes mortgage emissions under financed emissions, which were not calculated in previous years. Therefore, future GHG inventories will be compared against the 2024/25 baseline to assess trends, evaluate the effectiveness of emission reduction initiatives, and ensure alignment with sustainability goals and regulatory requirements.

2025/26 GHG assessment is the annual general verification that carried out after 2024/25.

1.9. Recalculation of Base Year

Base year recalculation is not required, given the fact that the base year is established as the reporting inventory for 2024/2025 which contain more emission sources that are not in previous years.

1.10. Data and information included in the report

GHG statement prepared by LB Finance PLC for the year 2025/2026 discloses emissions for four (04) greenhouse gases, Carbon Dioxide (CO_2), Methane (CH_4), Nitrous oxide (N_2O) and Hydrofluorocarbons (HFC) out of which the main GHG released from the operation of LB Finance PLC is CO_2. The combustion of fossil fuel occurs due to the operation of LB Finance PLC and it contributes to the release of CH_4 and N_2O emissions. The company uses HFCs as a coolant for the operation of its air conditioning systems, due to the leakages of this equipment, greenhouse gas is possible to be released into the atmosphere. The foregoing non-CO_2 GHGs are separately quantified in the GHG inventory and converted into the terms of CO_2 equivalent for comparative purposes.

1.11. Verification of GHG Statement

The information contained in this report discloses the inventory of GHGs and associated emissions during the financial year 2025/2026, from April 1, 2025, to March 31, 2026. The GHG emissions report has been structured in accordance with the format described in ISO 14064-1:2018 "Greenhouse gases - Part 1: *"Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals".* It includes all required information, except those details that the standard does not consider mandatory and has not been considered relevant following the principle of "relevance".

This report has been verified by a third-party accredited conformity assessment body, Control Union Inspections (Pvt) Ltd to achieve a reasonable level of assurance.

Chapter 2

Organizational boundaries

2.1. Organization boundaries

ISO 14064-1:2018 standard allows the setting of organizational boundaries on either the control approach or the equity shareholding approach. According to the control approach, all emissions and removals from the facilities over which it has financial or operational control should be accounted. According to the shareholding approach, emissions of the entities in which the organization has a share must be counted in proportionate to the shareholding.

Under the control approach, each entity accounts for 100 percent of the GHG emissions from operations over which it has control. It does not account for GHG emissions from operations where it has an interest but has no control. Control can be defined either financial or operational terms. Organization has selected the financial control approach because organization has financial control over the operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities. In accordance with the ISO standard, the organizational boundaries were drawn around all the business operations controlled by LB Finance PLC. Organizational boundary chosen for calculating the carbon footprint was Head office, corporate office and all branches of LB Finance PLC.

LB Finance branch list as at 2026.03.31

https://www.lbfinance.com/branch-network

No	Branch	District	Province	Processes/ Operations Involved
1	Colombo	Colombo	Western	

2	Kandy	Kandy	Central	Financial services
3	Badulla	Badulla	Uva	
4	Negombo	Gampaha	Western	
5	Galle	Galle	Southern	
6	Panadura	Kalutara	Western	
7	Kurunegala	Kurunegala	North Western	
8	Nugegoda	Colombo	Western	
9	Anuradhapura	Anuradhapura	North Central	
10	Rathnapura	Rathnapura	Sabaragamuwa	
11	Kalutara	Kalutara	Western	
12	Horana	Kalutara	Western	
13	Gampaha	Gampaha	Western	
14	Ambalangoda	Galle	Southern	
15	Matara	Matara	Southern	
16	Kuliyapitiya	Kurunegala	North Western	
17	Balangoda	Rathnapura	Sabaragamuwa	
18	Ke-Galle	Ke-Galle	Sabaragamuwa	
19	Nuwara Eliya	Nuwara Eliya	Central	
20	Avissawella	Colombo	Western	
21	Polonnaruwa	Polonnaruwa	North Central	
22	Kiribathgoda	Gampaha	Western	
23	Batticaloa	Batticaloa	Eastern	
24	Chilaw	Putlam	North Western	
25	Ampara	Ampara	Eastern	
26	Dehiwala	Colombo	Western	
27	Trincomalee	Trincomalee	Eastern	
28	Bandarawela	Badulla	Uva	
29	Embilipitiya	Rathnapura	Sabaragamuwa	

30	Vauniya	Vauniya	Northern	
31	Jaffna	Jaffna	Northern	
32	Kandana	Gampaha	Western	
33	Maradana	Colombo	Western	
34	Chunnakkam	Jaffna	Northern	
35	Putlam	Putlam	North Western	
36	Dambulla	Matale	Central	
37	Thissamaharama	Hambanthota	Southern	
38	Nelliadi	Jaffna	Northern	
39	Chavakachcheri	Jaffna	Northern	
40	Manipay	Jaffna	Northern	
41	Boralesgamuwa	Colombo	Western	
42	Maharagama	Colombo	Western	
43	Piliyandala	Colombo	Western	
44	Kotahena	Colombo	Western	
45	Sea Street	Colombo	Western	
46	Matale	Matale	Central	
47	Elpitiya	Galle	Southern	
48	Mahiyanganaya	Badulla	Uva	
49	Wennappuwa	Putlam	North Western	
50	Kilinochchi	Kilinochchi	Northern	
51	Thambuttegama	Anuradhapura	North Central	
52	Kadawatha	Gampaha	Western	
53	Hatton	Nuwara Eliya	Central	
54	Kochchikade	Gampaha	Western	
55	Corporate	Colombo	Western	
56	Matugama	Kalutara	Western	
57	Akkaraipattu	Ampara	Eastern	

58	Pottuvil	Ampara	Eastern	
59	Gampola	Kandy	Central	
60	Rajagiriya	Colombo	Western	
61	Anuradhapura 11	Anuradhapura	North Central	
62	Welimada	Badulla	Uva	
63	Katugastota	Kandy	Central	
64	Kalmunei	Ampara	Eastern	
65	Pilimathalawa	Kandy	Central	
66	Ja Ela	Gampaha	Western	
67	Dam Street	Colombo	Western	
68	Moratumulla	Colombo	Western	
69	Monaragala	Monaragala	Uva	
70	Arayampathy	Batticaloa	Eastern	
71	Matara City	Matara	Southern	
72	Aluthgama	Kalutara	Western	
73	Kaduwela	Colombo	Western	
74	Malabe	Colombo	Western	
75	Warakapola	Ke-Galle	Sabaragamuwa	
76	Nawalapitiya	Kandy	Central	
77	Pitigala	Galle	Southern	
78	Kandy City	Kandy	Central	
79	Kurunegala City	Kurunegala	North Western	
80	Homagama	Colombo	Western	
81	Maskeliya	Nuwara Eliya	Central	
82	Saindamarudu	Ampara	Eastern	
83	Samanthurai	Ampara	Eastern	
84	Kotte	Colombo	Western	
85	Badulla City	Badulla	Uva	

86	Delkanda	Colombo	Western	
87	Kalawanchikudy	Batticaloa	Eastern	
88	Akuressa	Matara	Southern	
89	Tangalle	Hambanthota	Southern	
90	Mount Lavinia Premier	Colombo	Western	
91	Neluwa	Galle	Southern	
92	Battaramulla	Colombo	Western	
93	Kurunegala Premier	Kurunegala	North Western	
94	Moratuwa	Colombo	Western	
95	Medawachchiya	Anuradhapura	North Central	
96	Chenkalady	Batticaloa	Eastern	
97	Pussellawa	Kandy	Central	
98	Deniyaya	Matara	Southern	
99	Jaffna -Premier	Jaffna	Northern	
100	Jaffna -City	Jaffna	Northern	
101	Valachchenai	Batticaloa	Eastern	
102	Wattala	Gampaha	Western	
103	Gampola City	Kandy	Central	
104	Kottawa	Colombo	Western	
105	Dehiattakandiya	Ampara	Eastern	
106	Kokkadicholi	Batticaloa	Eastern	
107	Gelioya	Kandy	Central	
108	Katugastota City	Kandy	Central	
109	Kinniya	Trincomalee	Eastern	
110	Anamaduwa	Putlam	North Western	
111	Puthukkudiyiruppu	Mullaitivu	Northern	
112	Delgoda	Gampaha	Western	
113	Eheliyagoda	Rathnapura	Sabaragamuwa	

114	Kekirawa	Anuradhapura	North Central	
115	Divulapitiya	Gampaha	Western	
116	Narammala	Kurunegala	North Western	
117	Medirigiriya	Polonnaruwa	North Central	
118	Atchchuvely	Jaffna	Northern	
119	Mannar	Mannar	Northern	
120	Dharga Town	Kaluthara	Western	
121	Bambalapitiya	Colombo	Western	
122	Wadduwa	Kaluthara	Western	
123	Karapitiya	Galle	Southern	
124	Minuwangoda	Gampaha	Western	
125	Mullaitivu	Mulathiv	Northern	
126	Thirunelwely	Jaffna	Northern	
127	Kohuwala	Colombo	Western	
128	Dharmapala Mawatha	Colombo	Western	
129	Marawila	Putthalam	North Western	
130	Mallavi	Mullaitivu	Northern	
131	Kelaniya	Gampaha	Western	
132	Mattakkuliya	Colombo	Western	
133	Beruwala	Kalutara	Western	
134	Ragama	Gampaha	Western	
135	Thihariya	Gampaha	Western	
136	Rathmalana	Colombo	Western	
137	Dehiwala City	Colombo	Western	
138	Nittambuwa	Gampaha	Western	
139	Kiribathgoda City	Gampaha	Western	
140	Negombo City	Gampaha	Western	
141	Attidiya	Colombo	Western	

142	Bandaragama	Kalutara	Western	
143	Maharagama City	Colombo	Western	
144	Elakanda	Gampaha	Western	
145	Ganemulla	Gampaha	Western	
146	Narahenpita	Colombo	Western	
147	Baduraliya	Kalutara	Western	
148	Hanwella	Colombo	Western	
149	Wellawatte City	Colombo	Western	
150	Athurugiriya	Colombo	Western	
151	Vaddukoddai	Jaffna	Northern	
152	Addalaichenai	Ampara	Eastern	
153	Katunayake - Awariwatta	Gampaha	Western	
154	GrandPass-Kosgashandiya	Colombo	Western	
155	Kirulapana	Colombo	Western	
156	Borella	Colombo	Western	
157	Dematagoda	Colombo	Western	
158	Jampattah	Colombo	Western	
159	Modera	Colombo	Western	
160	Thotalanga	Colombo	Western	
161	Keselwatte	Kalutara	Western	
162	Wellawatte	Colombo	Western	
163	Slave Island	Colombo	Western	
164	Grandpass -Sulaiman	Colombo	Western	
165	Maligawatte	Colombo	Western	
166	Sri Sangaraja Mawatha	Colombo	Western	
167	Deans Road	Colombo	Western	
168	Kolonnawa	Colombo	Western	
169	Aluth Mawatha	Colombo	Western	

170	Gothatuwa (IDH)	Colombo	Western	
171	Chankanai	Mulathiv	Northern	
172	Eravur	Batticaloa	Eastern	
173	Vakarai	Batticaloa	Eastern	
174	Point Pedro	Jaffna	Northern	
175	Mawanella	Ke-Galle	Sabaragamuwa	
176	Central Camp	Ampara	Eastern	
177	Galewela	Matale	Central	
178	Kantale	Trincomalee	Eastern	
179	Kalpitiya	Putlam	North Western	
180	Kiran	Batticaloa	Eastern	
181	Ambalantota	Hambanthota	Southern	
182	Kopay	Jaffna	Northern	
183	Kodikamam	Jaffna	Northern	
184	Serunuwara	Trincomalee	Eastern	
185	Nochchiyagama	Anuradhapura	North Central	
186	Thirukkovil	Ampara	Eastern	
187	Digana	Kandy	Central	
188	Tellippalai	Jaffna	Northern	
189	Trincomalee City	Trincomalee	Eastern	
190	Pesalai	Mannar	Northern	
191	Vavunathivu	Batticaloa	Eastern	
192	Maruthankerny	Jaffna	Northern	
193	Borella City	Colombo	Western	
194	Valvettithurai	Jaffna	Northern	
195	Pandatheruppu	Jaffna	Northern	
196	Kaithady	Jaffna	Northern	
197	Ragala	Nuwara Eliya	Central	

198	Nanattan	Mannar	Northern	
199	Pallai	Kilinochchi	Northern	
200	Poonakary	Kilinochchi	Northern	
201	Hendala	Gampaha	Western	
202	Anuradhapura Metro	Anuradhapura	North Central	
203	Peradeniya	Kandy	Central	
204	Gampaha City	Gampaha	Western	
205	Kurunagala Metro	Kurunegala	North Western	
206	Matara Metro	Matara	Southern	
207	Ratnapura City	Ratnapura	Sabaragamuwa	
208	Urumpirai	Jaffna	Northern	
209	Panadura Premier	Kalutara	Western	
210	Kotikawatta	Colombo	Western	
211	Eragama	Ampara	Eastern	
212	Nintavur	Ampara	Eastern	
213	Uragasmanhandiya	Galle	Southern	
214	Weligama	Matara	Southern	
215	Wellawaya	Monaragala	Uva	
216	Katana	Gampaha	Western	
217	Murunkan	Mannar	Northern	
218	Kuliyapitiya City	Kurunegala	North Western	
219	Mutur	Trincomalee	Eastern	
220	Mandur	Batticaloa	Eastern	
221	Maruthamunai	Ampara	Eastern	
222	Enderamulla	Gampaha	Western	
223	Baddegama	Galle	Southern	
224	Mulliyawalai	Mullaitivu	Northern	
225	Nedunkerny	Vavuniya	Northern	

Chapter 3

Reporting boundaries

3.1. Reporting Boundary

GHG emission and removals of LB Finance PLC has considered with reference to the methodology described in GHG protocol and IPCC 2006 guidelines and classified into categories as per ISO 14064-1:2018 standards.

The motor vehicle loans under the financed emission were calculated based on the Partnership for Carbon Accounting Financials (PCAF) method.

Table 3.1 - Direct and indirect emissions sources reported

No.	Source of GHG Emission	Activity data
01.	Onsite Generator	Consumption of diesel and petrol (in liters)
02.	Company owned vehicles	Consumption of Petrol and Diesel (in liters)
03.	Fuel Paid by the company	Fuel cost (in Rupees)
04.	Fire Extinguishers	Amount of refilled tanks (in kg)
05.	Refrigerant used data	Amount of refilled refrigerant (in kg)
06.	Purchased electricity	Units of electricity used
07.	Employee commuting fuel not paid by the company & work from home	Distance traveled and number of working hours
08.	Air Travels	Travel distance
09.	Emissions from waste disposal	Weight of waste
10.	Transmission & Distribution Loss	According to electricity unit usage
11.	Municipal Water Consumption	Consumption of water (in liters)
12.	Purchased goods and services	Purchased goods cost (in Rupees)
13.	Capital goods	Capital goods cost (in Rupees)
14.	Investments - Motor vehicle loans	Distance traveled
15.	Investments - Mortgages	Area of the building

3.2. Significant criteria for evaluating indirect emissions

The criteria used to evaluate significance may include the magnitude or volume of emissions, the level of organizational influence over emission sources and removals, the availability and quality of data, and the degree of uncertainty associated with the information. Consideration may also be given to regulatory requirements, stakeholder concerns, operational complexity, and the scale of activities. The significance assessment and selection of relevant emission sources were carried out in accordance with the principles and guidance provided in International Organization for Standardization ISO 14064-1 to ensure completeness, consistency, transparency, and accuracy in GHG quantification and reporting.

The criteria for evaluating the significance may be periodically revised.

- All the relevance indirect emissions, align with stakeholder needs and organizational interests, significantly contribute to the organization's environmental impact and significant activities within the organization's value chain have be considered.

- Apply appropriate methodologies and emission factors for accurate estimation to ensure reliability and minimal uncertainties in data used to quantify indirect emissions.

- Assess the significance of indirect emissions sources in relation to the organization's total GHG emissions to identify emissions sources with substantial contributions to the organization's carbon footprint.

- Evaluate the organization's ability to collect and process activity data, as well as the availability of such data for inclusion in the calculation.

- Identify emissions sources posing significant risks to the organization, such as regulatory compliance or reputational damage to recognize opportunities for leveraging emissions reduction efforts for competitive advantage.

- Identify emissions sources capable of engaging and motivating employees in sustainability initiatives. Explore opportunities to involve employees in efforts to reduce energy consumption and mitigate emissions.

3.3. Emissions categories that are considered.

This report accounts for and presents the six greenhouse gases covered by the Kyoto Protocol and GHG protocol in accordance with ISO 14064- 1:2018 standard. Those gases are Carbon Dioxide (CO_2), Methane (CH4), Nitrous Oxide (N_2O), Hydrofluorocarbons (HFCs), Sulphur Hexafluoride (SF_6), and Perfluorocarbons (PFCs). Out of those six gases for LB Finance PLC GHG inventory includes only four gases namely Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), and Hydrofluorocarbons (HFCs) are applicable. There are no operations that use PFC, or SF_6.

As adapted from ISO 14064-1, the emissions sources deemed significant for inclusion in this inventory were classified into the following categories:

Direct GHG emissions (Category 1): GHG emissions from sources that are owned or controlled by the company.

Indirect GHG emissions (Category 2): GHG emissions from the generation of purchased electricity.

Indirect GHG emissions (Categories 3): GHG emissions occur from sources located outside the organizational boundaries. Those sources are mobile and are mostly due to fuel burnt in transport equipment

Indirect GHG emissions (Categories 4): Indirect GHG emissions occur from sources due to waste disposal.

Indirect GHG emissions (Categories 5): Indirect GHG emissions from use of product from company.

Indirect GHG emissions (Categories 6): indirect GHG emissions from other sources.

The table 3.1 given below shows the direct and indirect emission sources captured all of the operational emissions across the head office and all branches.

Table 3.1 - Direct and indirect emissions sources reported

Indicator	GHGs reported
Category 1	
1.1 Direct emissions from stationary combustion	
Generator	CO_2, CH_4, N_2O
1.2. Direct Emissions from Mobile Combustion	
Company owned vehicles	CO_2, CH_4, N_2O
Fuel Paid by the company	CO_2, CH_4, N_2O
1.3. Direct Fugitive emissions	

CO_2 fire extinguishers/ Refilling	CO_2
Refrigerants Leakages	HFCs
Category 2: Indirect emissions from imported electricity	
Grid-connected electricity consumption	CO_2
Category 3: Indirect emissions from Transportation	
Employee commuting & work from home	CO_2
Air travels	CO_2
Category 4: Indirect emissions from products used by the organization	
Emissions from waste disposal	CO_2
Purchased goods and services	CO_2
Capital goods	CO_2
Category 5: Indirect GHG emissions from use of product from company	
Investments - Motor vehicle loans	CO_2
Investments - Mortgages	CO_2
Category 6: Indirect emissions from other sources	
Municipal water Consumption	CO_2
Transmission and distribution loss of electricity	CO_2

3.4. Emission sources that are excluded

Exclusion from the Organization Boundary	**Reason**
Transportation of locally purchased items	Due to unavailability of sufficient data to quantify the GHG emissions
Emissions of client/guest transportation	Due to unavailability of sufficient data to quantify the GHG emissions
Waste transportation	Due to unavailability of sufficient data to quantify the GHG emissions

3.5. Data Sourcing

The inventory is compiled using activity data collected and maintained by LB Finance PLC. The Head of sustainability is responsible for defining data requirements, coordinating with identified focal points, and ensuring data is collected at the required intervals. When infrastructure for estimating activity data is unavailable, dedicated platforms are utilized to generate the necessary data based on existing records.

Table 3.1 - Direct and indirect emissions sources reported

No.	Source of GHG Emission	Activity data	Method of Collection/ recording	Frequency of collection/ recording
01.	Onsite Generator	Consumption of diesel (in liters)	Fuel purchased records	Monthly
02.	Company owned vehicles	Consumption of Petrol and Diesel (in liters)	Fuel purchased records	Monthly
03.	Fuel Paid by the company	Fuel cost (in Rupees)	Financial reports	Monthly
04.	Fire Extinguishers	No of tanks (in kg)	Fire extinguisher usage records and refill records	As required
05.	Refrigerant used data	Amount of refilled refrigerant (in kg)	Refilling records	As required
06.	Purchased electricity	Units of electricity used	Utility bills	Monthly
07.	Employee commuting fuel not paid by the company & work from home	Distance traveled	Employee recruitment data and attendance records	Monthly
08.	Air Travels	Distance traveled	Business travel records	As required
09.	Emissions from waste disposal	Weight of waste	Waste measurement records	As required
10.	Transmission & Distribution Loss	Units of electricity used	Calculate according to utility data	As required

11.	Municipal Water Consumption	Consumption of water (in liters)	Utility bills	Monthly
12.	Purchased goods and services	Purchased goods cost (in Rupees)	Purchased records	Monthly
13.	Capital goods	Capital goods cost (in Rupees)	Purchased records	Monthly
14.	Investments - Motor vehicle loans	Distance traveled	Financing portfolio	Annually
15.	Investments - Mortgages	Building area	Financing portfolio	Annually

Chapter 4

Results of GHG Emission Inventory

4.1. Methodology

In calculating the operational-level emissions of LB Finance PLC, the simplest calculation model was applied. This involved multiplying activity data by the relevant emission factor and the global warming potential (GWP) of the respective greenhouse gas. For the financial year 2025/26, the total number of working days was recorded as 240.

Emissions of CO2 (t CO2e) = Activity data x Emission factor x GWP

Methodology of financed emissions - motor vehicle loans

Financed emissions associated with the motor vehicle loan portfolio are calculated in alignment with the PCAF Standard for Financial Institutions. The calculation approach follows PCAF guidance for retail lending, applying an estimation-based methodology in the absence of complete borrower-specific emissions data.

Emission factors applied in the calculation are based on uplifted emission factors from the India GHG Program, which serve as appropriate proxies where Sri Lanka–specific emission factors are not available.

Vehicle categorization is carried out based on engine capacity (CC classifications) to ensure consistency in emissions estimation across the portfolio. Vehicles for which critical data such

as net value, engine capacity, or other required parameters are unavailable are excluded from the calculation to maintain data accuracy and reliability.

Emissions of CO2 (t CO2e) = [Net outstanding amount / (Total equity + debt)] x Vehicle emission

For the calculation of emissions associated with motor vehicle loans financed, vehicles were classified based on engine capacity (CC type). Representative samples were selected from various sectors, and the distances traveled by customers were verified through phone-call interviews conducted as a customer survey. All assumptions made during the calculation process have been clearly documented in the section 4.7.

Methodology of financed emissions - mortgages

The calculation of financed emissions relating to the mortgage portfolio is conducted in accordance with the PCAF Standard for Financial Institutions.

Under the PCAF classification, this asset class includes on-balance sheet loans provided for specific consumer purposes, namely the purchase and refinancing of residential properties. This encompasses individual housing units as well as multifamily residential properties with a limited number of units. In line with PCAF guidance, financing related to land without associated buildings is excluded from the scope of this calculation.

For the purpose of emissions estimation, Option 2 (average data method) has been applied, with a corresponding data quality score of 4, where emissions are calculated based on the estimated floor area of the property.

Calculation Approach

Financed emissions from mortgages are calculated using the following methodology:

Emissions of CO2 (t CO2e) = Attribution Factor x Building emission

Emissions of CO2 (t CO2e) = [Net outstanding amount / (Property value at origination)] x (Floor Area x Scope 1 Emission Factor) x (Floor Area×Scope 2 Emission Factor)

Estimation of Floor Area

In the absence of actual building floor area data, estimates are derived based on property characteristics, in accordance with planning guidelines issued under the Urban Development

Authority Law, No. 41 of 1978, as published in the Gazette of the Democratic Socialist Republic of Sri Lanka (No. 2235/54, dated July 08, 2021).

All assumptions made during the calculation process have been clearly documented in the section 4.7.

To minimize bias and uncertainty, efforts were made to use primary data that accurately represents the temporal, spatial, and technological characteristics of the specific emission sources. Emission factors were obtained from reliable sources that align well with the company's emission calculation context.

4.1.1. Stationary Fuel Sources

GHG emissions of stationary combustion of diesel & petrol was calculated with emission factors published in IPCC guidelines of 2006 & the 2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories.

Reference :

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion. Pdf

4.1.2. Mobile Fuel Sources

GHG emissions of mobile combustion of diesel and petrol were calculated with emission factors published in IPCC guidelines of 2006 & the 2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories.

Reference :

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf

4.1.3. Energy Purchase

GHG emission purchased electricity and distribution & transmission losses of electricity were calculated with grid average emission factors published in Sri Lanka Energy Balance 2022 by Sri Lanka Sustainable Energy Authority.

Reference :

https://energy.gov.lk/images/energy-balance/energy-balance-2022.pdf

4.1.4. Air Travels

GHG emission of air travel was calculated with ICAO data base. According to the database, the emission is calculated based on the travel distance and the model of the Airplane.

Reference :

https://www.icao.int/environmental-protection/environmental-tools/icec

4.1.5. Waste generation in operation

GHG emissions of generated waste were calculated with emission factors published by Department of Environment, Food & Rural Affair (DEFRA) of United Kingdom

Reference : DEFRA 2025

https://assets.publishing.service.gov.uk/media/6846a4f55e92539572806125/ghg-conversion-factors-2025-full-set.xlsxs

4.1.6. Financed emission - motor vehicle loans

GHG emissions of financed emission were calculated with emission factors published by India GHG Program.

Reference :

https://indiaghgp.org/transport-emission-factors

4.1.7. Financed emission - mortgages

GHG emissions of financed emission mortgages were calculated with emission factors published by PCAF emission factor data base.

Reference :

PCAF emission factor data base

4.2. GHG Information Management System

LB Finance PLC has established and maintains a GHG inventory quality management system to ensure that company's GHG reporting is complying with the five core principles: accuracy, completeness, relevance, transparency and consistency, being consistent with the intended use of the GHG inventory and free from the material errors and omissions.

This GHG report also outlines consideration for the following:

- Responsibility and authority for inventory development.
- Identification, implementation and review of appropriate training for the personnel engaging in inventory development process
- Identification of organizational and reporting boundaries.
- Identification and review of GHG sources and sinks.
- Selection and review of quantification approach
- Details of qualitative approaches and consideration to their consistent application
- Use, maintenance and calibration of measurement equipment
- Regular accuracy checks
- Conduct of internal audit and management review

4.3. Emission Factors

IPCC 2006 guideline defined default emission factors (Tier 1) were used at most instances due to country level or technology specific emission factors were not available.

The grid emission factor was used from country specific emission factors (Tier 2).
Grid electricity distribution and transmission loss and electricity generation plant used were taken from Statistical Digest 2024 of Ceylon Electricity Board. Several other research publications were used to get technology specific emission factors and conversion factors.

4.4. GWP Calculation

Quantities of GHG emissions are expressed as tones of CO2e (Carbon Dioxide Equivalents) using the global warming potentials (GWP) from the IPCC Sixth Assessment Report (AR6). The time horizon is 100 years.

Reference :

https://www.ipcc.ch/assessment-report/ar6/

Table 4.1. Most notable GHGs Global Warming Potential Values

GHG		GWP
Carbon dioxide – CO_2		1
Methane – CH_4	Fossil Origin	29.8
	Non-Fossil Origin	27.0
Nitrous oxide – N_2O		273
Refrigerant R410		2255.5

4.5. Results of GHG quantification

The following table 4.2 shows the quantification of GHG emissions related to applicable categories of GHG emissions where data has been found available.
For the calculation of the emissions, the GWPs in IPCC 6th assessment report have been considered and the values used are given in table 4.1. Moreover, for the calculation of the emissions by employee commuting, the Indian GHG Program - India Specific Road and Railway Transport Emission Factors was used, and DEFRA database emission factors were used to calculate solid waste disposal emissions.

Table 4.2: Consolidated GHG Statement for the year 2025/2026

Indicator	Year 2025/2026 t CO2e	CO_2 (tCO_2e)	CH_4 (tCO_2e)	N_2O (tCO_2e)	HFCs (tCO_2e)
Total Direct Emissions	**4,014.15**				
Category 1- Total Direct GHG emissions	**4,014.15**	**3,349.70**	**41.50**	**41.87**	**581.08**
1.1 Direct emissions from stationary combustion	**49.53**	**49.36**	**0.06**	**0.11**	**-**

Stationary Combustion – Generator	49.53	49.36	0.06	0.11	-
1.2. Direct Emissions from Mobile Combustion	**3,383.49**	**3,300.29**	**41.44**	**41.76**	**-**
Fuel paid by the company and company-owned vehicle	3,383.49	3,300.29	41.44	41.76	-
1.3. Direct Fugitive emissions	**581.13**	**0.05**	**-**	**-**	**581.08**
CO_2 fire extinguishers/Refilling and refrigerant leakages	581.13	0.05	-	-	581.08
Total Indirect Emissions	**54,943.93**				
Total Indirect emissions	**54,943.93**				
Category 2: Indirect emissions from imported electricity	**2,315.26**				
Grid-connected electricity consumption	2,315.26				
Category 3: Indirect emissions from Transportation	**2,132.24**				
Employee Commuting & work from home	2,128.99				
Business Air travels	3.25				
Category 4: Indirect emissions from products used by the organization	**1,446.30**				
Solid Waste disposal	19.70				
Purchased goods and services	1,201.15				
Capital goods	225.45				
Category 5: Indirect GHG emissions from use of product from company	47,427.49				
Investments - Motor vehicle loans	47,071.15				

Investments - Motgages	356.34
Category 6: Indirect emissions from other sources	**1,622.64**
Transmission & distribution loss of electricity and emissions from upstream fuel related activities	1,622.64
Total GHG Emission (Direct + Indirect)	**58,958.08**

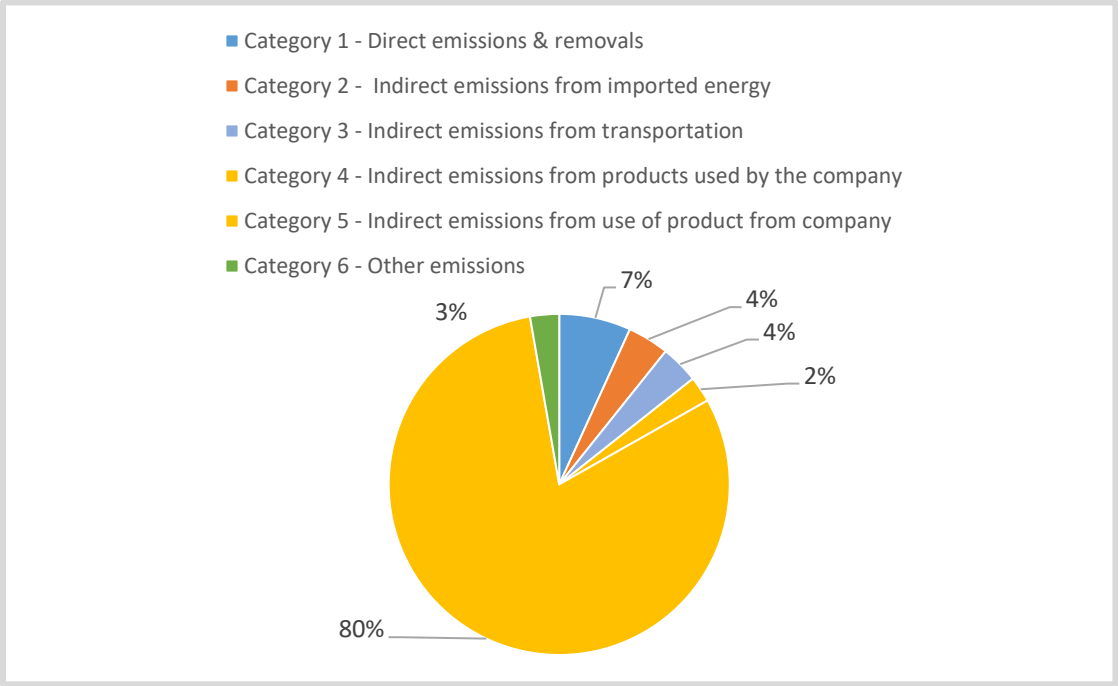

Figure 4.1. GHG Emission tCO_2e by Category

Figure 4.1 presents a detailed breakdown of categorical greenhouse gas (GHG) emissions as reported in the Consolidated GHG Statement for the year 2025/2026.

4.6. Emission Summary

Summary of the consolidated GHG statement for the inventory year 2025/2026 is as follows.

Table 4.3: Summary of the consolidated GHG statement for the inventory year 2025/2026

Emission Category	Emissions (t CO2e)
Direct GHG Emissions (Scope 01)	4,014.15
Indirect GHG Emissions from imported energy (Scope 02)	2,315.26
Other Indirect Emissions (Scope 03)	52,628.67
Total (Rounded up to the nearest highest)	**58,958.08**

4.7. Assumption, Limitation & Uncertainty Assessment

Following assumptions were considered in the development of LB Finance PLC GHG inventory

- Refilled quantities of fire extinguishers during the reporting period is assumed as an approximation to the leakage/ used quantities of said equipment.
- Fuel data for the Head Office and Corporate Office will be reported based on actual consumption, while data for all other branches will continue to be reported on a purchase basis.
- Refilled quantities of refrigerants in a given Air Conditioning System is assumed as an approximation to the leakage quantities of said Air Conditioning System
- Total working dates for employees = 240 days
- Fuel efficiency of bike = 40km/L
- Fuel economy for private vehicle = 10km/L (use petrol)
- The fuel allowance includes the transportation allowance that provide for marketing officers. Only for the allowance provided to marketing officers were calculated based on the 40% proportion because the allowance was given by considering the travel distance and the target completion

There are some assumptions were considered, for the financed emission calculation for motor vehicle loans.

- All the emission factors are uplift emission factors from india GHG program.
- Vehicle categories are choose based on the engine capacity (CC types).
- The vehicles that are not exist the net values, CC types etc.. are excluded for the calculation (system errors).

To determine the vehicle mileage

- Representative samples of vehicles from each category were used to determine the average mileage consumed by customers.
- Each month is assumed to have 30 days for the purpose of standardization.
- The sample selected reflects the sectors in which the customers operate.
- The average mileage is calculated based on customers who do not operate their vehicles daily.
- Consumption data was confirmed through phone interviews with the customers.
- Customers who are not in default and those who have defaulted on only one installment were considered.
- Customers with the highest number of installments within their contracts were selected from each list.

The following assumptions are applied financed emission calculation for mortgages:

- Plot Coverage Ratio:
  A standard plot coverage of 65% of total land extent is used to estimate building footprint.
- Building Classification by Property Value:
    - Properties with a value below LKR 10 million are assumed to be single-storey buildings.
    - Properties with a value above LKR 10 million are assumed to be two-storey buildings or higher.

- Floor Area Estimation:
    - Single-storey buildings:
      Floor Area = 65% × Land Size
    - Two-storey and above buildings:
      Floor Area = 65% × Land Size × 2

- Property Type Classification:
    - Properties valued below LKR 50 million are classified as single-family housing.
    - Properties valued above LKR 50 million are classified as multi-family housing.

Uncertainties could be associated with the activity data, methodologies, models as well as the emission factors applied in the LB Finance PLC inventory. Covering all these parameters, qualitative uncertainty assessment was conducted on the LB Finance PLC inventory, of which the results are encapsulated in the below table for the transparency requirements.

Table 4.4: Results of uncertainty assessment

Emission Source	**Uncertainty level**		
	Activity data	**Methodology**	**Emission factors & other constants**
Stationary Combustion - Generator	Low	Low	Low
Fuel paid by the company	Medium	Low	Medium
Company-owned vehicle	Low	Low	Low
CO2 fire extinguishers/ Refilling	Medium	Low	Low
Refrigerants Leakages	Medium	Low	Low
Grid-connected electricity consumption	Low	Low	Low
Employee commuting & work from work	Medium	Low	Low
Business Air travels	Medium	Low	Medium
Waste disposal	Medium	Medium	Medium
Municipal Water consumption	Low	Low	Medium
Transmission and distribution loss of electricity	Low	Low	Low
Purchased goods and services	Medium	Low	Low
Capital goods	Medium	Low	Low
Investment - Motor vehicle loans	Medium	Medium	Low
Investment - Mortgages	Medium	Medium	Low

Table 4.5: Criteria considered in uncertainty assessment

Description	Level of uncertainty	Criteria
Activity data	Low	Activity data is obtained from direct measurement using the properly calibrated measuring equipment
	Medium	Activity data is estimated based on the limited available data. Statistical techniques such as interpolation, extrapolation, averaging are used as estimation approaches.
	High	Measured activity data is not available, estimated activity data using alternative/surrogate data, expert judgment and previous year's data records
Methodology	Low	Methodology is technology specific and appropriate to needs of emission accounting. And it is validated and approved by a recognized body/ panel/ organization.
	Medium	Methodology is validated and approved by a recognized body/ panel/ organization, yet not fully appropriate to the needs of emission accounting, adjustment and modification and re-validation are required
	High	Methodology is not validated by a recognized body/ panel/ organization. The reporting organization is not confident that methodology is appropriate to the needs of emission accounting
Emission Factors	Low	Emission is calculated using the validated appropriate facility/site specific emission factors, averages and constants.
	Medium	Emission is calculated using the appropriate generalized global factors, averages and constants
	High	Emission is calculated using the emission factors which have not gone under a proper review and validation process.

4.8 Reference for emission sources and other constants

In the below table, emission factors and other constants used for data calculation are provided for the transparency purposes

Table 4.5: Reference for emission sources and other constants

Indicator	Description	Emission factor/ constants	Unit	Reference
Diesel (Stationery Combustion)	CO_2 CH_4 N_2O	74.10 0.003 0.0006	tCO_2e/TJ	http://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion. pdf
Petrol (Stationery Combustion)	CO_2 CH_4 N_2O	69.3 0.003 0.0006	tCO_2e/TJ	http://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion. pdf
Diesel (Mobile Combustion)	CO_2 CH_4 N_2O	74.10 0.0039 0.0039	tCO_2e/TJ	https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf
Petrol (Mobile Combustion)	CO_2 CH_4 N_2O	69.3 0.033 0.0032	tCO_2e/TJ	https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf
National Grid Emission Factor	CO_2	0.4173	$kgCO_2e/kWh$	https://www.energy.gov.lk/images/energy-balance/energy-balance-2022.pdf
Municipal water	CO_2	0.35	kWh/m^3	http://www.climatechange.lk/Documents/A_Guide_for_Carbon_Footprint_Assessment.pdf

Transmission & Distribution Loss	percentage	9.5	%	https://www.ceb.lk/front_img/img_reports/1719383943Statistical_Digest_2024_n.pdf
Fuel economy	Motor Bike Private vehicle	40 10	km/L km/L km/L km/L	Obtained from the employee survey
Waste disposal	Food waste - Animal feeding	0.03	kgCO2e/ tonne	DEFRA, 2025
	Paper & cardboard (Landfill)	1164.49	kgCO2e/ tonne	
	Polythene contaminated (landfill)	8.98	kgCO2e/ tonne	
	E-waste (Recycle)	4.68	kgCO2e/ tonne	
Passenger Transport	Bus	0.015161	kgCO2 / Passenger – km	India GHG Programme-2014/2015
Passenger Transport	Train	0.007976	kgCO2 / Passenger – km	India GHG Programme-2014/2015
Purchased goods and services	CO_2	Relevant emission factors	kgCO2e/ USD	https://catalog.data.gov/dataset/supply-chain-greenhouse-gas-emission-factors-v1-3-by-naics
Capital goods	CO_2	Relevant emission factors	kgCO2e/ USD	https://catalog.data.gov/dataset/supply-chain-greenhouse-gas-emission-factors-v1-3-by-naics
Investment - Motor vehicle loans	CO_2	Relevant emission factors	kgCO2e/ km	India GHG Program-version 1.0
Investment - Mortgages	CO_2	Relevant emission factors	tCO2e/m2	PCAF emission factor database

Chapter 5

GHG Emission Management

5.1. Emission Reduction Initiatives

As part of its initial carbon assessment for 2025/2026, LB Finance PLC has identified several potential emission reduction initiatives to minimize its environmental impact. These initiatives focus on improving energy efficiency, adopting renewable energy, optimizing transportation, and exploring carbon offsetting opportunities.

- Energy Audit and Efficiency Improvements – Conducting a comprehensive energy audit will help quantify potential energy savings opportunities. By identifying and implementing energy-efficient practices, the organization can reduce its overall electricity consumption and associated greenhouse gas (GHG) emissions.

- Transition to Solar Energy – By integrating solar power into its operations, the organization can meet its electricity requirements with a renewable energy source. This initiative will help offset GHG emissions associated with electricity consumption from the national grid (CEB electricity).

- Fuel-Efficient Transportation – Adopting fuel-efficient vehicles will enable the organization to lower emissions from its transportation activities. This measure will contribute to overall reductions in fuel consumption and related GHG emissions.

Carbon Offsetting Projects – Implementing carbon offset initiatives, such as afforestation or supporting verified carbon offset programs, will further help mitigate the organization's residual emissions, contributing to a more sustainable and climate-conscious operation.
By implementing these initiatives, LB Finance PLC can actively reduce its carbon footprint and support a more sustainable future.

References

- J.T. Houghton, L.G. MeiraFilho,B. Lim, K. Tréanton, I. Mamaty., Y. Bonduki, D.J. Griggs, and B.A. Callander (ed.) Revised 1996IPCC Guidelines for National Greenhouse Gas Inventories: Workbook (Volume 2). IPCC, Meteorological Office, Bracknell, UK.

- Intergovernmental Panel on Climate Change (IPCC). 1997c. J.T. Houghton, L.G. MeiraFilho,B. Lim, K. Tréanton, I. Mamaty., Y. Bonduki, D.J. Griggs, and B.A. Callander (ed.) Revised 1996IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual (Volume 3).IPCC, Meteorological Office, Bracknell, UK.

- Intergovernmental Panel on Climate Change (IPCC). 2006. H.S. Eggleston, L. Buendia , K.Miwa, T. Ngara and K. Tanabe (ed.) IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme. IPCC/IGES, Hayama, Japan.

- International Standards Institute (ISO). 2018. ISO 14064-1. International Standard; Greenhouse Gases Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and Removals.

- Sri Lanka Sustainable Energy Authority (SLSEA) National Energy Balance: 2022. SLSEA. (for Grid Emission factor)

- World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD). 2004. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition), WRI/ WBCSD.

- Assessment of Sri Lanka's Power Sector: Co-publication of the Asian Development Bank and the United Nations Development Programme, 2017

- A Guide for Carbon Footprint Assessment. Climate Change Secretariat, Ministry of Mahaweli Development and Environment, December 2016.