

Risks and opportunities

At People's Leasing, we are focused on being a responsible corporate citizen; one that devotes its energies and resources to operating a sustainable business. The focal point of our strategy is the creation of value: delivering value to stakeholders just as much as we derive value from them.

In this Report, we look at topics that have the most impact on our value creation process. We view value creation in the context of the constantly changing environment within which we operate and the needs and priorities of our stakeholders.

→ Materiality

To assess both internal and external matters of material importance, we conduct a rigorous materiality assessment. How material or important a topic is was assessed by its relevance to People's Leasing or our stakeholders and its significance. How significant it is was determined by the probability of occurrence and the magnitude of its impact.

→ Key impacts

The outcome of this study results in the corresponding environmental, social, and governance matters being identified and their impact on our operating environment being assessed. We use these findings to determine any risks and opportunities that may be of concern to the sustainable operations of the Company and our key stakeholder groups.

GRI 102-47

→ Identifying and assessing

During the year under review, we analysed our external environment to identify matters arising from emerging trends and their relevance to key stakeholder groups. The following overarching trends were identified:

1. Funds outflows from developing and emerging market economies
2. The lack of structural reforms for increase in productivity
3. Need to contribute towards achieving SDGs
4. Increasing migration
5. Growing influence of digital marketing
6. Energy crisis and gradual shift to non-renewable energy
7. Growing ESG concerns in lending
8. Sluggish GDP and economic growth/challenges to future economic growth/increased cost of living
9. Political uncertainty and rising ethnic conflicts
10. Sharp depreciation of the rupee
11. Poor performance of the CSE
12. Promotion of tourism
13. Sri Lanka's downward slide on the global competitiveness index
14. Deteriorating asset quality of the financial sector
15. Frequent changes to local fiscal and monetary policies (increased borrowing costs, taxes)
16. Financial disintermediation
17. Unorthodox competition from fin-techs, tech giants and telcos
18. Growing role of technology
19. Cyber security/ATM card skimmers
20. Significant and mounting regulatory requirements
21. Investors growing interest on Company's future potential
22. Changing customer expectations
23. Competencies to adapt to changes in the market
24. Increasing emphasis on entrepreneurship
25. Strategic public-private partnerships
26. Vulnerability to natural disasters
27. Undermet and unmet societal priorities including poor investment on early childhood/education, healthcare, access to quality water and sanitation
28. Diminishing forest cover
29. Increased negative effects of global warming

Putting enterprise in context

Risks and opportunities

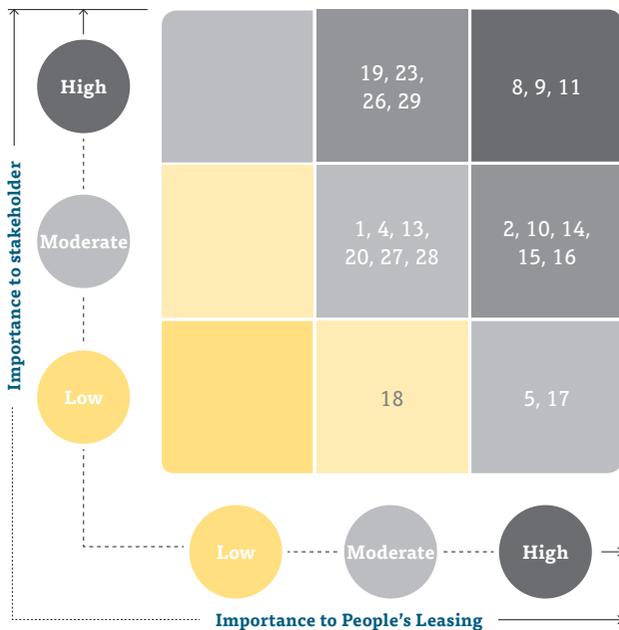
These trends were mapped as follows:

	Political	Economic	Social	Technological	Environment	Legal/ regulatory
Investors	9	3 11 12 13 14 16 21				20
Customers		1 8 10 15	7 22	5 18 19		
Employees			2 4 17	23		
Business partners		25				
Society			24 27			29
Environment					6 26 28	

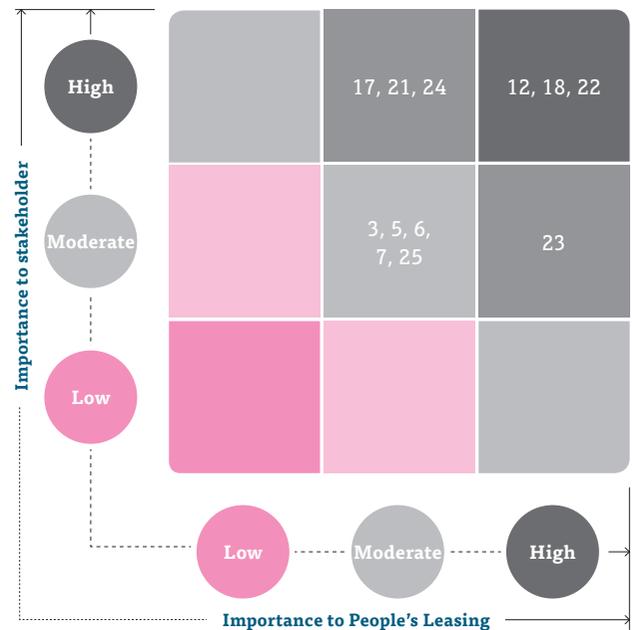
3 Relates to all stakeholders

The risks and opportunities arising from the trends were prioritised according to their relevance for our long-term strategy, competitive positions, and value drivers. After completing the analysis described previously, we mapped the above according to their impact on our stakeholders and the Company, categorising them as risks, opportunities or both, as portrayed in the matrices that follow.

Risks



Opportunities



We then formulated our strategic imperatives and strategies based on the outcomes of this analysis.