METHODOLOGY NOTE

GHG Inventory & Financed Emissions Assumptions

LB Finance PLC | *Consolidated assumption register for calculation and disclosure purposes*

Purpose
To document the key assumptions, proxies and standardisation rules applied in the preparation of the corporate GHG inventory and selected financed emissions calculations.

DOCUMENT STRUCTURE

01	02	03
Corporate GHG Inventory	**Motor Vehicle Loans**	**Mortgages**
Operational assumptions	Financed emissions & mileage	Property estimation assumptions

Prepared for internal methodology, disclosure and assurance reference

01 Corporate GHG Inventory

Assumptions used in the development of the LB Finance PLC GHG inventory

Key operational assumptions

#	Assumption area	Applied assumption / approach
1	**Fire extinguisher refills**	Refilled quantities of fire-extinguishing agents during the reporting period are used as an approximation of the quantities leaked or discharged from the relevant equipment.
2	**Fuel data - offices and branches**	Fuel data for the Head Office and Corporate Office are reported based on actual consumption. Fuel data for all other branches are reported on a purchase basis.
3	**Refrigerant refills**	Refilled quantities of refrigerants in a given air-conditioning system are used as an approximation of refrigerant leakage from that system.
4	**Employee working days**	Total annual working days used for employee-related calculations: 240 days.
5	**Motorcycle fuel efficiency**	Assumed motorcycle fuel efficiency: 40 km/L.
6	**Private vehicle fuel economy**	Assumed private vehicle fuel economy: 10 km/L, using petrol.
7	**Marketing officer fuel allowance**	The fuel allowance includes the transportation allowance provided to marketing officers. Only the allowance provided to marketing officers is adjusted using a 40% proportion, as the allowance is determined with reference to travel distance and target completion.

Methodology note: Proxy-based assumptions should be reviewed periodically when improved activity data or more specific source information becomes available.

02 Financed Emissions - Motor Vehicle Loans

General calculation assumptions and the approach used to determine vehicle mileage

A. General calculation assumptions

#	Assumption area	Applied assumption / approach
1	**Emission factors**	All emission factors applied are uplifted emission factors sourced from the India GHG Program.
2	**Vehicle categorisation**	Vehicle categories are selected based on engine capacity (CC classification).
3	**Data exclusions**	Vehicles with unavailable or invalid net values, engine capacity (CC) information, or other required system data are excluded from the calculation due to system errors or incomplete records.

B. Assumptions used to determine vehicle mileage

#	Assumption area	Applied assumption / approach
1	**Representative sampling**	Representative samples of vehicles from each category are used to determine average customer mileage.
2	**Standard month length**	Each month is assumed to have 30 days for standardisation purposes.
3	**Sector representation**	The selected sample is designed to reflect the sectors in which customers operate.
4	**Non-daily vehicle use**	Average mileage is calculated using customers who do not operate their vehicles every day, consistent with the selected sampling approach.
5	**Customer confirmation**	Vehicle consumption and usage data are confirmed through telephone interviews with customers.
6	**Repayment status**	Customers who are not in default, together with customers who have defaulted on only one instalment, are considered in the sample.
7	**Contract instalments**	From each list, customers with the highest number of instalments within their contracts are selected for the mileage assessment.

Methodology note: The sampling approach is used to derive representative mileage where complete customer-level vehicle usage data are not available for the full portfolio.

03 Financed Emissions - Mortgages

Assumptions used to estimate building characteristics and floor area

A. Property estimation assumptions

#	Assumption area	Applied assumption / approach
1	**Plot Coverage Ratio**	A standard plot coverage ratio of 65% of the total land extent is applied to estimate the building footprint.
2	**Building classification - below LKR 10 million**	Properties valued below LKR 10 million are assumed to be single-storey buildings.
3	**Building classification - above LKR 10 million**	Properties valued above LKR 10 million are assumed to be two-storey buildings or higher.
4	**Property type - below LKR 50 million**	Properties valued below LKR 50 million are classified as single-family housing.
5	**Property type - above LKR 50 million**	Properties valued above LKR 50 million are classified as multi-family housing.

B. Floor area estimation formulas

Property assumption	Estimated floor area
Single-storey buildings	**Floor Area = 65% x Land Size**
Two-storey and above buildings	**Floor Area = 65% x Land Size x 2**

Methodology note: These property-level assumptions provide a consistent basis for estimation when detailed building geometry or verified floor-area data are unavailable.

Assumption governance

Recommended control: Maintain this register as part of the calculation methodology and reassess material assumptions whenever portfolio characteristics, data availability, calculation boundaries, or applicable methodologies are updated.