THE MOST PASSIONATE

Union Assurance is driven by the most passionate team who make it their mission to ensure that the Company remains at the forefront of the industry. Their dedication, expertise, and relentless commitment guide our entire operation with one purpose in mind: to provide the most meaningful and impactful protection to Sri Lankans across the island.

OPERATING ENVIRONMENT

In 2025, the life insurance industry continued its steady growth trajectory. Gross Written Premium (GWP) increased by 24%, reaching Rs. 227 Bn in 2025, up from Rs. 183 Bn in the corresponding period last year.

The Insurance Industry of Sri Lanka

The sector comprised 29 insurance companies at the end of Q4 of 2025, including 15 operating in the life insurance segment.

A closer look at prevailing market dynamics shows that the life insurance sector is experiencing strong and encouraging progress momentum that highlights the industry's increasing stability and potential for long-term expansion. This positive movement reflects a combination of rising consumer interest, gradual economic recovery, and a growing emphasis on financial protection solutions across the population. Together, these factors are helping shape a more mature and forward-looking insurance landscape in Sri Lanka.

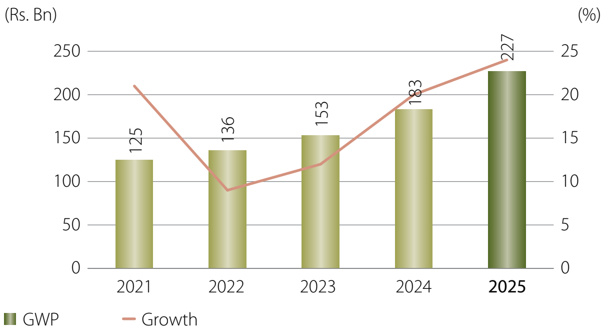
Emerging trends within the sector, such as the steady shift toward protection-led products, greater digital engagement, and enhanced customer service expectations continue to support broader growth ambitions. These developments offer a solid foundation for further innovation, improved operational resilience, and the introduction of more customer-centric solutions that meet evolving market needs. Regulatory reforms, demographic changes, and technological advancements are redefining the competitive landscape, prompting insurers to reassess product portfolios, strengthen distribution strategies, and enhance risk management frameworks. These external dynamics provide important guidance for future planning and decision-making.

15 Life insurance companies

1 Composite insurance company

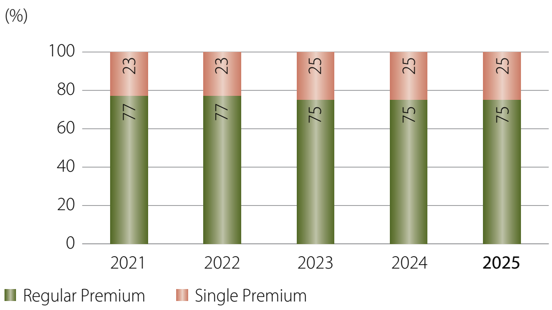
13 General insurance companies

Gross Written Premium (GWP)



(Source: Insurance Association of Sri Lanka)

Revenue Composition



Regular Premium: *First year premium and Renewal premium*
Single Premium: *Corporate and Single premium*

In 2025, the life insurance industry GWP increased by 24%, reaching Rs. 227 Bn, up from Rs. 183 Bn in 2024. Overall, the sector's upward trajectory with respect to the steady year-on-year growth rates brings both clarity and confidence as the industry looks ahead. With supportive market conditions, ongoing modernisation efforts, and a more informed customer base, the life insurance sector is well-positioned to sustain momentum and advance toward greater stability, and long-term value creation.

Life insurance industry continues to demonstrate a stable premium composition, with 75% of total premiums generated from regular premium policies and the remaining 25% from single premium products. This ratio has remained largely unchanged over the years, reflecting the sector's consistent business model. Regular premium business forms the backbone of long-term sustainability for life insurers. It creates a steady and predictable inflow of revenue, support persistency objectives, deliver higher profitability and strengthen the long-term liability profile of insurers. In contrast, single premium products, while contributing to short-term volume growth, do not offer the same long-term financial resilience.

Navigating the Macro Landscape

PESTEL Analysis

Positive Impact to UA   Negative impact to UA

P Political

Sri Lanka's political environment continues to be shaped by evolving governance priorities, which influence business decision-making. The government has advanced a series of IMF supported reforms aimed at strengthening fiscal stability, improving governance structures, and enhancing investor confidence. Key initiatives including debt restructuring measures, enhanced revenue generation efforts, and streamlined tax reforms are expected to support long-term macroeconomic recovery.

At the same time, regional geopolitical tensions present an additional layer of complexity. Disruptions affecting global shipping lanes and trade routes have heightened uncertainties for Sri Lanka's trade dependent economy. Sustaining investor confidence and accelerating long-term development will hinge on maintaining political stability, ensuring policy consistency, and effectively executing ongoing structural reforms.

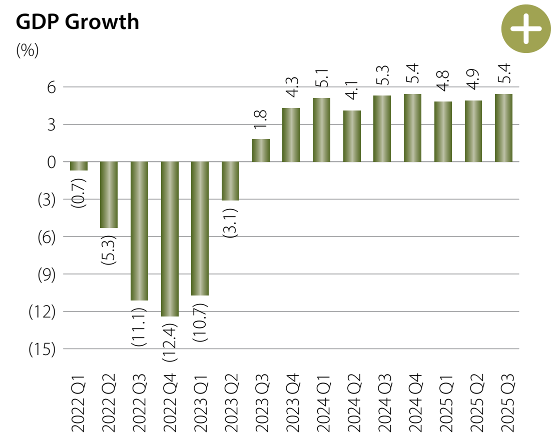
E Economic

Sri Lanka's Macroeconomic Factors

GDP Growth

Economic activity in Sri Lanka continued to strengthen in the third quarter of 2025, with real GDP expanding by 5.4%, slightly above the 5.3% growth recorded in Q3 2024. All major sectors contributed positively to this momentum, with industries growing by 8.1%, services by 3.5%, and agriculture by 3.6%. On a cumulative basis, the economy posted 5.0% growth during the first nine months of 2025, signalling a sustained recovery supported by the ongoing reform programme.

The services sector remained the primary driver of economic expansion, supported by the steady revival of tourism, the continued growth of financial services, and increasing activity in IT enabled services. This broad based performance reflects strengthening domestic demand, renewed investor confidence, and the favourable impact of structural reforms aimed at stabilising the macroeconomic environment and fostering sustainable long term development.



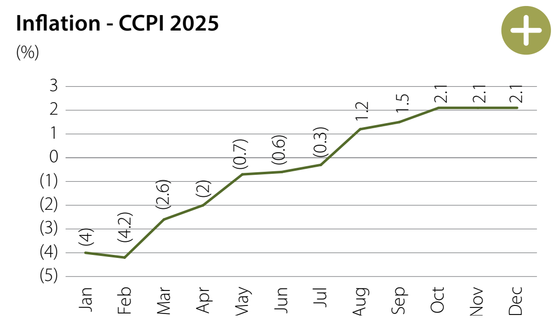
Source: Department of Census and Statistics

Impact on Us

Robust economic activity and rising disposable income levels stimulate greater demand for life insurance solutions. This environment supports the introduction of competitive and innovative product offerings, boosts policyholder confidence, and strengthens long term persistency. Collectively, these factors contribute to the Company's sustained business growth and reinforce its strategic positioning in an improving economic landscape.

Inflation

Headline inflation, based on the Colombo Consumer Price Index (CCPI, 2021 = 100), remained steady at 2.1% year-on-year in December 2025. This stability was largely driven by a favourable base effect, despite a noticeable month on month increase in prices stemming from the impact of Cyclone Ditwah.



Source: The Central Bank of Sri Lanka

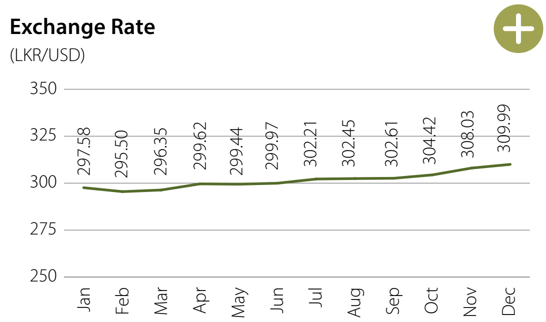
OPERATING ENVIRONMENT

Impact on Us

The continued moderation of inflation has strengthened consumer purchasing power, creating a more favourable environment for new insurance policy acquisitions and improved policy renewal rates.

Exchange Rate

The exchange rate remained relatively stable throughout the year, with a modest depreciation of 5.6% against the USD, closing at Rs. 309.99 by end of December 2025. This relative stability indicates reduced volatility in foreign exchange markets and supports the smooth functioning of trade flows.



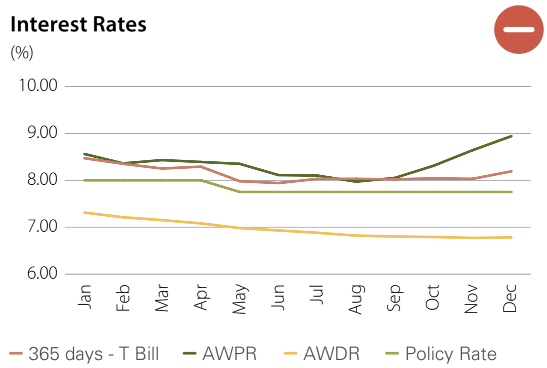
Source: The Central Bank of Sri Lanka

Impact on Us

This stability positions the Company favourably in managing foreign payment settlements, as it reduces volatility related risks and minimises the impact of exchange rate losses.

Interest Rates

During 2025, Sri Lanka's interest rate environment remained broadly accommodative, with Treasury bill yields and policy rates easing through most of the year in line with improving macroeconomic conditions. AWDR continued its gradual decline, reflecting abundant liquidity in the banking system, while AWPR experienced some volatility and increased towards the latter part of the year amid shifting credit dynamics. The sustained low interest rate conditions during most of the year provided a favourable backdrop for businesses, helping to lower financing costs, support capital investment, and strengthen overall operating stability.



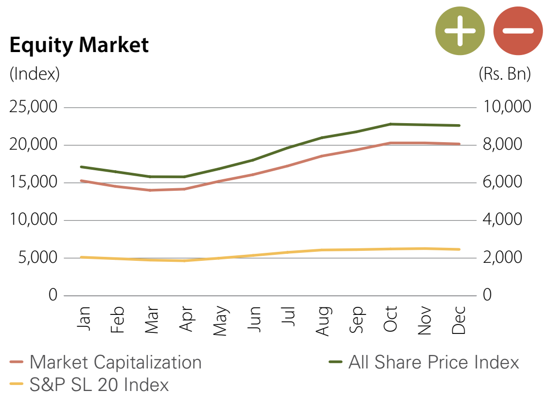
Source: The Central Bank of Sri Lanka

Impact on Us

The downward trend in short-term interest rates has resulted in lower reinvestment returns, as maturing assets are redeployed at reduced yields. Additionally, the decline in discount rates has increased the present value of future policyholder obligations, leading to higher liability reserving requirements for the Company.

Equity Market

By end-December 2025, the All-Share Price Index (ASPI) had surged by 42% year-to-date, closing at 22,624 points and delivering robust equity-market gains. This exceptional performance reflects renewed investor confidence driven by improving macroeconomic stability and declining interest rates. Strengthening market sentiment also points to potential medium-term capital appreciation, encouraging strategic allocations toward equities while maintaining prudent risk-management practices.



Source: Colombo Stock Exchange

Impact on Us

The strong performance of the equity market enhances the Company's ability to generate improved investment returns, supported by maintaining meaningful equity exposures within its long-term asset-allocation strategy, aligned with future policyholder obligations. As a result, favourable market movements contribute to higher realised/unrealised gains and reinforce overall profitability. The Company's exposure to equity markets is managed prudently, given the higher capital charges and potential solvency volatility associated with equity-linked investments under the risk-based capital framework.

Short-term	Medium-term	Long-term
Sri Lanka's economic environment in 2026 is expected to remain stable, supported by consistent monetary policy and improving domestic activity. The Central Bank is expected to maintain its policy rate near 7.75% through the first half of the year, with a slight upward bias toward year end as inflation stabilises and credit growth accelerates. Market lending rates which AWPLR is expected to remain broadly stable, with a marginal increase during the latter part of 2026, stabilising in the 9-10% range. GDP growth for 2025 is projected to reach approximately 5%, reflecting continued post crisis normalisation and stronger consumption. Growth is expected to moderate to 3–4% in 2026, underpinned by the services sector, tourism recovery, and improved domestic confidence. Private sector credit, which expanded steadily in 2025, is expected to continue growing in 2026, supported by favourable interest rates and gradually improving disposable incomes.	Over the medium term, Sri Lanka is expected to maintain a steady yet moderate growth trajectory, supported by ongoing structural reforms and continued policy alignment under the IMF-supported framework. A gradual recovery in domestic demand, together with improvements in the external sector, is likely to encourage stronger investment flows. Resilient inflows from tourism, worker remittances, and prospective foreign investments will strengthen the external position, enhance liquidity in the financial system, and support overall economic stability. These inflows will also reinforce lending capacity within the financial sector, helping sustain credit-driven economic expansion. For the life insurance sector, the medium-term outlook remains positive. Rising financial awareness, gradual improvements in household income, and increased credit activity are expected to drive demand for protection and long-term savings products, supporting continued industry growth.	Sri Lanka's longer-term outlook will depend on sustained fiscal consolidation, effective debt management, and continued progress in structural reforms. For the life insurance industry, long-term prospects remain favourable. Improved economic stability and heightened risk awareness particularly following 'Cyclone Ditwah' are expected to increase demand for insurance products. This event has also prompted many previously uninsured or underinsured individuals to seek coverage, creating sustained growth opportunities for the life insurance sector.

S Social

Sri Lanka's life insurance market is being reshaped by notable social developments. Demographic shifts, particularly the expanding ageing population, are driving increased demand for retirement-focused and health-linked life insurance solutions. At the same time, evolving lifestyles, rising health awareness, and changing consumer behaviour are creating the need for more flexible, personalised, and customer-centric policy offerings. Together, these trends are redefining expectations and influencing how insurers design and deliver their products and services.

T Technological

The increasing penetration of mobile devices and improved internet connectivity is expanding access to insurance services across Sri Lanka. At the same time, the rise in cybercrime has underscored the need for stronger digital security and data protection measures. The industry is also being transformed by the adoption of advanced technologies such as predictive analytics, artificial intelligence, machine learning, chatbots, and emerging InsurTech and FinTech solutions. These innovations are reshaping customer engagement, enhancing operational efficiency, and enabling insurers to deliver more seamless, data driven, and personalised experiences.

OPERATING ENVIRONMENT

E Environmental

Sri Lanka's life insurance sector is increasingly influenced by environmental pressures and climate related risks. A rise in natural hazards such as floods, landslides, and extreme weather events has intensified the demand for disaster related protection, including parametric insurance products. In parallel, insurers are integrating sustainability considerations into their operations and investment strategies by aligning with ESG principles. These efforts help mitigate climate risk exposure, strengthen long term portfolio resilience, and enhance brand credibility among environmentally conscious customers.

L Legal / Regulatory

Sri Lanka's insurance regulatory landscape continued to strengthen in 2025, driven by several new directions, circulars, and guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), alongside enhanced customer due diligence requirements introduced by the Central Bank of Sri Lanka. Compliance and governance expectations have become more rigorous, with tighter regulations relating to anti money laundering (AML), consumer protection, and personal data security. Collectively, these measures aim to enhance market transparency, safeguard policyholder interests, and reinforce the long term stability and integrity of the insurance sector.

New Regulatory Developments

Circulars Issued by IRCSL in 2025

- Enforcement Procedure for Non-Compliance with AML/CFT Obligations – Circular to Insurers and Insurance Brokers No. 02 of 2025

Directions Issued by IRCSL in 2025

- Direction on Needs Assessment and Customer Onboarding Process for Long-Term Insurance Business – No. 08 of 2025
- Direction on Improving the Confidence Level of Policyholders – No. 09 of 2025
- Direction on Insurance Product Information Document (IPID) – No. 05 of 2025

Guidelines Issued by IRCSL in 2025

- Guidelines on Market Conduct for Insurers – issued 02 October 2025
- Guidelines on Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) Programme for Insurance and Brokering Companies – issued 25 July 2025

Our competitive position

Porter's Five Forces Model

Threat of Substitute Products

The threat of substitutes is rising as non-insurance companies increasingly offer savings, annuity, and investment-linked solutions that compete directly with traditional life insurance products. Additionally, improved equity market performance is likely to encourage some customers to shift toward direct equity investments instead of long-term insurance-based savings plans.

Threat of New Entrants

The insurance sector remains difficult for new entrants due to high entry barriers, including a minimum capital requirement of Rs. 500 million, the technical complexity of underwriting and risk management, and the strong brand presence of established incumbents. These factors collectively limit the likelihood of significant new competition.

Bargaining Power of Suppliers

Suppliers including field staff, distribution partners, and reinsurance companies, can exert substantial influence through their expectations for incentive structures, reward systems, and partnership terms. Banks, in particular, leverage their strategic advantage to secure exclusive Bancassurance agreements, strengthening their negotiating power within distribution channels.

Bargaining Power of Buyers

Buyer power remains moderate given Sri Lanka's relatively low insurance penetration and limited purchase volume. Life insurance often requires proactive selling, as it is not typically a product that consumers seek out independently. This dynamic gives customers more leverage in product and pricing expectations.

Competitive Rivalry

Competitive rivalry is intense due to a high concentration of dominant players in the industry. This results in aggressive price competition and compressed margins. Additionally, frequent talent poaching increases operational challenges, while ongoing consolidation through mergers and acquisitions continues to reshape the competitive landscape.

Market Position

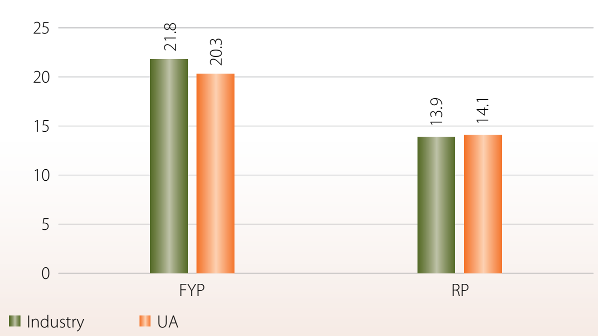
GWP Market Share

	2025	2024
UA	11.30%	11.80%
AIA	14.00%	12.90%
Ceylinco	19.50%	20.30%
SLIC	14.40%	14.40%
Softlogic	18.40%	17.20%

In line with our value-centric strategy, UA continued transitioning from a volume-driven growth model to one that prioritises sustainable, long-term value creation, even as the broader industry maintained a volume-oriented trajectory. Reflecting this disciplined approach, our single-premium business declined from 5% of total GWP in the prior year to 4% in 2025. While this recalibration supported our objective of strengthening the quality and sustainability of earnings, it also contributed to a modest year-on-year reduction in market share.

5 Year CAGR (2020-2025)

CAGR: Cumulative Annual Growth Rate



Over the past five years, Union Assurance has closely tracked the industry's FYP growth trajectory of 21.8%, delivering a CAGR of 20.3%. This consistent performance underscores the resilience of our business model and the strength of our persistency. Further demonstrating this stability, we surpassed the industry's renewal premium CAGR of 13.9% with a solid growth rate of 14.1%.

Industry Outlook

Short term	Medium term	Long term
Insurers are increasingly scaling up AI powered chatbots and strengthening cybersecurity frameworks. In addition, with the implementation of the SLFRS 17 accounting standard, the industry is expected to shift its strategic focus from premium growth volume to value based metrics, improving transparency and enhancing comparability across insurers.	Regulatory reforms and accelerated digital integration will enhance market stability by strengthening transparency, compliance, and risk management within the insurance sector. The growing emphasis on ESG principles will further encourage sustainable operational practices and long term resilience. These developments will also improve consumer protection through standardised processes, secure digital platforms, and more efficient claims handling.	Sri Lanka's insurance sector is poised to evolve into a sustainable, inclusive, and digitally advanced ecosystem aligned with global best practices. Emerging technologies such as Robotic Process Automation (RPA) will further support this transformation by enhancing service efficiency and enabling faster, more accurate claims processing. This progression will drive innovation, improve transparency, and strengthen the industry's competitiveness within the regional financial landscape.

OUR STRATEGY AND RESOURCE ALLOCATION

Strategy development at Union Assurance is a continuous discipline, guided by external market dynamics and internal organisational performance. It ensures that our long-term direction remains adaptive, resilient, and aligned with evolving opportunities.

To achieve this, we adopt proven analytical frameworks that provide structure and rigour to our planning.

SWOT Analysis

Each year, we conduct a comprehensive SWOT analysis to evaluate internal strengths and weaknesses against external opportunities and threats. This process delivers a holistic view of the strategic landscape, enabling us to identify competitive advantages, anticipate risks, and prioritise initiatives that drive sustainable growth.

Strengths

Strong financial performance with solvency headroom ensuring stability.

Customer-centric value delivery through industry-leading policyholder dividends and efficient claim settlements.

Digital and process excellence as key differentiators driving acquisition, servicing, and trust.

Robust shareholder confidence supported by strong governance and strategic oversight.

Strong Banca platform to drive long-term growth.

Weaknesses

High sensitivity to Interest-rate volatility.

New agent retention.

Surrenders and lapses of policies in selected markets.

Threats

Intensifying market competition on price, service quality, and speed of delivery.

Profitability pressures from rising claims costs and increasing reinsurance expenses.

Heightened consumer price sensitivity leading to greater lapse and surrender risk.

Operational strain from growing compliance and accounting requirements impacting cost efficiency.

Opportunities

Low insurance penetration and accelerating post-crisis recovery creating growth opportunities.

Interest rate cuts and credit market recovery supporting demand.

Leveraging advance digital capabilities to scale and integrate with partner ecosystems.

Potential to grow through affinity partnerships and enhanced Bancassurance productivity.

PESTEL Analysis / Porter's Five Forces → SWOT Analysis → Strategy Formulation

Strategy for 2025

We are embarking on a bold strategic transformation, shifting our focus from a **volume-centric** model to a **value-driven** proposition. This evolution ensures sustainable value creation across all stakeholders:

- **Policyholders** – enhanced claim efficiency and consistent dividends
- **Shareholders** – stronger surplus generation and reliable dividend streams
- **Distributors** – greater rewards, recognition, and incentive structures
- **Employees** – a differentiated employee value proposition that fosters growth and engagement

Strategic Pillars

Our transformation is anchored on five core pillars designed to deliver enduring impact:

Sales Channel Optimisation	Operational Transformation	People First	Purpose-Driven Brand	Value-Accretive Products
Strengthening distribution networks, leveraging digital platforms, and maximising reach with efficiency	Driving process excellence, automation, and cost discipline to enhance agility and scalability	Cultivating a culture of empowerment, inclusion, and continuous learning to unlock human potential	Building trust and relevance by aligning our brand with societal impact and customer-centric values	Innovating solutions that deliver superior benefits, tailored experiences, and long-term financial security and protection

Sales Channel Optimisation

Value creation activities during the year

- Introduced LIMRA persistency-driven incentives to strengthen long-term business value.
- Entered into an exclusive partnership with Sampath Bank PLC in January 2025, expanding the Bancassurance footprint.
- Increased branch presence to enhance customer reach.
- Leveraged analytics to accelerate both new and renewal business growth.
- Achieved end-to-end digitisation of Bancassurance lead management, winning the JKH Chairperson's Award for Sri Lanka's first core banking integration with Sampath Bank PLC.
- Introduced the industry's first Advisor Welfare Scheme to support and empower advisors.
- Set a new benchmark by fully digitising the Advisor Life Cycle Management process, transforming onboarding and self-service into a seamless digital experience.

OUR STRATEGY AND RESOURCE ALLOCATION

Key challenges in 2025

- Limited public understanding of insurance and its financial benefits.
- High turnover among Insurance agents remains a pressing concern.
- Reduction in reinvestment rates reducing upside of insurance products against competing products.
- Instances of mis-selling by sales agents undermine customer trust and long-term sustainability.
- Managing lapses and surrenders remains critical to ensuring persistency and protecting long term value creation.

Progress for the year

26% ANBP growth

86% Exclusive branch access

12% LIMRA 13 month persistency growth

Resources allocated

Rs. 4.8 Bn incentives and commissions paid to the sales force

Rs. 48 Mn was invested in sales staff training

Rs. 160 Mn + investment in the branch network

Future focus

Short-term	Medium-term	Long-term
Bring quality sales recruitments Sales force skill development	Expand product suite Digital capability enhancement	Leverage current and future Banca partnerships to expand segments and drive growth

Operational Transformation

Value creation activities during the year

- Expanded our industry-first e-MER initiative through Digital Lab integrations with Medihelp Hospitals, extending access across Sri Lanka's private healthcare network. This innovation streamlines policy issuance, cutting processing time dramatically while automating financial and medical underwriting to boost efficiency, accuracy, and speed.
- Implemented Intelligent IVR to reduce 10% of standard call inquiries increasing positive customer experience.

Key challenges in 2025

- Escalating healthcare costs continue to put pressure on underwriting margins, impacting profitability.
- Life insurance relies heavily on external data sources such as hospitals, labs, and government or financial institutions. However, manual data sharing creates a major challenge for digitisation, making it difficult to ensure clean, consistent, and accessible data for analytics and automation.
- Implementing AI, automation, and cloud solutions requires substantial upfront investment, with ROI often delayed, making cost justification challenging.
- Significant expenses associated with specialist claims, such as surgeon fees, add further strain on cost management.
- Limited technological adaptability among policyholders in remote regions persists due to poor connectivity and restricted access to digital devices, despite higher internet and smartphone penetration in urban areas.

Progress for the year

5% Improvement in non-medical STP rate

74% Bottom-up NPS score

Resources allocated

Rs. 75 Mn
invested in efficiency improvements in underwriting and claims efficiency

Future focus

Short-term	Medium-term	Long-term
Digital lab integration and e-MER for efficiency improvement	Use of data analytics to drive efficiency and accuracy Leverage cutting-edge technologies to improve efficiency and customer experience	Employ Artificial Intelligence (AI) and Robotic Process Automation (RPA) for policy issuance and claims processing

People First

Value creation activities during the year

- "Grow Beyond Limits" to build a dynamic, future-ready workforce. EVP aligns with our corporate strategy to attract, develop, and retain top talent, positioning the Company as an employer of choice.
- Monthly well-being and engagement programmes supporting both physical and mental health.
- Employee Pulse Survey introduced to capture feedback and drive continuous improvement.
- Focused on talent attraction and retention aligned with organisational strategy and long term goals.

Key challenges in 2025

- High sales staff attrition with industry competitiveness
- Talent retention in critical roles
- Skills gap in emerging technologies
- Increased demand for hybrid work flexibility

Progress for the year

6%
YoY improvement in talent retention

27
Staff NPS score

Resources allocated

2,368 Hrs
on leadership and management training programmes

20%
YoY increase in remuneration and other benefits

Future focus

Short-term	Medium-term	Long-term
Strengthen talent acquisition and engagement	Inculcate a capability-building culture, and performance Structured tier based leadership development and succession planning	Establish strategic workforce planning and future readiness Predictive analytics implementation for employee retention

OUR STRATEGY AND RESOURCE ALLOCATION

Purpose Driven Brand

Value creation activities during the year

- Ranked among the Top 50 Most Valuable Brands in Sri Lanka by Brand Finance.
- Awarded Gold at Dragons of Sri Lanka 2025.
- Became the first insurance brand to earn the YouTube Silver Play Button.
- Suwamaga programme screened over 23,000 lives for diabetes, achieving 155% of its impact goal.
- Launched programmes to enrich physical and mental health, strengthening social capital.

Key challenges in 2025

- Strict regulations governing life insurance advertising and branding are essential to safeguard customers against mis-selling and misinformation, but also create complexity in campaign execution.
- Escalation in outdoor advertising expenses due to new taxes imposed by local government authorities, adding pressure on marketing budgets.

Progress for the year

75%
YoY increase in Brand consideration

96%
YoY increase in social media reach

Resources allocated

Rs. 5 Mn
for digital loyalty rewards programme

Future focus

Short-term	Medium-term	Long-term
Drive and position brand consideration and top of mind awareness above competition		

Value Accredited Products

Value creation activities during the year

- Launched Union Assurance FlexLife – a new UA product, marking a strategic milestone in delivering modern life insurance solutions with comprehensive coverage, customisable options, and innovative features. It aligns with the Company's roadmap focused on long-term value creation, high personalisation, and agile service delivery.
- Enhanced protection through a comprehensive riders portfolio.
- Optimised product mix to balance profitability and long term stability, ensuring strong customer value.

Key challenges in 2025

- Escalating expenses continue to pressure product margins and overall profitability, requiring disciplined cost management.
- Designing solutions that stand out in the market while remaining competitive is critical to sustaining growth and customer appeal.
- Evolving regulatory requirements and the effects of personal tax reforms on customer purchasing power have increased the complexity of pricing processes. Despite aggressive market competition, these challenges were successfully addressed through robust actuarial models, disciplined risk management, and innovative product strategies, ensuring sustainable growth and value delivery.

Progress for the year

Enhanced Product Margins – Achieved through strategic repricing of riders, strengthening profitability and long term sustainability.

Resources allocated

N/A

Future focus

Short-term	Medium-term	Long-term
Enhance business quality through need-based selling, driving improved persistency and customer satisfaction.	Strengthen product analytics capabilities to better address diverse customer needs in an emerging economy.	Collaborate with industry bodies and regulators to shape favourable frameworks that enable innovative and customer-centric product offerings.
Diversify sales channels to reach and engage different market segments for sustainable growth effectively.	Accelerate digital transformation to optimise operational costs and enhance efficiency to be price competitive in the market.	Develop long-term investment strategies aligned with ESG principles to deliver sustainable and stable returns.
		Design products that reflect societal trends and drive life insurance penetration toward globally accepted benchmarks.

ECONOMIC VALUE ADDED

GRI 201-1 a

Economic Value-Added Statement (EVA) LA

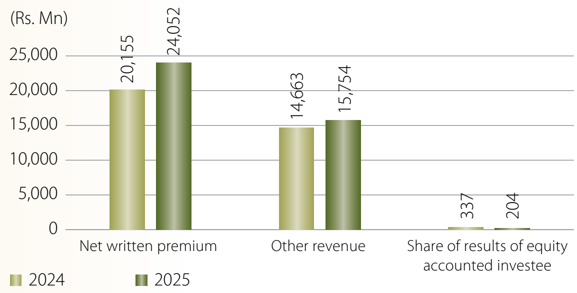
This reflects how we generated value and distributed it among stakeholders within the value chain.

Economic Value Generated
Rs. 40,009 Mn
2024 – Rs. 35,156 Mn

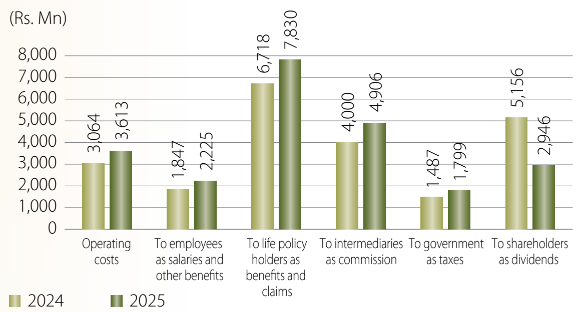
Economic Value Distributed
Rs. 23,319 Mn
2024 – Rs. 22,272 Mn

Economic Value Retained
Rs. 16,690 Mn
2024 – Rs. 12,884 Mn

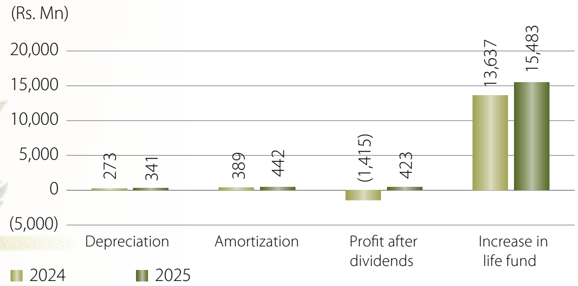
Economic Value Generated



Economic Value Distributed



Economic Value Retained



Market Value Added Statement (MVA)

This demonstrates the Company's ability to enhance shareholder value over time, driven by effective management practices and robust operational capabilities.

Market Value of Equity
Rs. 45,552 Mn
2024 – Rs. 36,477 Mn

Shareholders' Fund
Rs. 23,373 Mn
2024 – Rs. 23,668 Mn

Market Value Added
Rs. 22,179 Mn
2024 – Rs. 12,809 Mn

STAKEHOLDER ENGAGEMENT

Stakeholder relationships are the bedrock of our long-standing presence in the insurance sector. We proactively engage our partners to identify and address material concerns, particularly in today's rapidly evolving environment. This strong engagement process is fundamental to our value creation and has been key to our successful navigation over the years.

Structure of Stakeholder Engagement

We follow a structured seven-step process that ensures full transparency and accountability. To deepen stakeholder connections, we continually assess and refine our engagement methods to align with the evolving communication landscape.

Stakeholder Engagement

1. Systematically identify and map stakeholders who are directly or indirectly impacted by our operations.
2. Design appropriate engagement approaches and tools tailored to stakeholder groups, ensuring inclusivity and relevance.
3. Execute structured and transparent stakeholder engagement activities to gather meaningful inputs.

Data Analysis and Materiality Assessment

4. Review, analyse, and synthesise insights obtained from stakeholder engagements.
5. Assess and rank issues based on their significance, level of stakeholder concern, and potential impact on the organisation.

Action Development

6. Develop targeted, measurable action plans to address prioritised material issues.
7. Provide stakeholders with timely updates on actions taken, progress achieved, and outcomes, reinforcing accountability and trust.

STAKEHOLDER ENGAGEMENT

Stakeholder Mapping

Our stakeholder engagement strategy begins by mapping stakeholders according to the extent to which they are affected by our operations; this crucial assessment determines the required engagement level and the appropriate, customised methods for each group. This mapping process, which also prioritises stakeholders based on their interest and influence, underpins our entire engagement approach and mechanisms. Ultimately, this strategic prioritisation supports the development of tailored, interactive communication mechanisms for each group.

Frequency of engagement	N As necessary	R Regularly	A Annually	Q Quarterly
Impact on stakeholder	Low	Medium	High	
Level of engagement	Low	Medium	High	

Customers

Our long-term success is fuelled by a loyal customer base. Their insights are the primary drivers of our innovation and sustainability efforts, directly enhancing our brand.

Level of engagement

Impact on stakeholder

Methods of engagement

- Island-wide branch network — N
- Customer surveys — N
- Advertising campaigns — R
- Customer communication / social media / corporate website — R
- Customer research — N
- Complaint management — R
- Clicklife portal for digitised transactions — N
- Call centre — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Health & Safety of Customers
- Transparent and Fair Advice to Customers
- Customer Privacy
- Environmental Risk Exposure
- Channel Partnerships
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Customer-centric product design aligned with evolving needs and market expectations
- Affordable and accessible services that promote inclusivity and ease of use
- Timely and reliable settlement of claims, reinforcing trust and confidence
- Consistently high-quality service delivery across all customer touchpoints
- A digitally enabled and automated service environment that enhances efficiency and customer experience

Our strategic response/value proposition

- Tailored product solutions
- Exceptional service delivery
- Seamless digital customer experience
- Fair pricing
- Enhancing service quality through customer feedback

Value created

Flexlife
New product

94%
One day claims settlement ratio

95
Branches for better accessibility

Attractive policyholder dividend

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Operational Transformation	3, 12
Social & Relationship Capital	Purpose-Driven Brand	
	Value-Accretive Products	

STAKEHOLDER ENGAGEMENT

Employees

Our employees are our definitive advantage. We cultivate a culture of well-being, empowerment, and transparent communication, directly enabling our teams to drive performance and ensure sustained organisational success.

Level of engagement	
Impact on stakeholder	

Methods of engagement

Training programmes	N
Corporate communications	N
Performance appraisals	A
Employee surveys	A
HR portal for all HR-related matters	R
Company townhall meetings	A

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Retention, Training and Development
- Employee Diversity, Equal Opportunity & Non-Discrimination
- Environmental Risk Exposure
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Competitive compensation and benefits
- Structured rewards and recognition programmes
- Support for work–life balance, promoting employee well-being and productivity
- Clear opportunities for career growth and development
- Open, transparent, and two-way communication that fosters trust and engagement
- Ongoing digital transformation to enable efficient workflows, innovation, and a modern employee experience

Our strategic response/value proposition

- Future-proofing roles
- Fair and competitive remuneration aligned with industry standards and market expectations
- Attractive rewards
- Fair and transparent performance appraisals
- Providing flexible and remote working arrangements
- Providing opportunities for career growth
- Programmes to encourage DE&I

Value created

10%
of our workforce advanced in their careers

Rs. 2.2 Bn
Benefits to employees

48:52
Male:Female

21 hours
Training per employee

Link to Capitals	Link to Strategy	Relevant SDGs
Human Capital	Operational Transformation	1, 5, 8, 10, 11
Intellectual Capital	People First	

Investors

"Investor relationships are critical. Our dedication to proactive engagement and open communication directly fosters long-term trust, ensuring superior corporate governance for sustained success."

Level of engagement	
Impact on stakeholder	

Methods of engagement

Annual General Meeting	A
Annual report	A
Interim financial statements	Q
Corporate website	N
CSE announcements	N
Media releases/ publications	N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Channel Partnerships
- Systemic Risk Management
- ESG Focused Investments
- Stakeholder Relationship Management

Key concerns raised

- Delivering sustainable, long-term returns
- Maintaining financial resilience amid macroeconomic volatility and market uncertainty
- Demonstrating strong financial performance and a robust financial position
- Committing to transparent, timely, and accurate financial reporting
- Adhering to sound corporate governance principles, supported by effective risk management and internal controls

Our strategic response/value proposition

- Prudent financial management to support stability and resilience
- Strong and effective corporate governance framework
- Open, transparent, and consistent communication with investors
- Focus on long-term, sustainable value creation for stakeholders
- Enhanced risk assessment and robust risk mitigation strategies

Value created

Rs. 5.00
DPS

14%
ROE

Rs. 3.4 Bn
PAT

Rs. 45.6 Bn
Market capitalisation

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Operational Transformation	8

STAKEHOLDER ENGAGEMENT

Suppliers and Business Partners

We support our value chain through strategic, trustworthy partnerships. Our sound risk management practices, encompassing rigorous due diligence, thorough onboarding, and continuous communication ensure operational reliability.

Level of engagement

Impact on stakeholder

Methods of engagement

- Supplier relationship management — R
- Maintain service level agreements — R
- ESG screening process — N
- Formal interactions — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Channel Partnerships
- Reinsurance Partners
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Timely and accurate settlement of payments
- Robust data privacy and protection measures to safeguard sensitive and personal information
- Fair, transparent and ethical practices across all processes and decision-making

Our strategic response/value proposition

- Building sustainable, long-term supplier partnerships
- On-time payment settlement
- Establishing clear and effective communication channels

Value created

Rs. 6.9 Bn
Payments to suppliers

84%
Local supplier payments

16%
Foreign supplier payments

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Sales Channel Optimisation	8, 9, 10, 11, 12
Social & Relationship Capital	Operational Transformation	
	People First	

Communities

We engage regularly with our community partners to collaboratively develop, implement, and rigorously evaluate impactful interventions. This strategic approach ensures effective resource allocation, allowing us to maximise our positive contribution to the community.

Level of engagement

Impact on stakeholder

Methods of engagement

Method	
CSR projects	N
Press releases	N
Public events	N
Community forums	N
Corporate website and social media	R

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Stakeholder Relationship Management

Key concerns raised

- Access to employment opportunities
- Implementation of sustainable, environmentally friendly initiatives
- Responsible, ethical, and transparent business conduct
- Expectation of meaningful community development activities
- Protection of data privacy and personal information

Our strategic response/value proposition

- Creating employment opportunities
- Commitment to responsible, ethical, and transparent practices
- Implementing flagship CSR initiatives across the island

Value created

Rs. 39 Mn
Investment in CSR

2,103 Kg
Paper recycled

1,700 m³
Water treated

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital Social & Relationship Capital Natural Capital	Value-Accretive Products	1, 2, 3, 5, 10, 11, 13, 16

STAKEHOLDER ENGAGEMENT

Regulators

We maintain proactive engagement with regulatory bodies, not only to ensure compliance but also to influence policy. By providing expert feedback, seeking clarification, and actively participating in policy discussions at national and international levels, we contribute to a robust and effective framework.

Level of engagement	
Impact on stakeholder	

Methods of engagement

- Periodic submission of information — A, Q, N
- One-to-one discussion — N
- On-site surveillance — R
- Circulars, directions and press releases — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Systemic Risk Management
- Stakeholder Relationship Management

Key concerns raised

- Demonstrating comprehensive compliance through a strong command of applicable regulations
- Maintaining a clear commitment to responsible and transparent tax practices
- Prioritising fairness and integrity in all customer interactions
- Upholding the highest standards of ethical and accountable business conduct

Our strategic response/value proposition

- Maintain a clear compliance framework with mapped obligations, controls, and owners.
- Active collaboration with industry and regulatory authorities
- Timely submission of information
- Reliable and timely adherence to tax obligations
- Outstanding corporate governance standards

Value created

Rs. 1.8 Bn
Payment of taxes

215%
CAR

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital Human Capital Social & Relationship Capital Intellectual Capital Natural Capital	Value-Accretive Products	8, 13, 16

MATERIALITY

We consider matters with significant economic, environmental, and social considerations, as our material issues. Our annual assessment verifies their relevance, ensuring these critical matters correctly shape our strategic priorities and reporting disclosures.

Materiality assessment process

Materiality assessment

Identify

Identify material matters using:

- Strategic analysis tools (PESTEL analysis, SWOT Analysis, and Porter's Five Forces)

Refer Operating Environment on page 58

- Stakeholder feedback from stakeholder engagement activities
- Internal dialogue including management meetings and focus group discussions

Prioritise

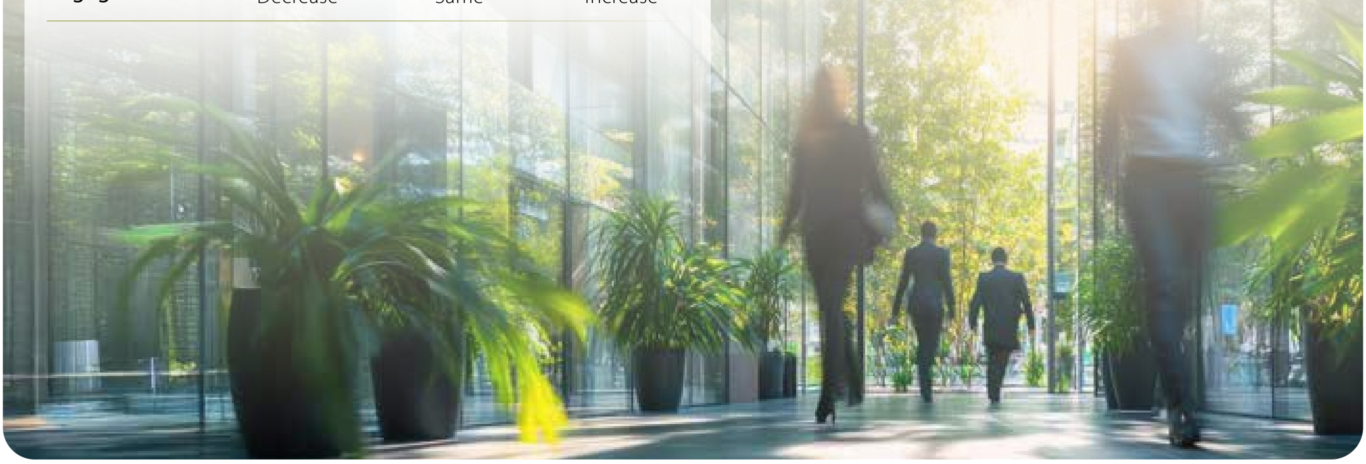
- Prioritise material topics based on actual and potential impacts on the economy, environment, and people.
- Consider scope and significance of the impacts across our activities and business relationships

Integrate

- Based on the Board/ management discussions comprehensive strategies are developed to effectively address the prioritised material matters

Material Matters of 2025

Level of materiality	Low	Medium	High
Level of engagement	Decrease	Same	Increase

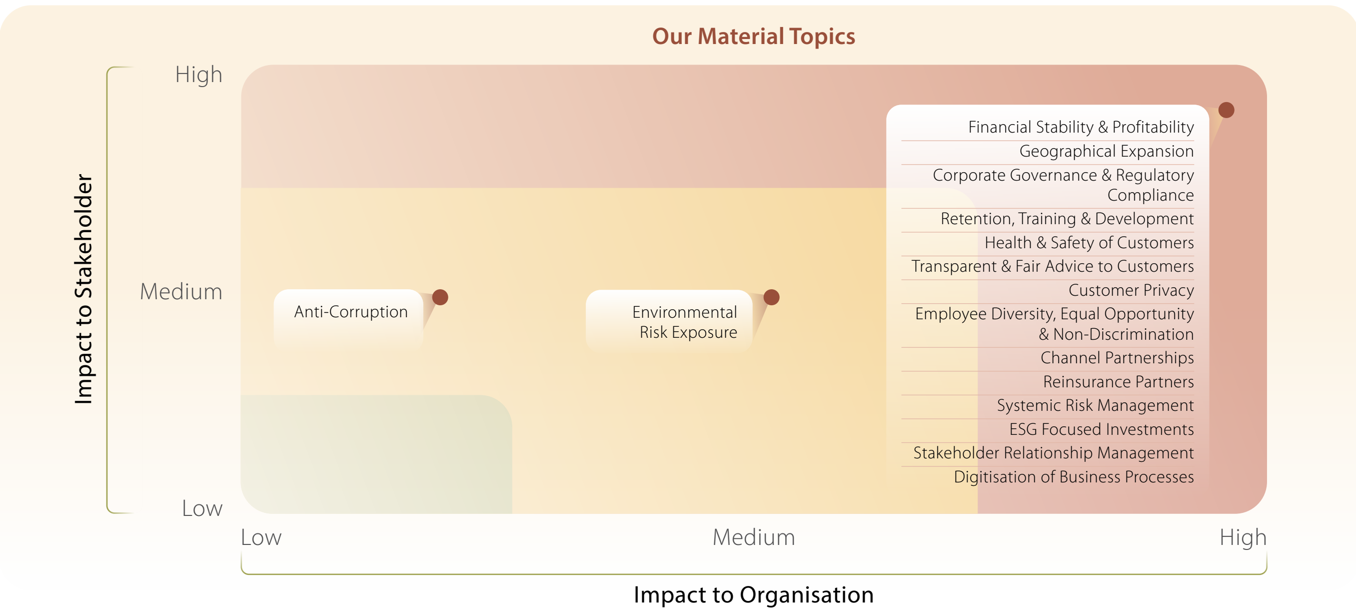


MATERIALITY

	No.	Material topic	Level of materiality 2024		Level of materiality 2025		YoY Change in materiality (2024-2025)		Relevant SDG	Link to the capital	Relevant stakeholders	Relevant GRI/SASB disclosures	Management of material topic
			To UA	To Stakeholders	To UA	To Stakeholders	To UA	To Stakeholders					
Environmental	1	Environmental Risk Exposure	-	-	◆	◆	New topic		13		All stakeholder	FN-IN-450a.3	Natural Capital Refer to page 118 Sustainability Disclosure Refer to page 27 Risk Management Refer to page 40
Environmental	2	ESG Focused Investments	-	-	◆	◆	New topic		13				
Social	3	Retention, Training and Development	◆	◆	◆	◆	▬	▬	8, 10		Employees	GRI 404	Human Capital Refer to page 102
Social	4	Health & Safety of Customers	◆	◆	◆	◆	▬	▬	3		Customers	GRI 416	Social and Relationship Capital Refer to page 126
Social	5	Transparent and Fair Advice to Customers	◆	◆	◆	◆	▬	▬	12		Customers	GRI 417	Social and Relationship Capital Refer to page 126
Social	6	Customer Privacy	◆	◆	◆	◆	▬	▬	12		Customers	GRI 418	Social and Relationship Capital Refer to page 126
Social	7	Employee Diversity, Equal Opportunity & Non-Discrimination	◆	◆	◆	◆	▬	▬	5, 10		Employees	GRI 405	Human Capital Refer to page 102
Social	8	Channel Partnerships	◆	◆	◆	◆	▬	▬	17		Customers, Employees, Investors, Suppliers & Business Partners		Human Capital Refer to page 102 Social and Relationship Capital Refer to page 126
Social	9	Reinsurance Partners	◆	◆	◆	◆	▬	▬	17		Suppliers & Business Partners		Social and Relationship Capital Refer to page 126
Social	10	Stakeholder Relationship Management	-	-	◆	◆	New topic		12, 17		All stakeholders		Human Capital Refer to page 126 Social and Relationship Capital Refer to page 126

	No.	Material topic	Level of materiality 2024		Level of materiality 2025		YoY Change in materiality (2024-2025)		Relevant SDG	Link to the capital	Relevant stakeholders	Relevant GRI/SASB disclosures	Management of material topic
			To UA	To Stakeholders	To UA	To Stakeholders	To UA	To Stakeholders					
Governance	11	Corporate Governance & Regulatory Compliance	◆	◆	◆	◆	▬	▬	12	-	All stakeholders		Corporate Governance Refer to page 154
Governance	12	Anti-Corruption	◆	◆	◆	◆	▬	▬	8	-	All stakeholders	GRI 205	Corporate Governance Refer to page 154
Economic	13	Financial Stability & Profitability	◆	◆	◆	◆	▬	▬	8, 12		All stakeholders	GRI 201	Financial Capital Refer to page 78
Economic	14	Systemic Risk Management	◆	◆	◆	◆	▬	▬	11	-	All stakeholders	FN-IN-550a.3	Risk Management Refer to page 226
	15	Digitisation of Business Processes	-	-	◆	◆	New topic		9		Customers, Employees, Suppliers & Business Partners		Intellectual Capital Refer to page 142
	16	Geographic Expansion	◆	◆	◆	◆	↑	▬	9		Customers, Investors, Employees, Community, Suppliers & Business Partners		Manufactured Capital Refer to page 96

Materiality Matrix



VALUE DELIVERED

Financial Highlights

Value Unlock	Unit	2025	2024	YOY change	2023
Finance Capital					
Financial Performance Ratios					
Annualised new business premium	Rs. Mn	10,082	8,015	26%	7,560
Gross written premium (GWP)	Rs. Mn	25,750	21,647	19%	18,867
Re-insurance premium	Rs. Mn	1,698	1,492	14%	1,033
Net written premium (NWP)	Rs. Mn	24,052	20,155	19%	17,834
Cession ratio	%	6.6	6.9	-4%	5.5
Operating profit	Rs. Mn	4,965	4,891	2%	4,944
Operating profit margin	%	19	23	-15%	26
Earnings before interest, tax ,depreciation & amortisation	Rs. Mn	5,952	5,890	1%	5,799
Profit before tax	Rs. Mn	5,169	5,228	-1%	5,256
Income tax expense	Rs. Mn	1,799	1,487	21%	1,497
Net profit after tax	Rs. Mn	3,370	3,741	-10%	3,758
Surplus from life insurance business	Rs. Mn	3,400	3,000	13%	2,800
Retained earnings	Rs. Mn	12,823	12,398	3%	13,805
Premium growth ratio	%	19	15	29%	13
Investment and other income					
Life	Rs. Mn	14,198	12,799	11%	10,022
Shareholder	Rs. Mn	1,556	1,864	-17%	2,102
Expense Ratios					
Acquisition cost	Rs. Mn	4,906	4,000	23%	3,544
Acquisition cost as a % GWP	%	19	19	3%	19
Net claims and benefits	Rs. Mn	7,830	6,718	17%	6,718
Net claims and benefits as a % of NWP	%	33	33	-2%	38
Total operating, administrative and selling expenses	Rs. Mn	5,838	4,910	19%	4,377
Total expense as a % of GWP	%	23	23	0%	23
Financial Position					
Total assets	Rs. Mn	127,249	109,459	16%	95,670
Total equity	Rs. Mn	23,373	23,668	-1%	24,161
Assets under management	Rs. Mn	108,253	95,567	13%	83,420
Life Fund	Rs. Mn	92,807	77,514	20%	64,130
Regulatory Ratios / Position					
Capital adequacy ratio (CAR) (Minimum requirement 120%)	%	215	264	-19%	291
Determination 1 – admissible assets over liabilities (Minimum requirement 100%)	Rs. Mn	15,290	14,131	8%	9,939
Investment in government securities (Minimum 30%)	%	87	87	0%	77
Liquidity Position					
Cash generated from operating activities	Rs. Mn	16,890	15,265	11%	11,805
Investment yield					
Investment yield	%	16	17	-6%	18
Share Information					
Market capitalisation	Rs. Mn	45,552	36,477	25%	23,689
Market value per share - As at end of the year	Rs.	77.3	61.9	25%	40.2

Value Unlock	Unit	2025	2024	YOY change	2023
Investor Ratios					
Dividend per share	Rs.	**5.00**	5.00	0%	8.75
Dividend yield	%	**6**	8	-19%	22
Net asset per share	Rs.	**39.66**	40.16	-1%	41.00
Earnings per share	Rs.	**5.72**	6.35	-10%	6.38
Return on assets (ROA)	%	**2.65**	3.42	-23%	3.93
Return on equity (ROE)	%	**14**	16	-8%	20
Price earning ratio	Times	**13.52**	9.75	39%	6.30
Total shareholder return	%	**33**	66	-50%	75
Price to book ratio	Times	**1.95**	1.54	27%	0.98

Non Financial Highlights

Value Unlock	Unit	2025	2024	YOY change	2023	GRI
Social & Relationship Capital						
One day claims settlement ratio	%	**94**	93	1%	94	
Complaints resolution rate	%	**87**	84	4%	89	
New suppliers screened using human rights criteria	%	**100**	100	0%	100	414-1
Invested in CSR initiatives	Rs. Mn	**39**	24	63%	10	413-1
Manufactured Capital						
Total no. of branches in branch network	No	**95**	94	1%	85	
Investment in property plant & equipment	Rs. Mn	**339**	132	157%	67	
Human Capital						
Permanent cadre	No	**676**	666	2%	675	2-8
Fixed term contract	No	**145**	71	104%	105	2-8
New Recruitments	No	**341**	262	30%	277	401-1
Diversity & inclusion levels	Ratio (Male: Female)	**48:52**	49:51	-2%	49:51	405-1
Social welfare cost per employee	Rs.	**48,023**	32,440	48%	12,767	
Revenue per employee	Rs.Mn	**31.36**	29.37	7%	24.19	
Contribution to defined benefit plan	Rs.Mn	**284**	230	24%	191	201-3
Employee attrition - Non IRO	%	**19**	24	-19%	28	401-1
Training hours	Hrs	**16,900**	19,044	-11%	18,278	404-1
Natural Capital						
Energy consumption	GJ	**7,180**	6,264	15%	5,703	302-1
Water consumption	ML	**18.57**	17.92	4%	17.32	303-5
Solid waste disposal	t	**3.23**	1.56	107%	2.30	306-3
Bottled water consumption	m^3	**341.50**	323.06	6%	309.54	303-5
Water treatment	ML	**1.70**	1.63	4%	2.85	303-4
Paper recycled	t	**2.10**	2.38	-12%	6.26	306-2
Fuel consumption	GJ	**1,014**	741	37%	660	302-1
GHG emission	tCO_2e	**1,858.72**	1,639.69	13%	966.50	305-5
Intellectual Capital						
Power BI dashboards	No	**170+**	120+		110+	
Clicklife App downloads	No	**20,000+**	20,000+		16,000+	

FINANCIAL CAPITAL

OUR FINANCIAL STRENGTH: POWERING LONG-TERM SUCCESS

"Financial capital forms the foundation of our operations and future growth. It enables us to invest with confidence, pursue strategic priorities, and sustain long-term value creation. The effective management of these resources is essential to maintaining financial resilience, delivering meaningful returns, and upholding the trust of our stakeholders, each of which is central to our continued success."

Rs. 25,750 Mn
GWP
(2024: Rs. 21,647 Mn)

Rs. 3,400 Mn
Surplus from Life Insurance Fund
(2024: Rs. 3,000 Mn)

Rs. 108.3 Bn
Assets Under Management
(2024: Rs. 95.6 Bn)

Rs. 92.8 Bn
Life Fund
(2024: Rs. 77.5 Bn)

Key Highlights

SDGs Impacted

- Despite the new business strain from new partnership business volumes, policyholder surplus increased by double digits, supported by substantial cost efficiencies, and sustained operational improvements. (SDG 8)
- Divested the 22% stake in Fairfirst as part of strategic reallocation of capital to support long term growth priorities. (SDG 17)
- Made significant financial investments in sustainability initiatives and clean energy consumption to strengthen the organisation's environmental footprint (SDG 7, SDG 13)
- Declared the first and final dividend for the year 2025, amounting to Rs. 2,946 Mn. (SDG 8)

Value Creation Process

Inputs

- Financial capital from shareholders
- New business premiums
- Funds under management
- Earnings retained after dividend distribution

Value Creation

- Investment management
- Sales management
- Budgetary control, expense optimisation
- Cash flow, solvency, and liquidity management
- Sound risk management,
- Compliance Framework, and Internal policies and procedures

Outputs

- 19% increase in GWP
- 13% increase in surplus
- 20% increase in Life fund
- 13% increase in Assets Under Management (AUM)

Outcomes

- GWP growth
- Stable Capital Adequacy Ratio
- Returns to shareholders and policyholders

Focus Area	KPI	GRI
Drive sustainable new business growth Refer page 59	**27%** growth in first year premium	-
Maintain high-quality business Refer page 59	**17%** Renewal premium	-
Maximise investment returns in a low-interest environment Refer page 88	**Rs. 12.4 Bn** Net investment income (2024: Rs. 11.8 Bn)	-
Enhance cost efficiency and operational productivity	**23%** Expense ratio *(Other operating, administrative and selling expenses)*	-
Deliver profitable growth and strong shareholder returns Refer page 91	**Rs. 3.4 Bn** Surplus **Rs. 5.00** Dividend per share	-
Maintain a strong and resilient financial position Refer page 255	**215%** CAR **Rs. 35.7 Bn** Total available capital *(Minimum capital required Rs. 500 Mn)*	-

Risks

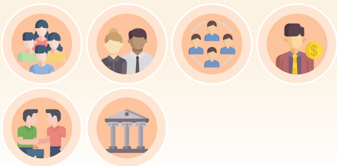
- Investment market volatility
- Competitive pressure on growth and costs
- Regulatory and changes to reporting requirements require significant effort and resources
- Financial challenges in transitioning to low-carbon operations
- Physical climate risks disrupting branch operations, causing impact to new business and premium collection
- Disaster-related claim surges are impacting combined ratios

Opportunities

- Improve cost efficiencies as a Digital-first insurer
- Higher demand for life insurance driven by increasing acute climate risks
- Reduce risk in catastrophe exposure through reinsurance
- Shift to digital payment platforms for faster premium collections

FINANCIAL CAPITAL

Related Stakeholders



Relevant Material Topics

Financial Stability & Profitability

Systemic Risk Management

Management Approach

Financial capital underpins our ability to operate, grow, and deliver long-term value. It fuels our investment activities, supports our strategic priorities, and shapes our overall business trajectory. Effective stewardship of these resources is essential to ensure sustainable performance and maintain the confidence of our stakeholders.

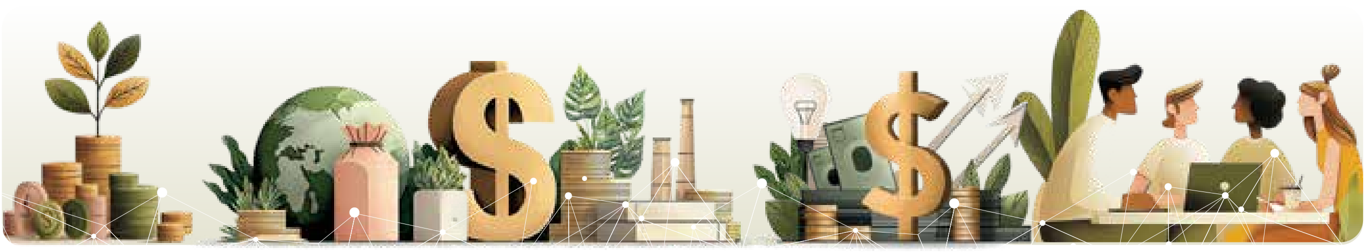
We are committed to driving consistent top-line and earnings growth, maintaining robust capital buffers, and maximising shareholder value through disciplined and responsible financial management. Our approach emphasises prudent capital allocation, proactive risk management, and maintaining sufficient liquidity to support both business expansion and resilience during periods of volatility.

Financial Performance

The financial performance metrics presented below highlight the revenue generated, the profitability achieved, and the costs incurred during the period. Detailed explanations of key income statement line items are provided in the sections that follow.

Rs. Mn	2025	2024	YoY Change	2023
Gross Written Premium (GWP)	25,750	21,647	19%	18,867
Premium ceded to the reinsurers	(1,698)	(1,492)	14%	(1,033)
Net investment income	12,351	11,757	5%	10,817
Net Insurance benefits and claims	(7,830)	(6,718)	17%	(6,718)
Underwriting and net acquisition cost	(4,906)	(4,000)	23%	(3,544)
Other operating, administrative and selling expenses	(5,838)	(4,910)	19%	(4,377)
Profit from operations	4,965	4,891	2%	4,944
EBITDA	5,953	5,890	1%	5,799
Surplus	3,400	3,000	13%	2,800
Profit before tax	5,169	5,228	-1%	5,256
Profit for the year	3,370	3,741	-10%	3,758
Ratios				
Investment Yield	16%	17%	-6%	18%
Cession Ratio	6.6%	6.9%	-4%	5.5%
Claim Ratio (% of NWP)	33%	33%	-2%	38%
Net acquisition cost Ratio (% of GWP)	19%	18%	3%	19%
Expense Ratio*	23%	23%	0%	23%
Return on Equity (ROE)	14%	16%	-8%	20%

Other operating, administrative and selling expenses

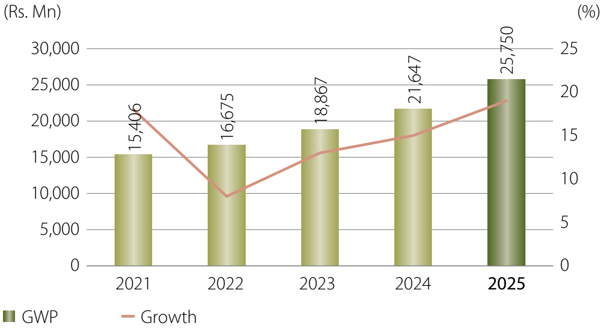


Gross Written Premium (GWP)

Represents the total sum of premiums collected by an insurance company during a specific period before any adjustments for discounts or refunds.

For the year ended 31 December 2025, total Gross Written Premium grew by 19% to Rs. 25,750 Mn (2024: Rs. 21,647 Mn). The growth was driven primarily by the continued expansion of individual policies, which contributed Rs. 25,023 Mn, reflecting a 20% increase over the previous year. First Year Premiums grew by 27%, supported by higher new business acquisition, while Renewal Premiums rose by 17%, reflecting strong policy persistency.

Gross written premium



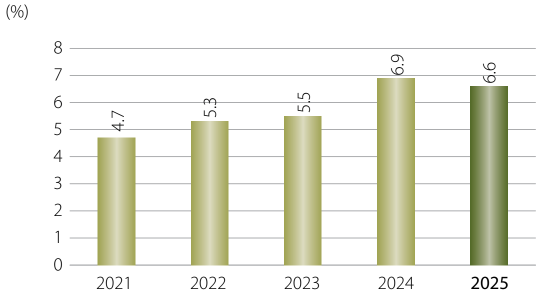
Premium Ceded to Reinsurers

We transfer a portion of our risk to reinsurers, which lowers our overall exposure and enables competitive pricing for accessing varied markets. This reinsurance strategy, as part of our risk management policy, involves partnering with four reinsurers to protect the balance sheet, reduce earnings volatility, and optimise capital use.

Premium ceded to reinsurers increased to Rs. 1,698 Mn in 2025, compared to Rs. 1,492 Mn in 2024, reflecting a 14% growth. This increase was directly aligned with the expansion in the underlying GWP mix, particularly the strong growth in individual life policies during the year.

Despite the higher absolute ceded premium, the cession ratio improved, declining from 6.9% in 2024 to 6.6% in 2025.

Cession Rate



Net Investment and Other Income

Comprises income generated from the investment portfolio managed both internally and by external fund managers to settle our liabilities and generate business profits.

Net investment income increased to Rs. 12,351 Mn in 2025, reflecting a 5% growth over the previous year. The improvement was mainly driven by the interest income from Treasury bonds, which increased by Rs. 751 Mn during the year.

Net realised gains increased by Rs. 445 Mn (52%) to Rs. 1,308 Mn in 2025. The growth was mainly driven by significantly higher realised gains from equity securities.

Refer Management of Investments on page 88

Net Insurance Benefits and Claims

The compensation paid or accrued in line with a formal request (claim) by a policyholder for a covered loss or policy event after setting off amounts recovered from reinsurers in relation to the claim.

Total Benefits and claims increased by Rs. 1,112 Mn in 2025 compared to 2024, driven by higher net benefits and claims across all categories. Surrenders rose by Rs. 655 Mn and maturity payouts increased by Rs. 359 Mn as more policies reached maturity during the year. Other claims comprising death, disability, stage payments, and annuities also recorded a modest increase of Rs. 141 Mn.

Rs. Mn	2021	2022	2023	2024	2025
Net Insurance Benefits and Claims (Rs. Mn.)	4,610	5,699	6,718	6,718	7,830
As a % of NWP	31%	36%	38%	33%	33%

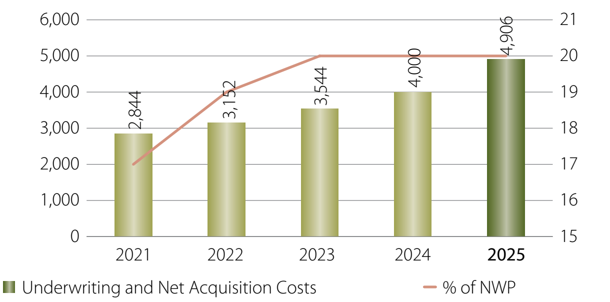
FINANCIAL CAPITAL

Underwriting and Net Acquisition Costs

Represent the expenses incurred by insurance companies to acquire customers, specifically commissions and incentives paid to intermediaries, less any commission revenue received from reinsurers for ceded business.

Underwriting and net acquisition costs increased by Rs. 906 Mn in 2025 compared to 2024, mainly aligned with the growth in GWP. Incentive expenses rose significantly, particularly within the Agency and Bancassurance segments, reflecting higher business volumes and performance-linked payouts.

Underwriting and Net Acquisition Costs

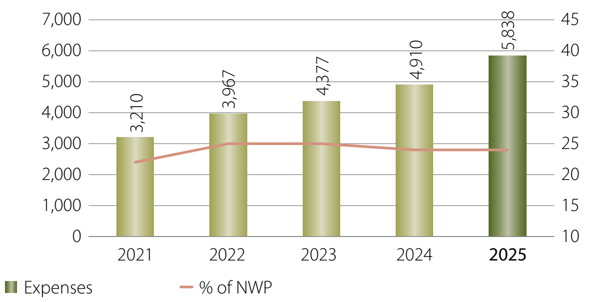


Other Operating, Administrative and Selling Expenses

Costs incurred to manage the business and generate future and current revenues.

Other operating and administrative expenses increased by 19% in 2025 compared to 2024, driven by higher employee benefits, SLFRS 17/SLFRS 09 implementation expenses and contractual payments for partnerships. Expense ratio maintained at 23% despite escalation in cost base.

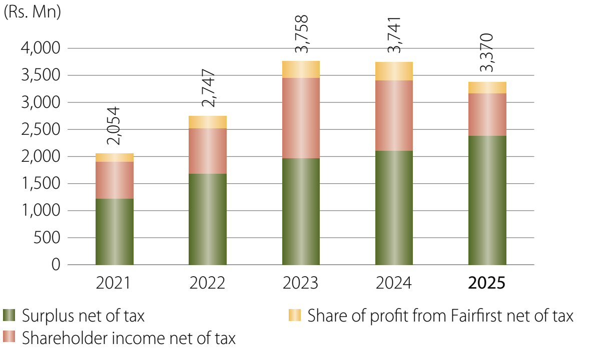
Operating, Administration and Other Expenses



Profit After Tax (PAT)

PAT amounted to Rs. 3,370 Mn in 2025, 10% decrease compared to 2024. The degrowth was mainly attributable to the loss of associate share of income due to divestment of Fairfirst and the resulting capital gains tax recorded.

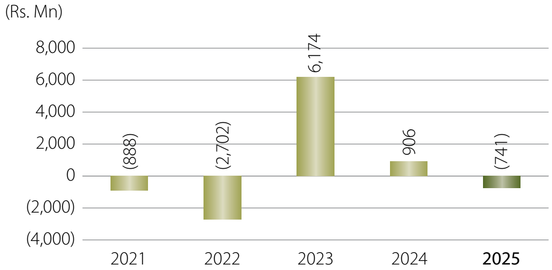
Profit After Tax



Other Comprehensive Income

Other Comprehensive Income (OCI) recorded for the year was impacted by the drop in interest rates by 60 bps on average. This also negatively impacted the fair value of available - for - sale financial assets.

Other Comprehensive Income



Financial Position

The statement of financial position presents the Company's assets, liabilities, and equity as at 31 December 2025. A discussion of the material line items is provided below.

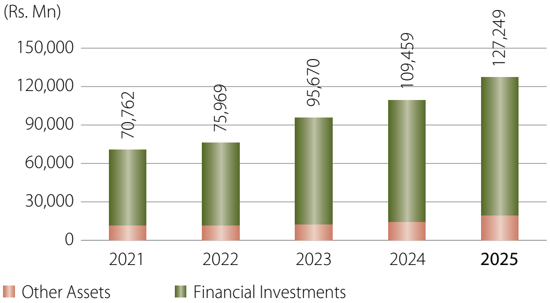
Rs. Mn.	2025	2024	YoY Change	2023
Total Assets	127,249	109,459	16%	95,670
Financial Investments	108,253	95,567	13%	83,420
Total Liabilities	103,876	85,791	21%	71,509
Life Fund	92,807	77,514	20%	64,130
Capital Adequacy Ratio (CAR)	215%	264%	-19%	291%
Determination 1 – Admissible Assets Over Liabilities	15,290	14,131	8%	9,939

Total Assets

Total assets increased by 16% YoY to Rs.127,249 Mn as at December 2025, mainly driven by the recognition of intangible assets arising from the exclusive partnership. Financial investments recorded significant growth of Rs. 12.7 Bn, supported by positive business cash flows, interest income, and favourable mark to market movements in the equity portfolio. These increases were partly offset by the derecognition of the investment in associate following the divestment of the Company's 22% stake in Fairfirst Insurance Ltd.

Total Assets

(Rs. Mn)

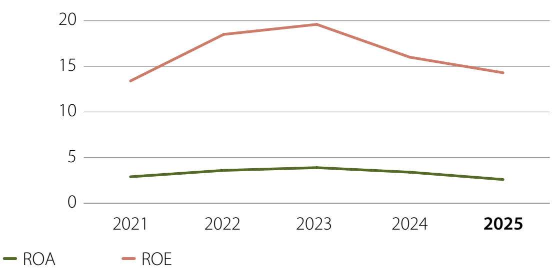


Return on Assets (ROA) and Return on Equity (ROE)

ROA & ROE drop mainly due to the lower profit recorded for the year due to Fairfirst divestment

ROA & ROE

(%)

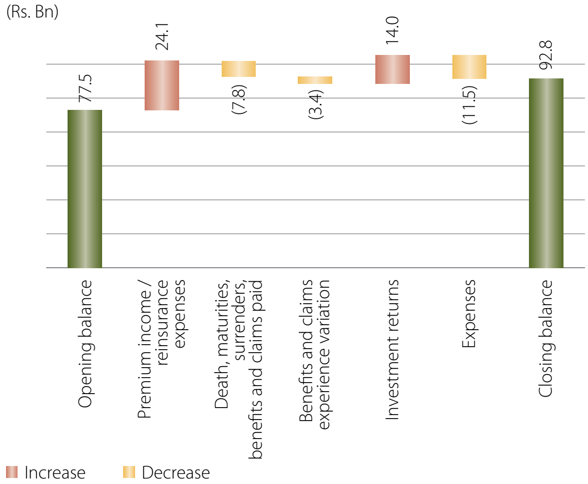


Total Liabilities

Total liabilities increased significantly to Rs. 103,876 Mn from Rs. 85,791 Mn, largely driven by a Rs. 15.36 Bn increase in insurance contract liabilities due to higher fund inflows. During the year other liabilities rose by 53% resulting from future contractual obligations payable for exclusive partnership.

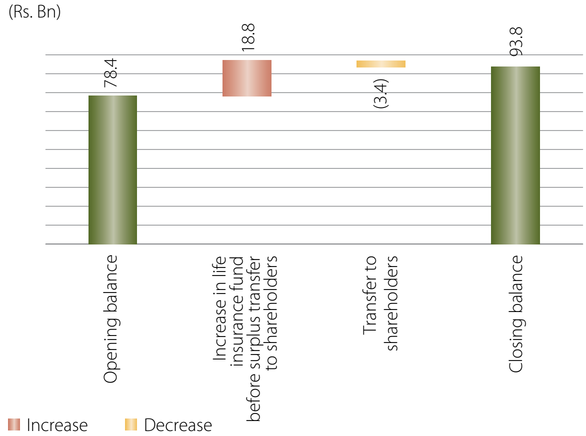
Movement of the Life Fund

(Rs. Bn)



Movement in Insurance Contract Liabilities

(Rs. Bn)

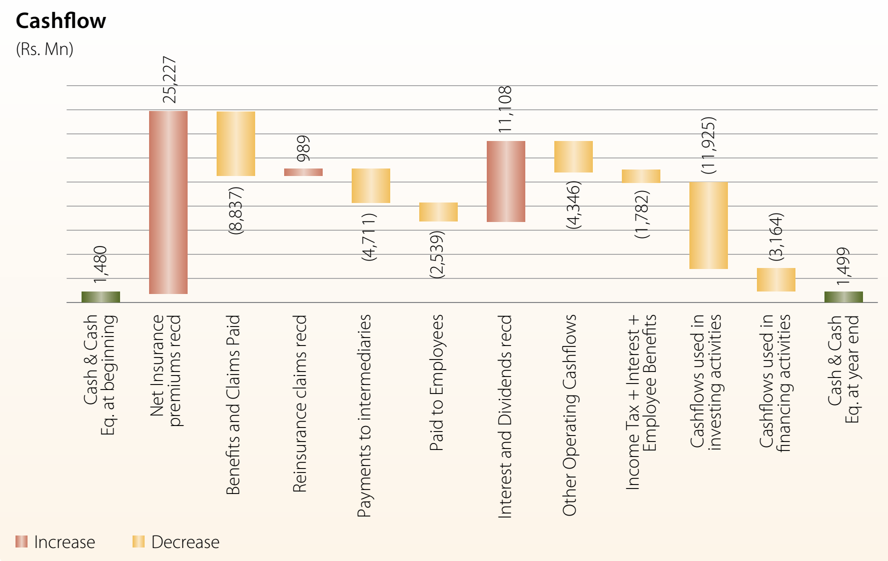


FINANCIAL CAPITAL

Cash Flow

Cash flow indicates cash generated from operating activities, cash deployed in investing activities and cash used in financing activities. The analysis of cash flow indicates the ability to adapt and survive in changing operating contexts and generate sufficient cash for future expansions.

Rs. Mn.	2025	2024	YoY Change	2023
Net cash flow generated from operating activities	15,108	13,662	11%	10,412
Net cash flow used in investing activities	11,925	7,592	57%	10,301
Net cash used in financing activities	3,164	5,307	-40%	118
Cash and cash equivalents at the end of the year	1,499	1,480	1%	717



> **During the year under review, the Company was able to maintain its cash balance, despite the investments in new business partnerships. This was driven by higher premium collections and effective management of expense outflows.**

Way Forward

Objectives	2026 Short-term target	Medium to Long-term target
Revenue	Accelerate quality sales through partnerships	Sustainable, above market growth
Capital strength	Maintain solvency buffer	Build capital surplus and resilience
Investments	Optimise yield with controlled risk	Advanced ALM and diversifies portfolio
Efficiency	Reduce costs through digitisation	Industry-leading expense structure
Value creation	Continue the strategy on new business profitability	Maximise embedded and shareholder value

SLFRS 17 AND SLFRS 9 TRANSFORMATION

Implementing SLFRS 17 and SLFRS 9 enhance the clarity, consistency, and economic relevance of financial reporting, especially in how revenue, insurance liabilities, and investment performance are measured and presented. Alongside this, the company is shifting from traditional volume-based indicators to value-driven KPIs that better reflect service quality, long-term profitability, and future cash flows.

SLFRS 17 Financial Data

BBA · PAA · VFA measurement models

Key Performance Indicators

Value Added

CSM Growth & Release
Contractual Service Margin
Tracks unearned future profit and the pace at which it is recognised into P&L.

Profit Margin & NB Acquisition Ratio
New Business Value
Measures profitability and distribution cost efficiency of new contracts written.

New Business CSM
NB CSM
Value of profitable new contracts added to the portfolio in the period.

Loss Component
Onerous Contracts
Flags contracts where expected claims exceed premiums - immediate P&L charge.

P&L Performance

Profit from Operations
Insurance Service Result
Net underwriting profitability: insurance revenue less incurred claims and expenses.

Insurance Revenue / Gross Premium
Revenue Earning Ratio
Shows how much of written premium has been earned as SLFRS 17 insurance revenue.

Combined Ratio
Claims + Expenses / Revenue
Core underwriting efficiency measure. Below 100% confirms profitable operations.

Balance Sheet Position

Comprehensive Equity
Total Equity (SLFRS 9/17)
Total equity including OCI movements from financial assets and insurance contracts.

Proportion — PVCF | CSM | RA
Liability Mix
Splits insurance liability into fulfilment cashflows, future profit, and risk compensation.

Change in Comprehensive Equity
Annualised Equity Growth
Monitors shareholder value creation including all fair value and insurance contract movements.

Decision Engine

- Trend analysis
- Segment comparison
- Scenario modelling
- Board reporting

Strategic Decisions Enabled

Pricing & Product Design
CSM growth & loss component flag where to reprice or exit unprofitable segments.

Portfolio Management
NB CSM and combined ratio identify high-value lines to grow and weak lines to review.

Reserving & Capital
PVCF/CSM/RA split guides solvency capital allocation and reinsurance strategy.

Investor Communication
Insurance revenue and CSM release replace GWP as primary earnings quality signals.

Performance Targets
Profit margin and acquisition ratio.

FINANCIAL CAPITAL

SLFRS 17 AND SLFRS 9 TRANSFORMATION

The transition from SLFRS 4 to SLFRS 17 and from SLAS 39 to SLFRS 9 introduces a major upgrade in the Company's financial reporting framework. Under SLFRS 17, insurance contracts are classified into cohorts and measured using one of three approaches—the General Measurement Model, the Variable Fee Approach, or the Premium Allocation Approach & improving transparency and comparability. Key components such as the Contractual Service Margin (CSM), Risk Adjustment (RA), and Present Value of Future Cash Flows (PVFCF) are now explicitly reported, giving better visibility into profitability and risk.

Initial Adoption

SLFRS 4

LKAS 39

SLFRS 17

This is an accounting regime change and there are no changes to the underlying fundamentals of the business.

Impact on Financial Statements

SLFRS 4 Results

General Measurement Model

Technical result: Income + Expenses

- CSM (Contractual Service Margin) Release
- RA (Risk Adjustment) Release
- Expected and Actual Cashflow Change
- Loss Component Recognition
- Net expenses from reinsurance contracts

Financial Result

- Income from Financial Investments
- Insurance finance expense & income

LKAS 9

- Classification and Measurement
- Impairment

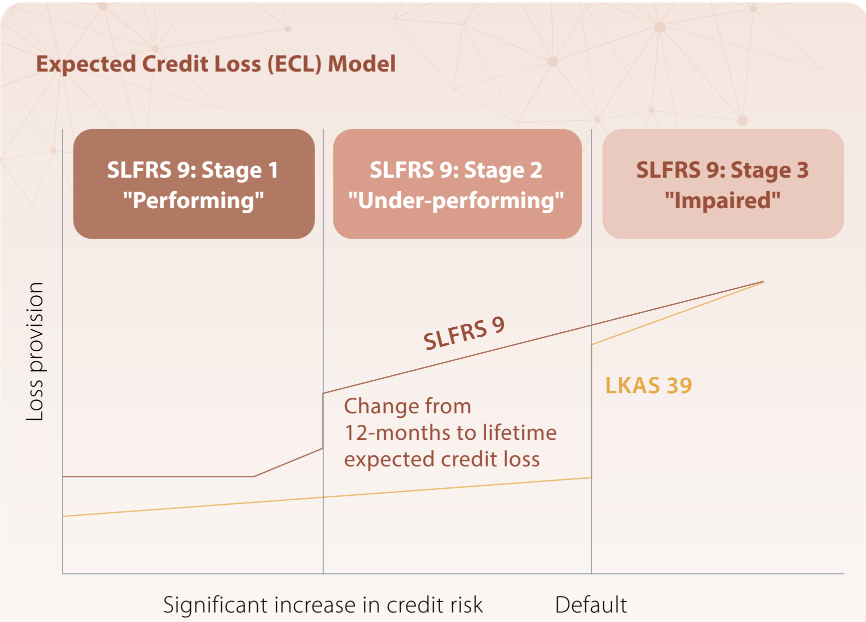
	LKAS 39 Categories	LKAS 39 Measurement	SLFRS 9 Measurement Categories
Assets	Held-to-Maturity Loans & Receivables	Amortised Cost	Amortised Cost
			Fair Value through Other Comprehensive Income (OCI)
	Available-for-Sale Fair Value through P&L	Fair Value	Fair Value through P&L
Liabilities	Fair Value through P&L	Fair Value through P&L	Fair Value through P&L
	Other Financial Liabilities	Amortised Cost	Other Financial Liabilities

New Classification Criteria

Impairment Model Changes

SLFRS 9 further refines asset classification and brings in an expected credit loss model, improving consistency between assets and liabilities. These changes increase earnings volatility and require stronger data quality, tighter coordination between actuarial and finance teams, and deeper analysis of value drivers. Going forward, management will focus more on CSM trends, new business value, RA levels, asset–liability matching, and discount rate impacts to guide the business effectively under the new standards.

Variable Fee Approach	Premium Allocation Approach	SLFRS 17 Results
→ CSM (Contractual Service Margin) Release → RA (Risk Adjustment) Release → Expected and Actual Cashflow Change → Loss Component Recognition → Net expenses from reinsurance contracts	→ Movement in Insurance Contract Liabilities → Loss component → Non-attributable expenses → Net expenses from reinsurance contracts	Insurance result: Revenues + Services
→ Income from Financial Investments → Underlying assets finance income / expenses → Insurance finance expense & income	→ Income from Financial Investments → Insurance finance expense & income	Financial Result



Assets	Equity and Liabilities
Financial instruments measured at:	Equity (incl. OCI)
Fair Value (P&L)	Liability for remaining coverage (LRC): Present Value of Future Cash Flows (PVFCF)
Fair Value (OCI)	Liability for remaining coverage (LRC): Risk Adjustment (RA)
Amortised Cost	Liability for remaining coverage (LRC): Contractual Service Margin (CSM)
	Liability for Incurred Claim (LIC)
Other Assets	Other Liabilities

FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

Investment strategy

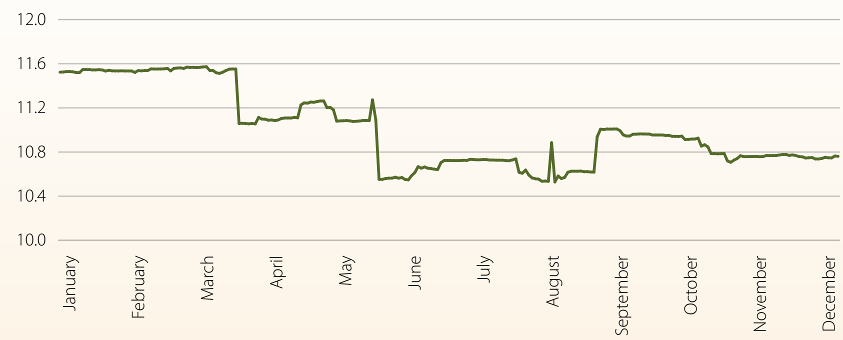
- **Fixed income**
  - Liability matching
  - Active management
  - Liquidity management
- **Equity**
  - Tactical
  - Medium to long term

By the end of 2025, UA managed investment assets totalling LKR 108 Bn, reflecting a strong 13% year-on-year growth. The Company's investment strategy remains centred on delivering sustainable long term asset expansion, competitive risk adjusted returns, and maintaining prudent solvency levels. Assets are allocated across clearly defined funds according to their liability profiles and managed in line with each fund's Investment Policy Statement, with full adherence to regulatory requirements.

A declining interest-rate environment shaped market dynamics during the year, with the 10-year Treasury bond rate falling by more than 75 basis points. In response, UA increased its allocation to equities, which delivered strong performance throughout the year. The Company also reinforced its commitment to sustainability by investing in green bonds and continues to assess emerging opportunities in this area.

UA entered into a strategic Bancassurance partnership with Sampath Bank PLC, which involved an upfront fee. To facilitate this payment, assets were realised, resulting in a substantial capital gain for the Shareholders' Fund.

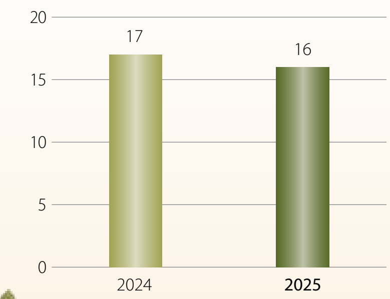
10Y T Bond Yield Change in 2025



The total investment portfolio (excluding unit-linked funds) recorded an overall fund yield of 16% in 2025, reflecting disciplined asset allocation, strong equity market performance, and tactical realisation of fixed-income gains.

Rs. 108 Bn
Investment Assets

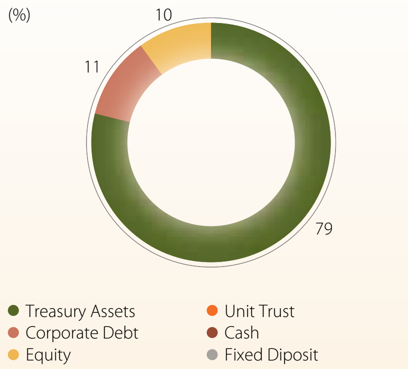
Overall Fund Yield



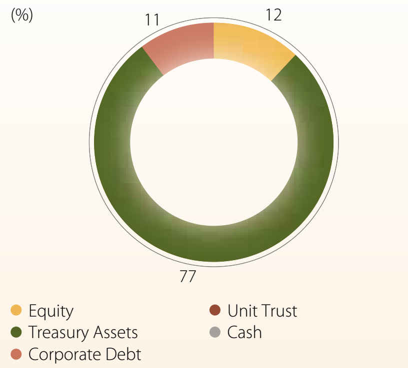
Key factors that influenced asset management in 2025

Declining interest rates	Lower reinvestment yields reduced the overall fund return but enabled the realisation of fixed-income capital gains.
Attractive equity market performance	The ASPI delivered strong returns during the year, and UA's increased allocation to equities contributed positively to investment income and portfolio gains.
Upfront Bancassurance partnership payment	This generated significant realised gains in 2025 but reduced recurring interest income due to the sale of income-generating assets.
Higher-than-expected business cash flows	Strengthened investment income but slightly diluted the overall portfolio yield as surplus cash was invested at lower rates.
Improved macroeconomic environment	Low inflation and greater economic stability encouraged selective increases in risk-asset exposure, enhancing overall returns.

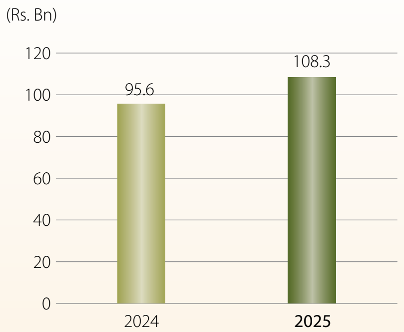
Total Asset Allocation (Excluding Unit Linked)



Policyholder's Fund Asset Allocation



Total Assets Under Management



Policyholder Funds

UA managed Rs. 97 Bn under policyholder funds, reflecting 18% growth during the year. Higher business inflows, equity market appreciation, and the impact of lower interest rates on asset valuation supported fund expansion.

The policyholder portfolio delivered a solid yield in 2025, enabling the company to pay an attractive dividend rate to its policyholders. UA remains committed to providing superior policyholder returns through prudent, forward-looking investment strategies aligned with evolving macroeconomic conditions.

External asset managers continue to play a role in equity management, with 12% of total investments managed externally. In early 2025, UA increased allocations to one of its managers, contributing to an average 33% return generated by both managers and supporting higher realised equity gains during the year.

UA also invested Rs. 600 Mn green bonds during 2025, reinforcing its sustainability agenda.

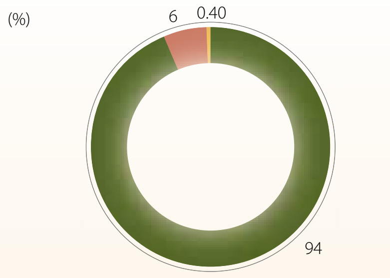
Shareholders' Fund

UA managed Rs. 11 Bn under the Shareholders' Fund. Total AUM declined by 19%, primarily due to the upfront Bancassurance partnership payment. Despite this, the fund delivered a strong return in 2025, well above general fixed-income market rates, supported by robust realised gains from fixed-income assets and favourable market movements.

FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

Shareholders Fund



Unit-Linked Assets

As of year,-end 2025, UA managed Rs. 793 Mn in unit-linked assets, reflecting a modest 1% year-on-year growth. The Company operates three unit-linked funds:

Unit-Linked Fixed (FIXD)

A fully fixed-income portfolio

Unit-Linked Managed (MNGD)

A balanced fund

Unit-Linked Equity (EQTY)

A predominantly equity-based fund (approx. 90% equity exposure)

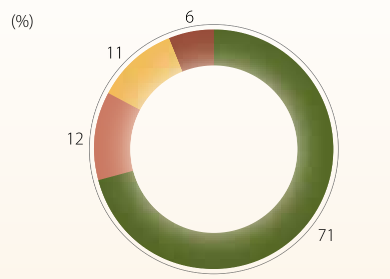
Performance in 2025 was strong across all funds:

9.90% FIXD

19.30% MNGD

33.67% EQTY

Unit-Linked Funds 2025



SHARE INFORMATION

> **Union Assurance PLC (UA) continued to reinforce its long term value creation commitment by delivering transparent, data driven insights into its market performance.**

Rs. 45,552 Mn
Market Capitalisation

Rs. 5.72
Earnings Per Share

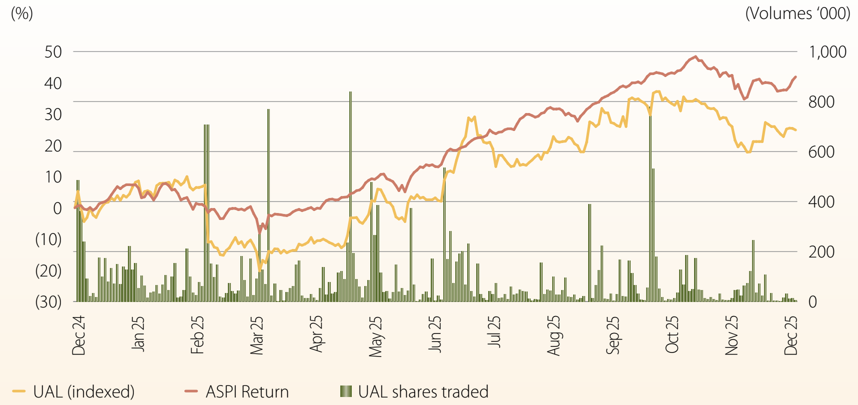
The following Share Information section provides a clear view of how the Company's market position, trading dynamics, and valuation indicators evolved during 2025. This reflects our continued accountability to shareholders through timely, accurate, and comprehensive disclosures.

Share Performance

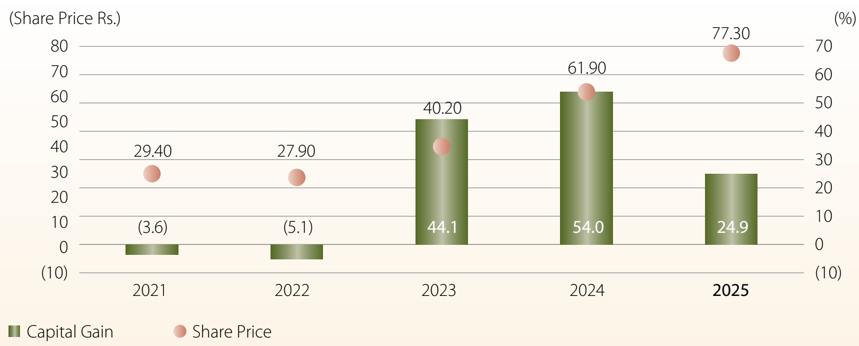
UA is listed on the Colombo Stock Exchange under the ticker UAL.N0000 and recorded a market capitalisation of Rs. 45.55 Bn as at 31 December 2025. The Company maintained 589,285,720 shares in issue throughout the year.

A detailed analysis of the Company's share price movements, liquidity, and overall market performance for the period is presented below.

ASPI vs UA Share Performance



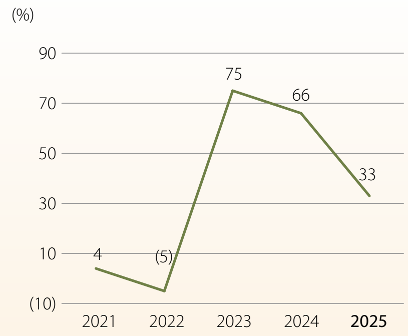
UA's share price closed the year at Rs. 77.30, marking a 25% year-on-year appreciation. While this represents solid absolute growth, the return trailed the broader ASPI, which delivered a considerably stronger performance during 2025. Over the year, the share traded within a range of Rs. 49.00 to Rs. 86.50, with an average daily trading volume of 92,984 shares, indicating healthy liquidity. UA's beta of 1.02 as at 4Q 2025 reflects a price movement pattern broadly aligned with the overall market, signifying moderate sensitivity to market-wide volatility.



Total Shareholder Return

UA's Total Shareholder Return for the year reached 33%, reflecting solid value delivery to shareholders. However, this performance was below the broader market, with the ASPI Total Return Index recording a stronger 49% for 2025, underscoring the wider market uplift experienced during the period.

Total Shareholder Return



Trading Statistics

During the year, 22,130,208 UA shares were traded across 17,802 transactions, reflecting sustained investor interest and active market participation. The average daily turnover increased to Rs. 6,187,499 in 2025, up from Rs. 5,540,402 in 2024, indicating stronger investor confidence and enhanced liquidity in UA shares.

FINANCIAL CAPITAL

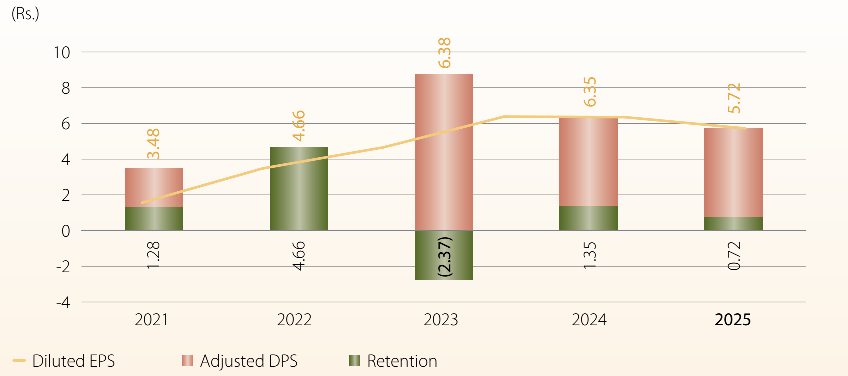
SHARE INFORMATION

	2025	2024
Number of transactions	17,802	15,363
Number of shares traded	22,130,208	26,793,268
Value of shares traded	1,472,624,805	1,313,075,165
Shares traded as a percentage of total shares in issue (%)	3.76%	4.55%
Market Capitalisation (Rs. Mn)	45,552	36,477
Percentage of Market Capitalisation (%)	0.56%	0.64%
Gross Dividend (Rs. Mn)	2,946	2,946

EPS Vs. Retention Per Share

The fully diluted earnings per share (EPS) for the year amounted to Rs. 5.72 in 2025, reflecting a 9.9% decline from Rs. 6.35 in 2024. This movement was primarily driven by a marginal contraction in profit for the period. From a capital formation perspective, retained earnings continue to serve as a key internal source of funding, supporting the Company's growth initiatives while maintaining robust solvency buffers and overall balance sheet strength.

EPS vs Retention per Share

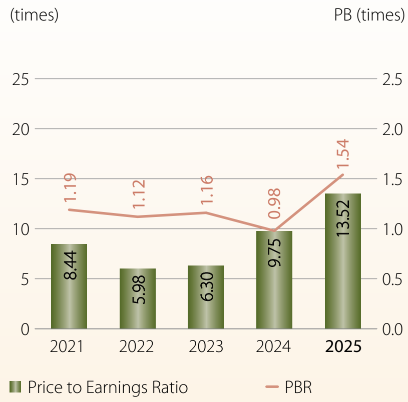


Price Earnings Ratio (PER) and Price to Book Ratio

The Price-to-Earnings Ratio (PER) increased to 13.52 times, up from 9.75 times in 2024, largely driven by the upward movement in the share price. This positioned UA at a premium relative to both the sector PER of 8.33 times and the market PER of 10.73 times, reflecting investor confidence in the Company's stable earnings profile and long-term growth prospects.

Similarly, the Price-to-Book (PB) ratio rose to 1.95 times, compared to 1.54 times in the previous year. This uplift exceeds the sector PB ratio of 1.14 times and the market PB ratio of 1.45 times, signalling a positive market re-rating of the Company's intrinsic value and its future earning potential.

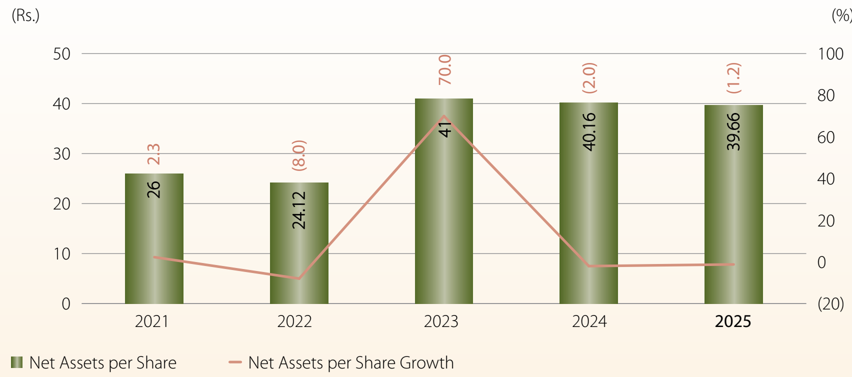
Price Earnings Ratio and Price to Book Ratio



Net Assets Per Share (NPS)

Net Assets per Share declined by 1.2% to Rs. 39.66, primarily reflecting the impact of a reduction in the market valuation of financial investments. This decline was mainly attributable to reduced unrealised gains on available-for-sale treasury assets, reflecting movements in market yields during the period.

Net Assets Per Share

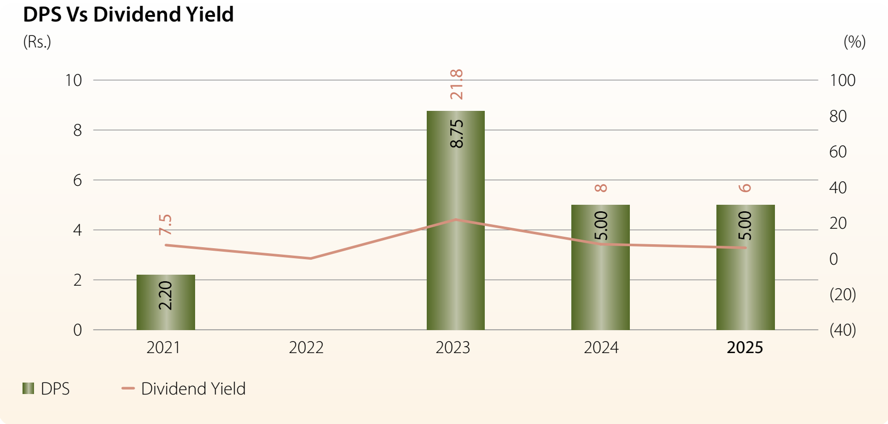


Dividend Yield

UA's dividend policy is designed to balance sustainable capital strength with consistent shareholder returns. The policy prioritises the maintenance of a robust Capital Adequacy Ratio, while aiming to deliver a dividend payout that reflects the Company's earnings growth and long-term value creation.

Rs. 4,153 Mn
Cash Earnings

6%
Shareholder Dividend Yield



Summary Company Indicators

	Unit	2025	2024	2023
Market Capitalisation	(Rs. Mn)	45,552	36,477	23,689
Diluted EPS	(Rs.)	5.72	6.35	6.38
Price/Earnings Ratio	(Diluted)	13.52	9.75	6.30
Price to Book Value	(Times)	1.95	1.54	0.98
Price/Cash Earnings	(Times)	10.97	8.28	5.51
Dividend Yield	(%)	6%	8%	22%
Dividend Payout Ratio	(%)	87%	79%	137%
Net Assets Per Share	(Rs.)	39.66	40.16	41.00
Total Shareholder Return	(%)	33%	66%	75%

Distribution and Composition of Shareholders

The Company maintains a diversified shareholder base spread across a wide geographical footprint, comprising both individual and institutional investors. As at 31 December 2025, 2,808 registered individual shareholders accounted for 94.93% of the total shareholder count, with the majority being residents of Sri Lanka. Institutional shareholders represented 5.07% of the Company's shareholdings.

Ownership remains highly concentrated among the largest investors, with the top 20 shareholders collectively holding 95.87% of UA's share capital. The Directors did not hold any shares in the Company in their personal capacity as at 31 December 2025.

Composition of Shareholders

	As at 31 December 2025				As at 31 December 2024			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Directors & spouses:	-	-	-	-	-	-	-	-
Resident:								
Individuals	2,782	94.05	38,543,553	6.54	2,230	93.27	39,556,043	6.71
Institutions	145	4.90	547,522,031	92.91	140	5.86	547,574,667	92.92
Non-Resident:								
Individuals	26	0.88	1,707,599	0.29	17	0.71	989,908	0.17
Institutions	5	0.17	1,512,537	0.26	4	0.17	1,165,102	0.20
Total	2,958	100.00	589,285,720	100.00	2,391	100.00	589,285,720	100.00

FINANCIAL CAPITAL

SHARE INFORMATION

Distribution of Shareholders

Range of Shareholders	As at 31 December 2025				As at 31 December 2024			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Less than 1,000	1,628	55.04	410,671	0.07	1,169	48.89	296,377	0.05
1,001 to 10,000	884	29.89	3,616,522	0.61	771	32.25	3,339,014	0.57
10,001 to 100,000	379	12.81	11,834,106	2.01	380	15.89	12,010,160	2.04
100,001 to 1,000,000	59	1.99	15,032,872	2.55	64	2.68	17,794,804	3.02
Over 1,000,000	8	0.27	558,391,549	94.76	7	0.29	555,845,365	94.33
Total	2,958	100.00	589,285,720	100.00	2,391	100.00	589,285,720	100.00

Public Shareholding

The Company is listed on the Colombo Stock Exchange (CSE), and its public shareholding structure complies with the exchange's listing requirements. The percentage of shares held by the public, the number of public shareholders, and the float-adjusted market capitalisation are presented below.

Range of Shareholders	As at 31 December 2025				As at 31 December 2024			
	No. of Shareholders	No. of Shares	% of Total Holding	Compliant under option 1 - float adjusted market Capitalisation (Rs. Bn)	No. of Shareholders	No. of Shares	% of Total Holding	Compliant under option 1 - float adjusted market Capitalisation (Rs. Bn)
Public Shareholding	2,957	58,928,570	10%	4.6	2,390	58,928,570	10%	3.6

Directors' Shareholding

	31.12.2025	31.12.2024
Mr. Krishan Niraj Jayasekara Balendra - Chairman	Nil	Nil
Mr. Suresh Rajendra (Retired w.e.f. 31 Dec 2025)	Nil	Nil
Mr. Daminda Prabath Gamlath	Nil	Nil
Mr. Dumith Hemantha Fernando	Nil	Nil
Mr. Stephen Anthony Appleyard	Nil	Nil
Mr. Pasan Thaminda Wanigasekara	Nil	Nil
Ms. Christine Malkanthi Lakshmi Dias Bandaranaike	Nil	N/A
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	Nil	N/A

CEO's Shareholding

	31.12.2025	31.12.2024
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	Nil	Nil

Twenty Largest Shareholders

Name of Shareholder	As at 31 December 2025		As at 31 December 2024	
	No. of shares	%	No. of shares	%
John Keells Holdings PLC	530,357,150	90.0%	530,357,150	90.0%
Mr. S. N. P. Palihena	14,000,000	2.4%	14,000,000	2.4%
People's Leasing & Finance PLC / Mr. L. P. Hapangama	5,442,538	0.9%	3,415,510	0.6%
J. B. Cocoshell (PVT) LTD	3,573,256	0.6%	3,698,495	0.6%
Corporate Holdings (Private) Limited A/C No. 01	1,513,730	0.3%	1,513,730	0.3%
Standard Chartered Bank DIFC Branch S/A EFG Hermes UAE L.L.C	1,250,275	0.2%	957,460	0.2%
Mr. J. P. Paul	1,174,600	0.2%	-	0.0%
Mrs. A. Selliah	1,080,000	0.2%	1,080,000	0.2%
Mr. J. D. Bandaranayake & Miss N. Bandaranayake & Dr. Mrs. V. Bandaranayake	905,929	0.2%	665,190	0.1%
Mr. J. D. Bandaranayake & Dr. Mrs. V. Bandaranayake & Miss I. Bandaranayake	884,377	0.2%	665,190	0.1%
People's Leasing & Finance PLC / Mr. L. H. L. M. P Haradasa	696,867	0.1%	637,380	0.1%
Dr. S. Selliah	580,000	0.1%	580,000	0.1%
Mr. J. W. Nanayakkara	562,500	0.1%	562,500	0.1%
Mr. H. A. D. Ratnapala	562,500	0.1%	562,500	0.1%
Arunodhaya Industries (Private) Limited	400,000	0.1%	400,000	0.1%
Mr. S. Sivajeevan	400,000	0.1%	375,000	0.1%
Arunodhaya (Private) Limited	400,000	0.1%	400,000	0.1%
Odyssey Capital Partners (Private) Limited	400,000	0.1%	475,000	0.1%
Arunodhaya Investments (Private) Limited	400,000	0.1%	400,000	0.1%
Mr. N. D. Kurukulasuriya	390,000	0.1%	390,000	0.1%
Others	24,311,998	4.1%	28,150,615	4.8%
Total number of shares issued	589,285,720	100.0%	589,285,720	100.0%

MANUFACTURED CAPITAL

INFRASTRUCTURE AND TECHNOLOGY: BUILDING THE FOUNDATIONS OF VALUE CREATION

> **Our Manufactured Capital, comprising our physical and digital infrastructure, forms the foundation of our client-centric, digitally enabled transformation. This infrastructure enables us to effectively reach customers, optimise operational efficiency, and provide productive, modern workplaces for our employees. Through disciplined and strategic investments, we continue to expand our market reach while driving operational and product excellence.**

Rs. 339 Mn
Investment in PPE

Rs. 1,329 Mn
Revenue from relocation & refurbished branch network

57,389 Sq ft
Training Space

Total capacity utilisation
361,513 Sq ft
Building space

2.65%
Return on Asset

Rs. 99
Revenue per Investment in Operational footprint

Key Highlights

- **New Auditorium** – Established a modern auditorium to support townhall meetings, training programmes, and corporate events.
- **Branch Network Expansion** – Expanded our branch footprint with the opening of new branches strengthening our regional presence and customer accessibility.
- **Branch Relocations and Refurbishments** – Upgraded four branches to enhance customer experience and operational efficiency and relocated the call centre to a better location to improve service delivery.

SDGs Impacted

Value Creation Process

Inputs

- Property, plant, and equipment (PPE)
- Digital Infrastructure

Value Creation

- Investment in technology
- Equipment maintenance
- Automation and technology upgrades
- Investment in branches
- Renovation, relocation, and closure of branches

Outputs

- Rs. 363 Mn. increase in PPE
- 5 new branches

Outcomes

- Revenue generated from new branches Rs. 117 Mn

Focus Area	KPI	GRI
Branch Expansion Refer page 98	Expanding our branch network to enhance regional coverage, customer reach, and service accessibility.	-
Branch Relocation Refer page 99	Relocating branches to optimise accessibility, customer experience, and operational performance.	-
Renovation and Maintenance Refer page 99	Continuous refurbishment and maintenance of buildings strengthened our manufactured capital by preserving asset quality and operational efficiency.	-

Risks

- Rising refurbishment and relocation costs due to increased material, labour, and compliance requirements.
- Higher rental and leasing costs in prime locations driven by strong demand for strategic office spaces.
- Increase in building maintenance expenses caused by higher labour costs with minimum wage regulations

Opportunities

- Investing in digital infrastructure to enhance productivity and reduce operational costs.
- Expanding branch presence in high potential, underserved regions through targeted network growth.
- Employee productivity improvement by upgrading ventilation systems, air quality monitoring, and integrating ergonomic furniture and layouts.

Related Stakeholders

Relevant Material Topics

Environmental Risk Exposure
ESG Focused Investments
Stakeholder Relationship Management
Geographic Expansion
Digitisation of Business Processes

MANUFACTURED CAPITAL

Capital Trade-offs

- Investments in plant, machinery, and infrastructure require upfront financial outlays; however, these investments enable long term revenue growth, capacity expansion, and improved operational efficiency.
- Automation and digitalisation enhance product quality and service consistency, leading to stronger customer relationships and improved customer satisfaction.
- Effectively designed and modern work environments enhance employee well-being, boost morale, and drive higher productivity and engagement.
- Continuous technology upgrades and process improvements strengthen organisational knowledge, innovation capability, and operational know how.

Management Approach

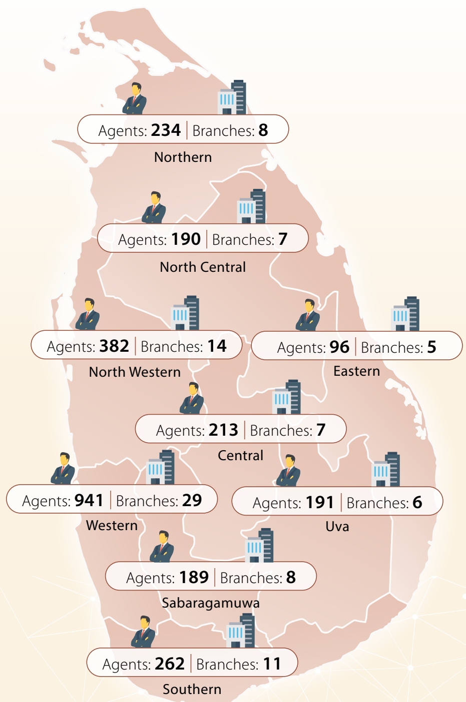
Our Manufactured Capital, comprising our branch network, IT infrastructure, and other customer interaction points, collectively reflected in Property, Plant, and Equipment (PPE), is fundamental to our success. In 2025, we strengthened this capital through targeted branch expansions and relocations aligned with our distribution strategy, alongside continued investments in our digital value proposition.

This capital plays a critical role in enabling an effective omni-channel approach, strengthening both physical and digital distribution channels and expanding our customer reach. Manufactured Capital remains a key driver of value creation, supporting employment generation, enhancing customer satisfaction, improving organisational agility and scalability, delivering competitive advantage, and enabling sustained business growth.

Branch Expansion

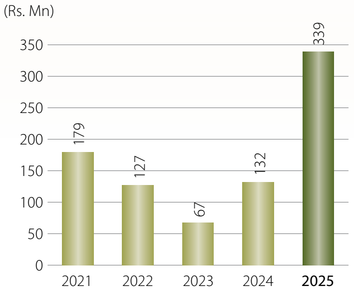
To achieve market success, build customer confidence, and capture market share, strong brand visibility and easy access to our products and services are critical. In support of our digital-first strategy, we operate a well-established network of 95 strategically located branches across the island. These branches are enabled by modern technology and staffed by skilled, well-trained teams who consistently demonstrate a strong customer-centric culture.

Our Branch Network



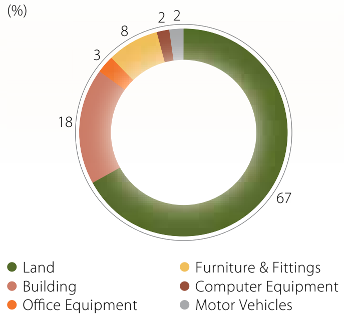
Investment in Property, Plant and Equipment

(Rs. Mn)



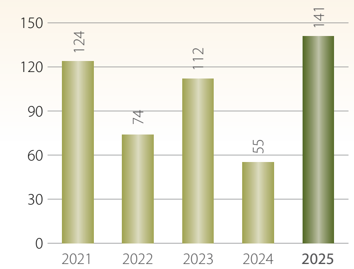
PPE Composition

(%)



Investment in Intangible Assets

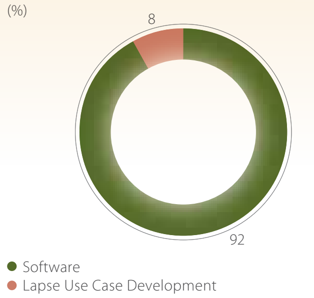
(Rs. Mn)



Investment excluding partnerships

Intangible Asset Composition

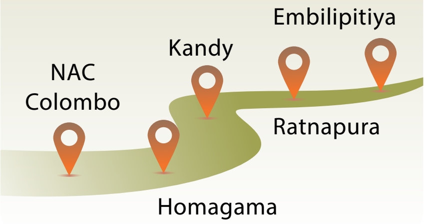
(%)



> **During 2025, our continued investment in physical infrastructure resulted in the opening of five new branches, the relocation of three branches, and the refurbishment of one branch. As a result, our Manufactured Capital totals Rs. 3,384 Mn, including Rs. 2,265 Mn in land, Rs. 618 Mn in buildings, and Rs. 501 Mn in other property, plant, and equipment, underscoring the strength of our asset base and supporting long-term growth.**

Branch Network Expansion

Opened new branches to expand our regional footprint and improve financial accessibility, reinforcing our presence in strategically important regional and urban markets.



Branch Relocations and Refurbishments

In 2025, we undertook targeted branch relocations and refurbishments to improve customer experience and operational efficiency.

Location	Initiative	Improvement Summary
Nittabuwa	Relocation	Relocated to new premises, furnished with a combination of new and refurbished furniture to optimise functionality and cost efficiency.
Akuressa	Relocation	Moved to a new location, equipped with a combination of new and existing furniture, along with the installation of new air conditioning units.
Chilaw	Relocation	Relocated to new premises, fitted with a mix of new and existing furniture, and equipped with new air conditioning units to improve operational effectiveness.
Kilinochchi	Refurbishment	Refurbished the branch using a mix of new and existing furniture, with the installation of a new air conditioning unit to improve customer and employee comfort.

Chilaw branch relocation

Embilipitiya- New agency channel branch opening

Investments in Head Office Improvements in 2025

New Corporate Auditorium

Established a modern auditorium to support corporate events and townhall meetings, equipped with advanced audio visual technology, flexible seating configurations, and contemporary facilities to enhance engagement and collaboration.

MANUFACTURED CAPITAL

Call Centre Relocation

Relocated the call centre to a prime, strategically accessible location, improving employee convenience and strengthening customer service delivery and responsiveness.

Optimised IT Infrastructure Layout

Redesigned the IT infrastructure layout to maximise space efficiency and support advanced technology requirements, enhancing system performance and scalability.

Flexible Meeting Spaces

Introduced convertible meeting areas with modular designs, enabling spaces to be reconfigured or segmented to accommodate diverse operational and business needs.

Enhanced Workplace Ergonomics

Installed ergonomic chairs across workstations to improve employee comfort, well being, and productivity.

Strengthened Building Safety Measures

Upgraded building safety infrastructure, including enhanced fire exits, emergency response systems, and strengthened compliance with applicable health and safety standards.

Training Spaces

We recognise that investment in training is a shared commitment between the organisation and its employees. Accordingly, we provide dedicated training facilities that support employee development, skills enhancement, and regulatory compliance. These training spaces are integral to our value creation process and reflect our commitment to building a capable and future-ready workforce.

Continuous investment in modern training facilities enables our employees to acquire the knowledge and competencies required to enhance organisational effectiveness and maintain our competitive edge.

Awareness Programmes

As part of our risk mitigation framework, fire and natural disaster scenarios are covered under the Company's Business Continuity Plan (BCP) during the year.

We conducted awareness sessions for Regional Managers and new recruits to strengthen understanding of operational resilience, compliance requirements, and organisational preparedness.

Impact of Manufactured Capital Improvements

Strengthened learning and knowledge-sharing

Enables structured training programmes, town hall meetings, and knowledge-sharing sessions through modern, purpose-built facilities, supporting continuous learning and organisational development.

Enhanced organisational capability

Modernised infrastructure supports long-term organisational development by enabling efficient operations, collaboration, and scalability.

Employment generation

Branch expansion and operational growth create direct and indirect employment opportunities across multiple regions.

Increased accessibility and service quality

Strategically located facilities and upgraded systems improve customer accessibility while ensuring consistent, high-quality service standards.

Superior customer experience

Improved infrastructure and modernised service environments enable faster, more efficient service delivery, enhancing overall customer satisfaction.

Improved financial inclusion

Expanded and upgraded branch presence enhances access to financial products and services across diverse regional and community markets.

Way Forward

Objectives	2026 Short-term target	Medium to Long-term target
Branch Network Expansion	Enhance the look and feel of branches while strengthening brand visibility and customer experience.	Continue to expand and optimise our physical branch presence in line with strategic distribution and market needs.
Repairs & Maintenance	Conduct regular BCP testing to mitigate risks associated with Property, Plant, and Equipment (PPE).	Implement continuous initiatives to enhance asset usability, extend asset lifespan, and improve long term operational resilience.

HUMAN CAPITAL

OUR PEOPLE: THE FOUNDATION OF OUR SUCCESS

"The professionalism, dedication, and expertise of our employees are central to delivering on our brand promise. We are committed to empowering our team through continuous skill development, knowledge enhancement, and growth opportunities within a supportive, thriving environment that prioritises their well-being."

48:52
Male: Female ratio

Rs. 60.5 Mn
Investment in L&D

Rs. 2,225 Mn
Remuneration and benefits paid

19%
Employee turnover %
(Support function and sales supervision)

Key Highlights

- Successfully introduced the Company's new Employee Value Proposition (EVP), "Grow Beyond Limits".
- Implemented a structured employee feedback system to enhance engagement, improve workplace quality, and boost overall employee satisfaction.
- "GROW", a multi-faceted, comprehensive initiative designed to empower and support women in various aspects of their personal and professional lives.
- Employee (Support function and sales supervision) turnover decreased by approximately 19.5% in 2025 compared to 2024.
- Positioned the UA culture among potential stakeholders through strategic activation of "Life at UA" across all social media platforms.

SDGs Impacted

Value Creation Process

Inputs

- 821 employees
- Employee skills, qualifications, and competencies
- Competitive remuneration and benefits
- HR governance structures

Value Creation

- Learning and development programmes
- Performance management and career progression
- Work–life Integration initiatives
- Fostering a diverse, equitable, and inclusive culture

Outputs

- 52% female participation
- 81% employee retention rate
- 80 internal promotions
- 16,900+ total learning hours
- Rs. 2,225 Mn paid as employee compensation and benefits

Outcomes

- Strengthened diversity and equal opportunity
- A highly skilled, motivated, and engaged workforce

Focus Area	KPI	GRI
Talent acquisition and retention Refer page 107	• Drive organisational excellence by strengthening talent acquisition, workforce planning, employee well-being, and leadership development through competency based data driven, structured, and people centric HR practices.	GRI 404
Strong employer brand Refer page 105	• Strengthen the employer brand by expanding university recruitment networks, enhancing social media presence, and developing a strategic roadmap to implement the EVP.	GRI 401
Deliver superior service to our employees Refer page 106	• Ensure compliance with policies and procedures. • Conduct compensation and benefits survey for market competitiveness. • Digitalisation of routine processes was initiated to enhance accuracy, improve efficiency and enable increased focus on impactful employee engagement.	-
Employee engagement Refer page 114	• Enhance employee experience through culture-building initiatives and use the pulse survey to guide employer branding strategies.	-
Diversity, equity, and inclusion Refer page 108	• Promote Diversity, Equity, and Inclusion (DE&I) through meaningful initiatives implemented across the organisation.	GRI 405

Risks

- High attrition rates among sales staff.
- Difficulty in sourcing skilled professionals with advanced technical capabilities.
- Reliance on outdated systems reduces efficiency and scalability.
- Growing employee expectations for flexible work arrangements and remote options.
- External climate factors such as floods affecting employee well-being and productivity.

Opportunities

- Flexible work models, robust career development programs, and global talent acquisition strategies to improve retention.
- Investments in mental health initiatives, diversity programmes, and work-life balance to foster engagement and resilience.
- AI and data training to enhance productivity and career growth.
- Structured mentoring, leadership development, and knowledge-sharing frameworks to preserve institutional expertise as senior employees retire.

HUMAN CAPITAL

GRI 2-7 a, 2-7 b i, 2-7 b ii, 2-7 c, 2-7 d

Related Stakeholders

Relevant Material Topics

Corporate Governance & Regulatory Compliance

Anti-Corruption

Retention, Training and Development

Employee Diversity, Equal Opportunity & Non-Discrimination

Environmental Risk Exposure

Capital Trade-offs

Strategic investments in human capital may initially impact short-term financial performance however, ensure seamless business operations in the long-term.

Developing communication, collaboration, and negotiation skills strengthen relationships with customers and suppliers, fostering trust and long-term partnerships.

Investing in training and development accelerates innovation and enhances organisational knowledge, creating a competitive advantage.

Sustainability awareness help reduce resource consumption and minimise ecological impact, thereby preserving and enhancing natural capital.

Optimising physical assets and infrastructure improves operational efficiency and supports scalability for future growth.

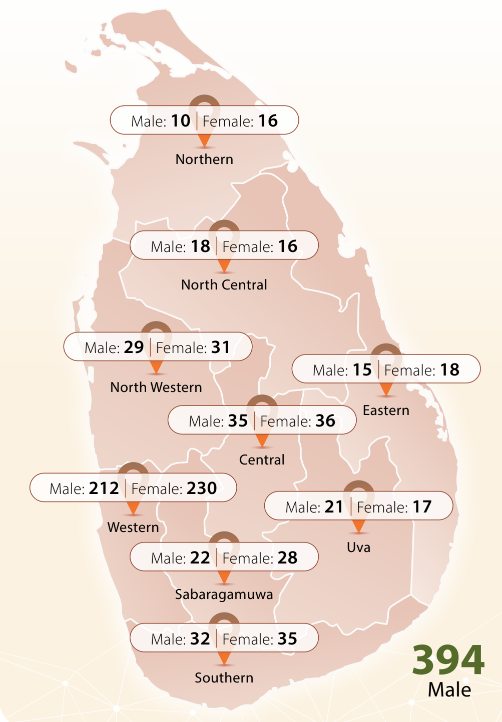
Management Approach

Our human capital strategy aims to build a high-performing and inclusive workforce by strengthening talent acquisition, offering structured development opportunities, and enhancing employee engagement. It emphasises leadership development, well-being, and DE&I, while ensuring performance is aligned with organisational goals through fair and transparent evaluation and recognition systems.

Our Team Profile

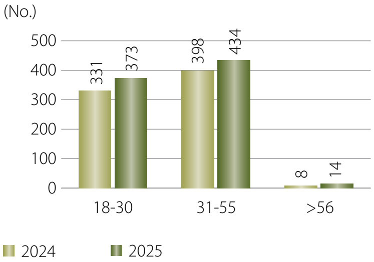
Our strength lies in our team, whose expertise and commitment drives our competitive edge. The detailed profile of our team is presented below.

Employees by Gender and Province LA

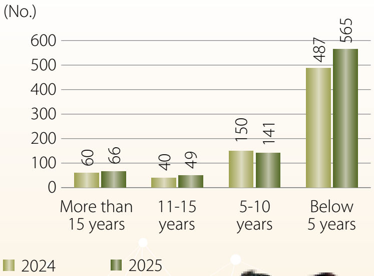


394 Male | 427 Female LA

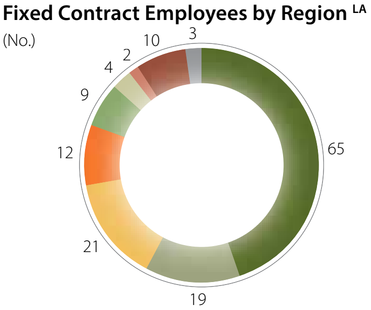
Employees by Age



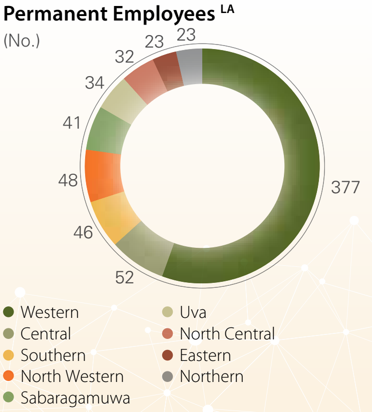
Employees by Tenure of Service



Fixed Contract Employees by Region LA



Permanent Employees LA



All above information is disclosed based on year-end employee headcount. LA

The 11.4% net increase in employee cadre demonstrates the strong recruitment drive and improved employee retention, reflecting the company's continued commitment to attracting and sustaining a diverse and capable talent pool.

UA Employee Value Proposition

At Union Assurance, our Employee Value Proposition (EVP) was officially launched on 12 March 2025, marking a significant milestone in our commitment to building a workplace where employees are empowered to **"Grow Beyond Limits"** both personally and professionally. The EVP reflects who we are as an organisation and how we strive to create an environment that encourages continuous growth, resilience, and innovation, while enabling our people to unlock their fullest potential.

Our EVP is built on three equally important pillars:

Progression | **Experience** | **Empowerment**

Over the past year, several key initiatives have been rolled out to bring the EVP to life

Employee Progression

Creating the environment to improve employee's skills, responsibilities, and career level within the organisation.

- Formation of the Internal Trainer Faculty
- Implementation and the completion of the 'SHIFT' leadership development program
- Formation of the Nurture Network

Employee Experience

Initiatives were designed to promote work–life integration, foster inclusion, and strengthen a sense of belonging among employees. During the year we conducted Zumba sessions, installed a vending machine and allocated a half day leave on birthdays.

Employee Empowerment

In line with our focus on empowerment and engagement beyond the workplace, employees were encouraged to participate in extracurricular and team-based activities that build collaboration and confidence.

- Opportunity to pursue employee's passion through clubs, societies and sports.
- Union Assurance Staff Talent Show
- A series of EVP Roadshows creating platforms for awareness, dialogue, and alignment with the organisation's values and direction.

Through these initiatives, Union Assurance continues to reinforce its commitment to employee growth and development. It reflects our ongoing investment in our people and our dedication to creating a workplace where employees feel valued, supported, and inspired to grow alongside the organisation today and in the years ahead.

HUMAN CAPITAL

GRI 2-24 a, 403-9 a, 408-1 a, 408-1 c

HR Governance

Our Human Resource Policies

- Flexible and Remote Working Policy
- Employee Referral Policy
- Leave, Attendance, and Overtime Policy
- Local and Overseas Business Travel Policies
- Relocation and Transfer Policies
- Rewards and Recognition Policy
- Dress Code Policy

- Whistleblowing Policy
- Performance Management Policy
- Policy on Gender Equality (Group Policy)
- Policy on Equal Opportunity and Non-discrimination (Group Policy)
- Diversity, Equity and Inclusions Policy (Group Policy)
- Code of Conduct (Group Policy)
- Mobile Phone and Mobile Connection Policy

The organisation embeds its policy commitments into day to day operations through structured governance processes and clear compliance requirements. All policies are accessible to employees via the Company intranet, ensuring transparency and organisation-wide awareness. Targeted training sessions are provided on a needs basis to ensure employees understand and apply these commitments in relevant areas of their work. These mechanisms collectively support consistent implementation of the organisation's ethical, social, and environmental standards across its activities and value chain. LA

HR Compliance

	Our Actions
Compliance with labour laws and regulations	We comply with all applicable labour laws, rules, and regulations in Sri Lanka, including those related to compensation, dismissal, recruitment, promotion, working hours, benefits, and welfare. Employees are provided with sufficient notice of operational changes. No fines or sanctions for non-compliance were imposed during 2025.
Child labour & forced labour	We maintain strict policies prohibiting underage and forced labour. No incidents of such violations were reported during the year. LA
Non-compliance in labour practices	We continuously enhance labour practices and maintain robust monitoring systems to ensure full compliance. Our policies are aligned with industry best practices.
Compliance with health and safety regulations	We are committed to providing a safe and healthy work environment. Comprehensive health and safety protocols and standards are in place to protect employees. No work-related fatalities, injuries, or hazardous incidents occurred during the year. LA
Protecting human rights	Our HR policy reflects our commitment to safeguarding human rights and employee rights. No violations were reported during the year.

Employee Movement

We adhere to the Group Recruitment Policy of our Parent Company, John Keells Holdings, ensuring alignment with the OneJKH principles. During 2025, we recruited a total of 341 employees, while employee turnover stood at 19%. Our targeted recruitment and retention strategies contributed to 58% female recruitments, reinforcing our commitment to diversity and inclusion.

Our recruitment and selection process

Preparation of Requisition for the internal vacancy

Pre sourcing through advertisements on internal and external sources

Selection Process

- Application sourcing
- Initial screening
- Candidate contact and pre-evaluation
- Assessment stage
- Formal interview process
- Mandatory screening process (sanction screening / reference check / industry clearance)
- Final evaluation
- Offer finalisation

Onboarding

- Group level induction and pathway onboarding programme
- Company induction

University Partnerships

As Sri Lanka's premier life insurer, Union Assurance has strengthened its commitment to empowering future business leaders by signing MoUs with universities. The newest partnership being University of Sabaragamuwa and this partnership complements our existing collaborations with leading academic institutions, including the University of Wayamba, University of Sri Jayewardenepura, University of Kelaniya, and NSBM, reaffirming our dedication to nurturing Sri Lanka's youth and preparing them for an evolving business landscape.

Internship Programme & Apprenticeship Programme (Ucraft)

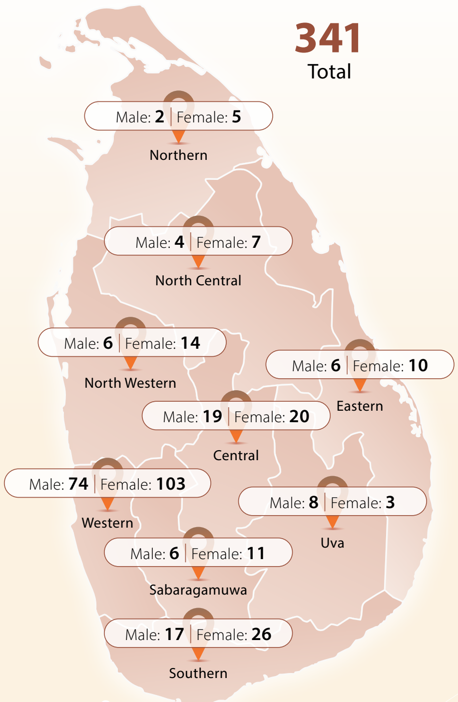
A two-year apprenticeship program designed as a stepping stone for undergraduates to gain corporate exposure, practical experience, and industry insights, helping them transition seamlessly into professional careers.

UCRAFT
BY UNION ASSURANCE

HUMAN CAPITAL

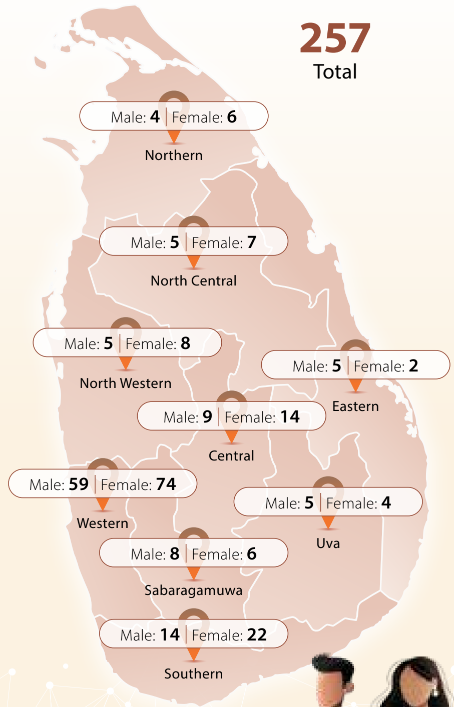
GRI 2-7 e, 401-1 a, 401-1 b, 406-1 a, 406-1 b

Recruitment by Province LA

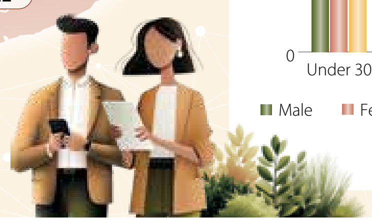


42% Male | **58%** Female LA

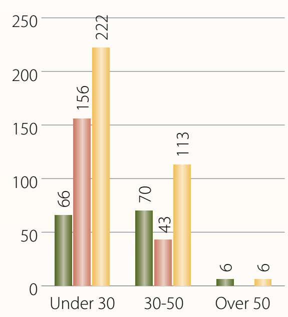
Employee Exits by Province LA



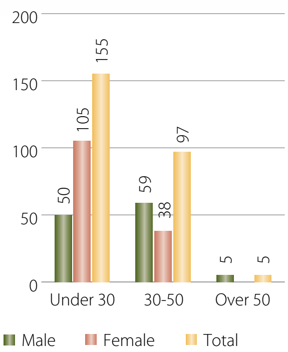
44% Male | **56%** Female LA



Recruitment by Age LA



Exits by Age LA



Diversity, Equity & Inclusion (DE&I) Commitment

Aligned with the 'OneJKH' commitment to Diversity, Equity, and Inclusion, we foster a workplace culture that embraces diversity, equality, and inclusivity across the organisation. Our DE&I framework is anchored on principles of empowerment, inclusion, zero tolerance for discrimination, equal opportunity, and active participation, while promoting diverse value chains.

To strengthen this commitment, we have:

- Introduced awareness programmes to mitigate unconscious bias.
- Implemented the Equal 100 Days Parental Leave Policy, granting both maternal and paternal 100 days of paid leave.
- Maintained a zero-incident record of discrimination during the year. LA

Equal Opportunity and Non-Discrimination Policy

Applies to all employees and governs interactions with stakeholders across the Company.

Diversity, Equity, and Inclusion Policy

Commits to creating a respectful, inclusive workplace where diversity is embraced and contributions are valued. The UA believes diverse teams drive innovation, talent retention, and superior results, and strives to reflect the diversity of communities and stakeholders in its workforce and value chain.

Gender Equality Policy

Provides a framework for achieving gender balance, integrating gender parity into work culture, processes, and policies. Includes strategic interventions to empower women and foster inclusivity.

Zero Tolerance Policy

Enforces strict measures to eliminate sexual harassment and maintain a safe, respectful work environment.

GRI 405-1 a, 405-1 b

DE&I Initiatives Conducted During the Year

Leading Liyo – Women-centric Leadership Programme

A transformative development initiative designed to unlock potential and foster leadership among female professionals at UA.

Key Objectives:

- Empower female talent with tools, resources, and mentorship for career growth.
- Increase retention of high-potential women through targeted engagement strategies.
- Build a strong women's network for collaboration and knowledge-sharing.
- Enhance the visibility of female role models to inspire future leaders.

International Women's Day

Celebrated the women of UA with sessions focused on mental well-being and financial literacy, empowering them personally and professionally.

Breast Cancer Awareness Programme

Conducted an awareness session and facilitated initial breast cancer screening tests to promote health and early detection.

Cultural & Religious Celebrations

to foster inclusivity and respect for diverse cultural traditions.

- Iftar during Ramadan
- Vesak celebrations
- Thai Pongal festivities
- Christmas Programme

International Men's Day

Recognised male employees' contributions through a promotional partnership with Hameedia (15% discount) and a token of appreciation.

Female Well-being Enhancement

Installed sanitary napkin dispensers at the Head Office to support health and hygiene needs.

Structural Diversity LA

Male		Female
6	Governance Body	3
52	Senior Management	9
154	Middle Management	59
182	Executive and below	356

Age Representation of Governance Body

Under 30	0%
30-50	100%
Over 50	0%

HUMAN CAPITAL

GRI 401-3 a, 401-3 b, 401-3 c, 401-3 d, 401-3 e

Parental Leave - 2025 [LA]	Male	Female
Total number of employees that were entitled to parental leave, by gender.	4	7
Total number of employees that took parental leave, by gender.	4	7
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	4	7
Total number of employees that returned to work after parental leave ended who were still employed 12 months after their return to work, by gender.	4	6
Return to work and retention rates of employees that took parental leave, by gender.	100%	86%

Parental Support Initiatives

Initiative	Description
Partnership with Parenthood Global	Collaborated with Parenthood Global to promote a parent-inclusive workplace culture. In addition, we provide employees with access to a registered and well-known crèche facility, ensuring reliable childcare support.
Equal Parental Leave	Implemented 100 days of paid parental leave for mothers and fathers, reinforcing our commitment to gender equality and family well-being.

Parental leave

86%

Percentage retention of women at work for 12 months after maternity leave

Learning and Development

We empower our employees to achieve both personal and professional growth through tailored learning and development programmes. Training needs are identified based on the organisation's strategic objectives and the unique aspirations of each individual. Using a structured and systematic approach, we ensure that all programmes are relevant, impactful, and measurable. Our learning ecosystem includes diverse options such as on-the-job training, digital learning platforms, workshops, mentorship, coaching, and structured management development initiatives. In 2025, employees benefited from 16,900+ hours of training delivered, with an average of 21 hours per employee, reinforcing our commitment to continuous development.

Our Training and Development Process

Identifying Training Needs

- Through one-on-one discussions between employees and their immediate supervisors.
- Via voluntary registration by employees based on the quarterly training calendar published.

Designing Training Programmes

- Developing structured programs tailored to identified needs and organisational objectives.

Implementing Training

- Delivering training sessions effectively to ensure maximum engagement and knowledge transfer.

Evaluating Training Effectiveness

- Assessing outcomes to confirm that the objectives of each program have been achieved and identifying areas for improvement.

GRI 404-1 a, 404- 2 a

Key Training Programmes Implemented in 2025 LA

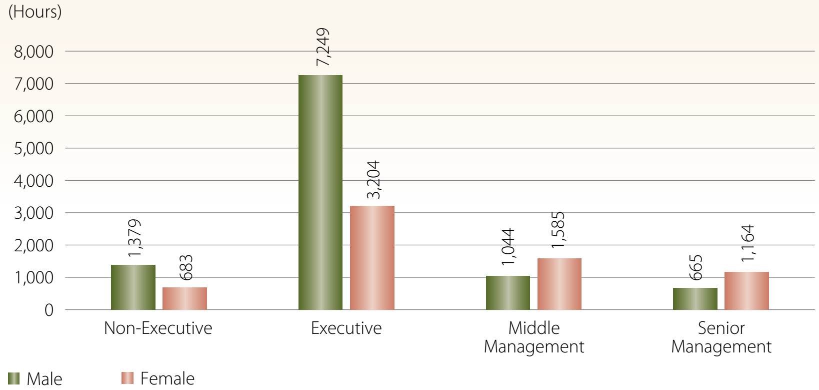
Programme	Description	No. of Hours	No. of Participants
Leadership & Management	Programs designed to enhance personal effectiveness, leadership, and managerial skills. Examples include SHIFT (Leadership Development Program), Performance Conversations for People Managers, and Nurture Network.	2,368	360
Onboarding	Initiatives to integrate new employees into the organisation, including Company orientation, departmental processes, and training on John Keells Group Values.	9,264	1,117
Product & Technical	Training to ensure employees have the knowledge and skills to understand, use, and support products and technical processes. Examples include Fundamentals in Life Insurance, process understanding.	4,128	544
Sales & Service Excellence	Programs focused on improving customer interactions, building client relationships, and achieving excellence in sales and service delivery. Examples include soft skills for customer service and service transformation.	1,088	311
Systems, Operations & Compliance	Training to raise awareness of legal and regulatory requirements and equip staff to protect the organisation's brand. Examples include Anti-Money Laundering, information security, and data protection act sessions.	125	85

51%:49% LA
Female:Male Ratio of Training Received
(2024: 55%:45%)

Rs. 59,947
Training Cost per Employee
(2024: Rs. 52,220)

Rs. 48,023
Social Welfare Cost per Employee
(2024: Rs. 32,440)

Training Hours Based on Gender and Employment Category



Rs. 49 Mn
Total Investment in Training
(2024: Rs. 33 Mn)

16,900+ LA
Hours of Training
(2024: 19,044)

21
No. of Internally filled positions
(2024: 22)

HUMAN CAPITAL

GRI 2-19 a, 2-19 b, 201-3 b, 201-3 c, 201-3 d 201-3 e, 401-2 a, 401-2 b, 405-2 a, 405-2 b

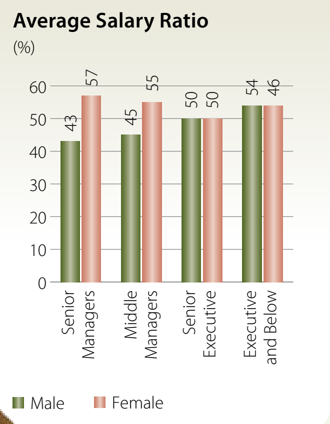
Remuneration and Benefits

We provide fair, equitable, and transparent remuneration and benefits that align with our performance-driven culture. Our compensation package includes a competitive base salary, travel allowance based on designations, performance-based bonuses, statutory contributions, and comprehensive benefits such as medical coverage. In addition, an industry-leading parental leave policy granting 100 days of paid leave for both parents. LA

Our Remuneration Policy is: LA

Designed to:

- Attract and retain top talent
- To be recognised as an Employer of Choice
- Maintain high levels of morale and motivation



Rs. 31.36 Mn
Revenue per Employee
(2024: Rs. 29.37 Mn)

Rs. 284 Mn
Contribution to Defined Benefit Plan
(2024: Rs. 230 Mn)

Rs. 2,225 Mn
Payment to Employees
(2024: Rs. 1,847 Mn)

In addition to the regulated benefits, we offer a variety of monetary and non-monetary benefits aimed at supporting the holistic well being of our employees. LA

Monetary LA

- Attractive remuneration
- Vehicle allowances
- Paid time off
- Retirement benefits (EPF, ETF, Gratuity)
- Health & life insurance benefits

Non-Monetary LA

- Employee well-being
- Job security and enrichment
- Flexi work arrangements and remote working
- Career development and learning opportunities
- Work/Life integration

Defined benefit plan obligations and other retirement plans

Union Assurance PLC operates both defined contribution and defined benefit post-employment plans. Under the defined benefit gratuity plan, the Company does not maintain a separate fund; therefore, all gratuity liabilities are fully met through the Company's general resources, with the liability estimated annually by an independent actuary using the projected unit credit method. The Company's defined contribution plans cover all employees, who are mandatory members of the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF). Contributions to these schemes follow statutory percentages, with the Company contributing 12% and employees contributing 8% of basic salary to the EPF, while the Company contributes an additional 3% to the ETF. As Note 45 confirms, all employees participate in these mandatory retirement schemes, and all eligible employees are entitled to the gratuity plan, reflecting full participation in the Company's retirement benefit framework. LA

Refer Notes to the Financial Statements (Note 45)

The Human Resource Compensation Committee (HRCC) is responsible for reviewing and ratifying the compensation and performance appraisals of the CEO and Key Management Personnel (KMPs), as recommended by the Group Career Committee. The Committee also monitors the performance and development of the Company's top talent to support organisational growth and succession planning, with particular focus on future readiness of identified key talents.

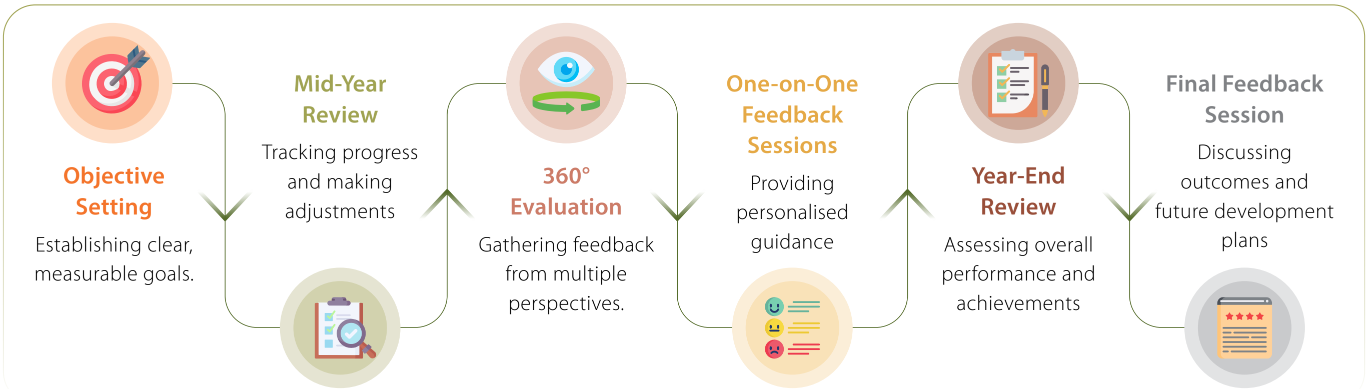
The organisation identifies its Head Office in Colombo, Sri Lanka as the central and most significant operational site for compiling and reporting gender pay and remuneration ratios.

GRI 403-6 a, 404-3 a

Performance Management

Our performance management system is designed to motivate employees and ensure alignment with the Company's strategic objectives. Every employee undergoes an annual performance and career development review, and we continuously refine our practices to enhance effectiveness.

Our Performance Evaluation Process



We have strengthened the link between individual performance and organisational productivity, ensuring that contributions are recognised and rewarded. To support this, we have enhanced our reward philosophy and practices, incorporating both financial and non-financial metrics for a holistic evaluation.

In 2025, 100% employees are eligible to participate in performance appraisals, reinforcing our commitment to growth and excellence.

	2025	2024
No of employees who got promoted LA	80	86
Percentage of employees who have undergone performance evaluations relative to the total cadre LA	85%	78%

Success Drivers

The following six key Success Drivers are designed to make employees more flexible, creative, and focused on adding value for customers, partners, and colleagues.

Employee Recognition

At Union Assurance, we believe in celebrating excellence and acknowledging the contributions of our people. Our recognition programmes are designed to motivate, inspire, and reinforce a culture of high performance.

Bravo Award

A prestigious recognition certificate presented to employees for exceptional work and special projects that demonstrate innovation, commitment, and impact.

Union Assurance Recognised as a Company with Great Managers - Powered by CLA Coaching & Consulting Inc.

This year, seven outstanding leaders were recognised for their leadership impact, reinforcing our commitment to building a strong leadership culture.

HUMAN CAPITAL

GRI 201-3 a, 403-6 a

Employee Engagement

Throughout the year, we strengthened employee engagement through a range of internal initiatives and collaborations with the JKH Group. These efforts are designed to cultivate a strong sense of belonging, enhance team effectiveness, and nurture leadership qualities within a supportive environment that encourages employees to showcase their soft skills.

Townhall Meetings

Our Townhall meetings serve as a cornerstone for open dialogue between leadership and employees. These sessions provide a platform to communicate strategic priorities, share progress updates, and address questions in a transparent and collaborative environment.

By fostering two-way communication, we ensure employees have a clear understanding of how their individual contributions align with the Company's broader vision. Townhalls also reinforce our core values of trust and inclusivity, empowering employees to voice ideas and concerns while staying aligned with long-term goals.

Townhall meetings at UA Head Office

In addition, we hosted celebratory and fellowship-building events, creating opportunities for connection and camaraderie that further reinforce engagement and organisational culture.

Avurudu Celebrations

DJ Night

UA Kids Carnival

Halloween Celebrations

GRI 403-1 a, 403-1 b, 403-2 a, 403-2 b, 403-2 d, 403-3 a, 403- 4 a, 403- 5 a

Health and Safety

To uphold the highest standards of occupational health and safety, we have implemented a structured process to identify, eliminate, or minimise risks associated with each work segment. This process is developed with input from employees, ensuring that risk mitigation strategies are practical and effective.

Clear communication is a key priority, these strategies are shared across all levels of the organisation, particularly those exposed to specific job-related risks. By fostering awareness and accountability, we aim to create a safe, secure, and resilient work environment for everyone. The basic health & safety protocols are in place. LA

The organisation has identified fire risk as a significant occupational health and safety concern, and both the Head Office and branch network are fully covered under its fire safety management approach. The Logistics Department oversees periodic monitoring, supported by a range of preventive measures such as fire drills, routine building maintenance, thermal inspections of electrical wiring, trained fire teams with regular awareness sessions, expert reviews of the emergency response plan, and strict hot work permit procedures. Fire alarm systems, smoke detectors, and First Aid Fire Appliances (FAFA) are in place across all locations. Together, these systems ensure a consistent, proactive approach to fire safety across the entire organisation. LA

To minimise potential work-related ill health, we have implemented several preventive measures targeting ergonomic and environmental factors: LA

- **Improved lighting conditions:** Management assessed and adjusted workplace lighting levels to reduce excessive brightness exposure, helping mitigate risks such as eye strain, headaches, and related discomfort that can contribute to ill health.
- **Ergonomic seating enhancements:** Standard chairs were upgraded to more ergonomically appropriate options across designations, reducing risks of musculoskeletal discomfort or longer-term disorders.
- **Special accommodations for medical needs:** Employees with documented medical conditions receive customised chairs designed to meet their specific ergonomic or health requirements, further supporting prevention of work-related musculoskeletal or posture-related disorders.

HUMAN CAPITAL

GRI 403-6 b

Employee well-being Initiatives LA

At Union Assurance, we prioritise the holistic well-being of our employees through a series of impactful programs and activities designed to nurture physical, emotional, and mental health. Key initiatives during the year included:

Launch of HappyMind

A dedicated well-being initiative, now integrated with Talent Development to ensure sustained support for employee growth and wellness.

Personal Grooming & Corporate Etiquette Programme

Conducted by Personal Style Coach for sales staff, empowering employees with confidence and professionalism.

Health Camp

Complimentary eye and hearing screening camp at the Head Office premises

Breast Cancer Awareness Session

Promoting health education and preventive care.

Zumba Sessions

Encouraging physical fitness and energy through fun, interactive workouts.

Cycling Workshop at Head Office

Reinforcing our commitment to active lifestyles and employee well-being.

'Salad Rush' Event

A unique initiative to strengthen team spirit and promote healthy eating, in collaboration with renowned chef Chathurika Anuradha.

10 km Cycling Event

Inspiring employees to embrace fitness and outdoor activity.

Art Therapy Session – 'Paint to Express'

A one-of-a-kind emotional well-being initiative where employees created vibrant traditional Sri Lankan masks, celebrating creativity and cultural heritage.

Employee Surveys and Focus Groups

To ensure we listen to the voice of our employees, we conducted multiple surveys and focus group sessions throughout the year. These initiatives help us gather valuable insights and continuously improve the employee experience.

Key initiatives included:

1. Employee Pulse Survey

An internal survey designed to assess critical areas such as:

- Empowerment and innovation
- Inclusion and growth
- Collaboration and recognition
- Health and well-being
- Recommendations for improvement

Two Pulse surveys were conducted during the year to track progress and identify

2. Em-Pulse Group Survey

A specialised survey aimed at deeper engagement and feedback from targeted employee groups which is conducted by the JKH Group.

3. Focus Group Sessions

Interactive sessions that provided employees with a platform to share ideas, concerns, and suggestions in a collaborative environment.

These efforts reflect our commitment to transparency, inclusivity, and continuous improvement, ensuring that employee feedback directly shapes our organisational strategies.

Way Forward

Objectives	2026 Short-term target	Medium to Long-term target
Building a strong talent pipeline	• Succession planning and successor development • Prepare individual development plans for top talent • Conduct industry mapping for identified roles	• Execution and management of the set succession plans for all critical roles
Maintain Gender parity	• 50:50 female:male representation	• 50:50 female:male representation
Learning & development	• Design and develop learning interventions based on identified needs and aligned with the Business KPIs and competency framework (Success Drivers) • Identify the learning needs critical to the business excellence	• Build a future-ready workforce equipped with the skills and knowledge • Continuous monitoring of success drivers into all levels of people development
Active employee engagement	• Strengthening employee engagement through diverse activities • Conduct half yearly Employee Pulse Survey to identify gaps and continuous improvement	• Improve employee engagement and motivation, drive productivity and innovation • Improved the quarterly survey and action plans

NATURAL CAPITAL

OUR NATURAL RESOURCES: ENSURING RESPONSIBLE STEWARDSHIP

As a responsible corporate citizen, we are committed to advancing the global climate agenda by fostering environmentally conscious practices within our organisation and the broader community. Through robust systems and processes, we strive to make a positive contribution to environmental preservation, promote resource efficiency, including energy and water conservation and ensure the effective management of emissions and waste. Our approach reflects a long-term dedication to sustainability and responsible stewardship of natural resources.

2.10 tonnes
Recycled Waste

Rs. 6.3 Mn
Investment in Solar Power

1.7 ML
Water Treatment

1,858.72 tCO_2e
Total Carbon Footprint

Key Highlights

Key Highlights	SDGs Impacted
Driving Towards Low Emission Mobility	7, 12, 13
Formation of Sustainability Management Committee	12, 13
Embedding Climate Resilience into Strategic Risk Management	12, 13
Advancing Renewable Energy at Kurunegala Facility	7, 12, 13
Wastewater Treatment Plant Operation – Kurunegala	6, 12, 14
Plastic and Polythene Recycling Initiative	12, 13, 14

Transitioned our transportation fleet to Electric & Hybrid vehicles

Value Creation Process

Inputs

- Energy consumption – 7,180 GJ
- Water consumption – 18.57 ML

Value Creation

- Responsible waste, water, energy, and emissions management

Outputs

- 1,858.72 tCO_2e GHG emissions
- 12.69 GJ Energy intensity per employee

Outcomes

- 15% YoY increase in energy consumption
- 4% YoY increase in water consumption

**Mainly due to increase in branch operations.*

Focus Area	KPI	GRI
Waste management Refer page 124	Integrating the 5R principles, Refuse, Reduce, Reuse, Repurpose, and Recycle into every aspect of the Company's activities.	GRI 306
Responsible water consumption Refer page 123	Monitoring water usage and driving awareness initiatives to promote water conservation.	GRI 303
Sustainable emission management Refer page 122	Evaluating emission levels against established targets to ensure compliance and continuous improvement.	GRI 305
Efficient energy management Refer page 121	Identifying opportunities to enhance energy efficiency while progressively transitioning toward renewable energy sources.	GRI 302

Risks

- Physical climate risks disrupting branch operations causing impact to new business and premium collection (e.g. Tsunami/ flood etc.)
- Disaster-related claim surges (e.g., natural disasters affecting mortality, health claims, lapses and surrenders)
- Chronic climate changes impacting health and life expectancy due to increase in;
  - » Heat stress
  - » Vector-borne diseases
  - » Respiratory issues
  - » Contagious diseases
- Challenges in transitioning to low carbon operations
- Volatility in interest rate due to climate related events

Opportunities

- Shift towards lower-emission operations to position the Company as an environmentally responsible insurer
- Higher demand for life insurance driven by increasing acute and chronic climate risks

NATURAL CAPITAL

Related Stakeholders

Relevant Material Topics

Environmental Risk Exposure

ESG Focused Investments

Geographic Expansion

Capital Trade-offs

Committing to environmental sustainability requires an initial investment, but it delivers significant long-term benefits, including cost savings and value creation.

Our initiatives not only strengthen compliance with environmental standards but also foster community well-being and support a resilient, sustainable value chain.

By prioritising sustainability, we enhance employee well-being and foster a healthier work environment.

Environmental sustainability enhances our brand reputation, positioning us as a responsible and forward-thinking organisation.

Management Approach

As a service-based organisation, our operations have a minimal dependence on natural resources, resulting in a limited direct environmental footprint. Despite this, we remain fully committed to supporting the transition toward a low-carbon economy. We continue to embed environmental responsibility across our business by fostering awareness, encouraging sustainable behaviours, and integrating responsible operational practices that contribute to long-term environmental stewardship.

Climate Risk

The escalating impacts of climate change present significant challenges to the insurance industry, increasing financial exposure from extreme weather events and threatening operational stability and sustainability. Recognising this urgent need for action, we remain committed to protecting natural resources and achieving a sustainable reduction in emissions, as outlined in our ESG policy. We maintain full compliance with environmental standards and have consistently upheld a record free of fines or penalties throughout the year.

Additionally, we proactively identify and mitigate both direct and indirect climate-related risks that impact our operations.

Refer pages 30 - 39 for more information on climate-related risks and opportunities

Floods caused by cyclone Ditwah

Energy and Emissions Management

Energy management objective

Implement sustainable and efficient practices to enhance and optimise energy use

Energy efficiency measures implemented in 2025

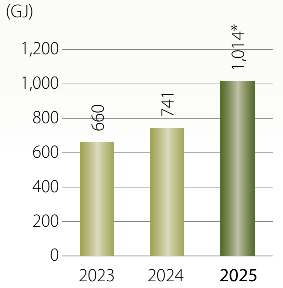
Investment in Solar Power

We initiated a solar power plant at our Kurunegala premises, with an anticipated generation capacity of approximately 60 kW, to support our transition toward renewable energy and contribute to long-term carbon reduction efforts.

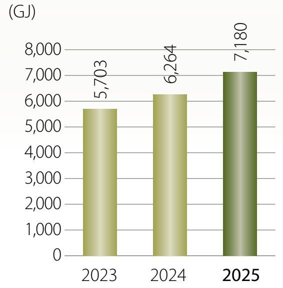
NATURAL CAPITAL

GRI 302-1 a, 302-1 b, 302-1 c, 302-1 e, 302-1 g, 302-3 a, 302-3 b, 302-3 c, 302-3 d

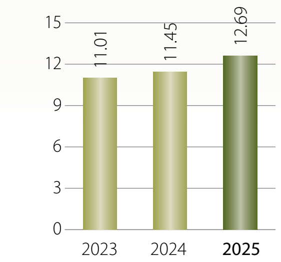
Energy Consumption - Fuel LA
(GJ)



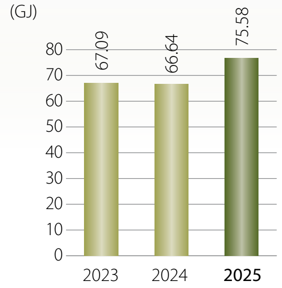
Energy Consumption - Electricity LA
(GJ)



Energy Intensity Per Employee LA
(GJ)



Energy Intensity Per Branch LA
(GJ)



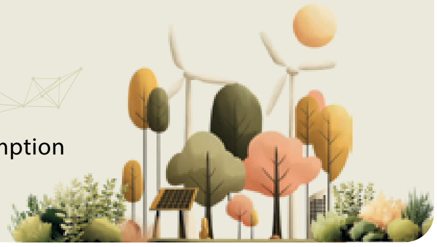
** Petrol 536 GJ (conversion factor – 0.033506) LA*
** Diesel 476 GJ (conversion factor – 0.03829)*

75.58 GJ
Energy Consumption per Branch

12.69 GJ
Consumption per employee

0.02 GJ
Electricity Energy Consumption per Square Foot

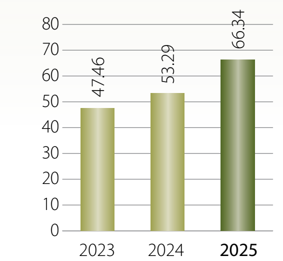
0.29 GJ
Energy Consumption per Rs. 1 Mn of Revenue



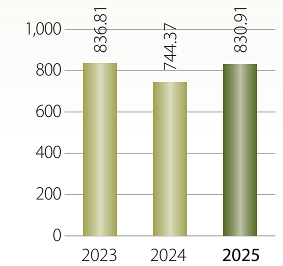
- Energy consumption is entirely from non-renewable sources and intensity is calculated based on electricity consumption within UA. LA
- Heating, cooling or steam consumption is not relevant to UA. LA
- Energy data is compiled using standard utility billing information and internal fuel records, and established conversion factors in line with GRI requirements. LA

Emissions Management

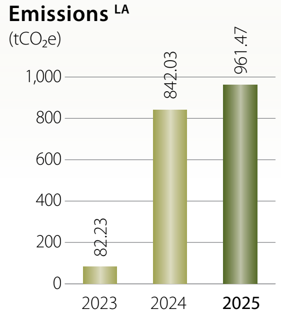
Direct Scope 1 Emissions LA
(tCO_2e)



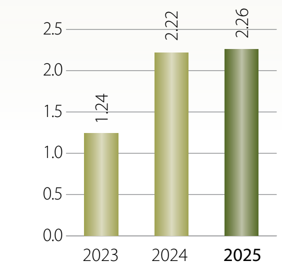
Indirect Scope 2 Emissions LA
(tCO_2e)



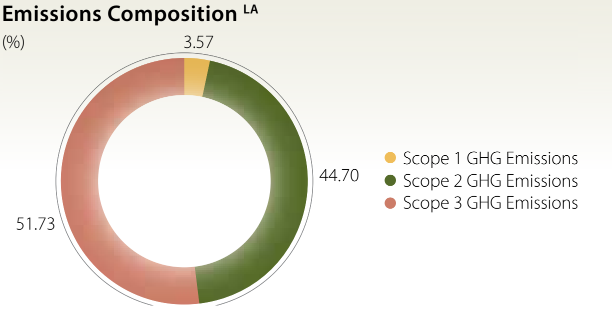
Indirect Scope 3 Emissions LA
(tCO_2e)



Emissions Intensity - Per Employee LA
(tCO_2e)



Emissions Composition LA
(%)



2.26 tCO_2e
GHG Emission per Employee

1,858.72 tCO_2e
Total Carbon Footprint

For Certificate of Assessment - Greenhouse Gas Emissions Inventory Refer page 373

(tCO2e)	2025	2024	YoY Change (%)
Direct (Scope 1) GHG Emissions	66.34	53.29	24.49
Indirect (Scope 2) GHG Emissions	830.91	744.37	11.63
Indirect (Scope 3) GHG Emissions	961.47	842.03	14.18
Total Carbon Footprint	1,858.72	1,639.70	13.36
Emission Intensity (Emissions per Employee) LA	2.26	2.22	1.76

GRI 303-1 a, 303-1 c, 303-5 a

Water Management

Water management objective LA

Sustainable and efficient usage of water resources

UA withdraw water mainly from municipal supply and consumed for sanitation lunchroom/ pantries. Bottled water is used for drinking purposes. Wastewater is discharged to municipal sewers and storm water managed through drainage systems. Water related impacts are low and primarily indirect, including demand on urban water systems and minor runoffs from building sites/ parking areas. LA

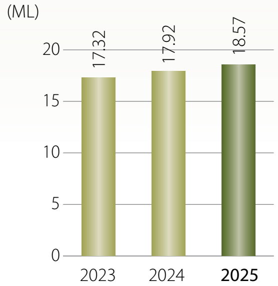
Water management measures implemented in 2025

UA minimise water impact by installing sensor taps and leak detection through regular maintenance. We coordinate with landlords/ building owners on water efficiency and plumbing maintenance, and encourage customers to use digital channels/e-documents to reduce water-intensive paper demand. LA

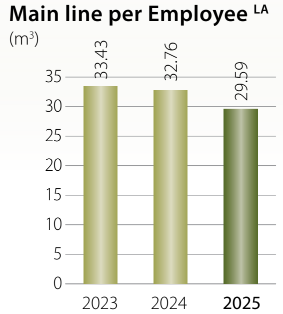
Installed a wastewater management system in Kurunegala to ensure that every drop of wastewater undergoes rigorous treatment to meet the highest environmental standards prior to its responsible release back into the ecosystem LA

Installed sensor-activated taps across facilities to minimise water wastage and promote efficient water management LA

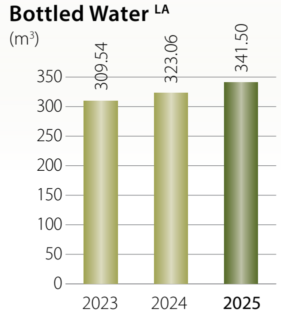
Water Consumption – Main line LA
(ML)



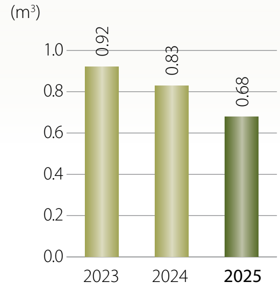
Water Consumption – Main line per Employee LA
(m³)



Water Withdrawal – Bottled Water LA
(m³)



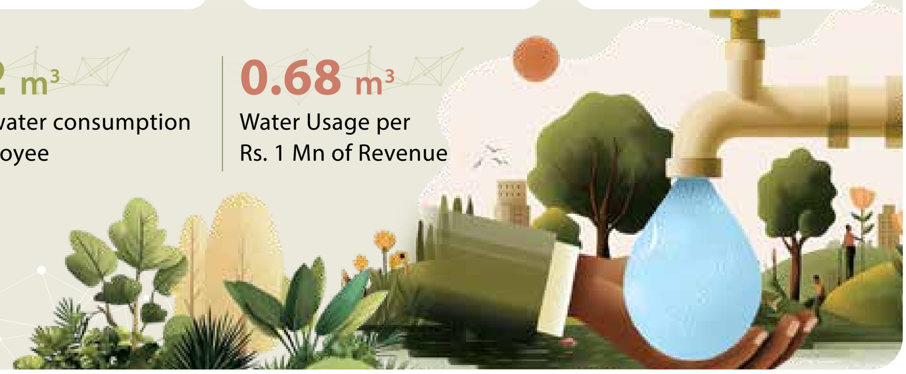
Water Usage per Rs. 1 Mn of Revenue LA
(m³)



29.59 m^3
Water consumption per employee

0.42 m^3
Bottled water consumption per employee

0.68 m^3
Water Usage per Rs. 1 Mn of Revenue



NATURAL CAPITAL

Waste Management

Waste management objective [LA]

Contribute positively to the preservation of our environment

2025 Initiatives

Paper Recycling

Installed paper waste bins on every floor and in selected branches, partnering with Neptune Papers (Pvt) Ltd to ensure environmentally responsible disposal and recycling of paper waste. [LA]

Plastic Recycling

Introduced bottle collection bins at the Head Office to encourage recycling and reduce plastic waste. [LA]

Food Waste Segregation

Implemented segregation of food, paper, and polythene waste at the point of generation to promote effective waste management and recycling. [LA]

Water Treatment Compliance

Collaborated with Lalanka Engineering Company (Pvt) Ltd to maintain the Water Purification Treatment System at Kurunegala, ensuring effluent water is treated and released in full compliance with government-approved standards. [LA]

Paper saving initiatives

In partnership with Neptune Papers (Pvt) Ltd we responsibly disposed 2.10 tonnes of wastepaper, contributing to significant positive environmental outcomes.

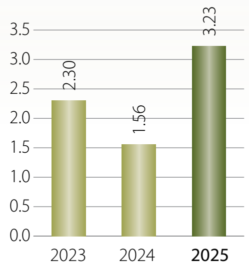
- **36** fully grown trees
- **3,691** litres of oil
- **8,412 kWh** of electricity
- **66,833** litres of water
- **6** cubic meters of landfill
- Reduced Green House Gas (GHG) emission by **2.10 tonnes** of carbon equivalent

GRI 306-2 b, 306-2 c, 306-3 a, 306-4 a, 306-4 c, 306 -4 d, 306-5a

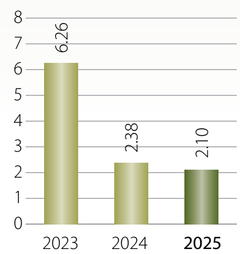
Data Collection

All waste disposed through the Municipal Council is weighed, documented, and verified by the janitorial staff, with internal records maintained by the Administration team. Waste sent for recycling is handled by a third-party vendor under the JKH Group's service agreement, and recorded through service reports issued by the authorised recycling service provider. LA

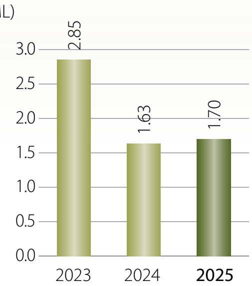
Non-Hazardous Waste Generated LA
(t)



Waste Disposed by Recycling LA
(t)

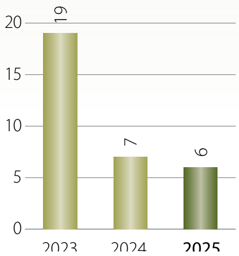


Water Withdrawal – Water Treatment LA
(ML)



Landfill LA

(Cu. Mt.)



2.10 tonnes
Waste disposed by recycling

1.7 ML
Water treatment

3.23 tonnes
Non-hazardous waste generated

Way Forward

We are aligned with the JKH Group's broader environmental aspirations outlined in the ESG framework.

Objectives	2026 Short-term target	Medium to Long-term target
Develop and execute strategies to manage and optimise resources efficiently, ensuring operational sustainability.	Expand renewable energy adoption through strategic investments in solar power initiatives to reduce carbon emissions and reliance on non-renewable sources.	Implement rainwater harvesting systems to address water scarcity and promote efficient water management.
Drive initiatives that minimise emissions and waste, fostering cleaner and healthier ecosystems.	Implement a comprehensive zero-plastic policy to minimise plastic waste and promote eco-friendly alternatives across operations.	Achieve low emissions by reducing emissions at the source through cleaner technologies and sustainable practices.
Provide innovative and practical approaches to address climate-related risks and leverage opportunities for resilience and growth.	Conduct detailed energy audits and implement targeted measures based on findings to optimise energy efficiency and reduce environmental impact.	Plant trees to enhance carbon sequestration, mitigate climate change, and support biodiversity.

SOCIAL AND RELATIONSHIP CAPITAL

GRI 413-1 a

PARTNERSHIPS AND NETWORKS: ENHANCING COLLECTIVE IMPACT

"We are committed to creating lasting value for our customers, business partners, and communities through strong, mutually beneficial relationships built on trust, transparency, and accountability. As a life insurer, these connections are at the heart of our value-creation process. They enable our operations, broaden market reach, and fuel business growth. Our extensive network and shared values strengthen these social ties, making them fundamental to our success."

3,000+
Sales Staff

340,000+
Lives Insured

Rs. 39 Mn
Investment in CSR

2,000+
Service Providers

Key Highlights

SDGs Impacted

Customers

- Launched **Union Assurance Flex Life** – an innovative, fully customisable solution.
- Enhanced Electronic Medical Examination Report (e-MER) and digital medical records.

Field Staff

- Became the first insurer to fully digitise the Advisor Life Cycle Management process, setting a new industry benchmark.
- Introduced the Advisor Welfare Scheme, a dedicated initiative to empower and support advisor network.

Business Partners

- Entered an exclusive partnership with Sampath Bank PLC, reshaping the competitive landscape of Bancassurance.
- Ensured all suppliers and vendors are screened against ESG standards. LA

Community

- Contributed to the government 'Rebuilding Sri Lanka' Fund, established to provide relief to communities affected by Cyclone Ditwah.
- 23,000+ individuals received free diabetes screenings through the 'Suwamaga' diabetes prevalence campaign.
- Launched the 'Diabeater' pledge, uniting communities to combat diabetes.

Value Creation Process

Inputs
- Rs. 39 Mn. investment in community development
- Rs. 6,949 Mn paid to suppliers
- Rs. 4,787 Mn total commission and incentives paid to sales staff

Value Creation
- CSR initiatives
- Customer relationship management
- Supplier retention
- Product development

Outputs
- 222 MDRT qualifiers
- Rs. 7,878 Mn revenue from new customers

Outcomes
- Empowered communities
- Strong supplier relationships
- Loyal customers
- Strong business partner relationships

Focus Area	KPI	GRI
Drive operational efficiency through faster claims settlement, higher automation, and optimised sales channels Refer page 132	• Maintain a 93% + one-day claims settlement ratio	-
Field staff development - Empower advisors through continuous training and advanced digital tools to strengthen network performance Refer page 134	• 3,000+ Active sales force	GRI 418
Bancassurance channel optimisation Refer page 134	• Expansion of Bancassurance Exclusive partnerships	-
Drive nationwide diabetes awareness and promote preventive health practices Refer page 139	Targets • Directly impact 15,000+ lives through health screenings • Indirectly impact 50,000+ lives through education and awareness	-

Risks

Customer
- Lower disposable income causing more surrenders.
- Medical inflation increasing claim costs.

Sales Agents
- Competitive market making sales agent retention challenging.

Business Partners
- Price adjustments driven by external factors.

Opportunities

Customer
- Enhance engagement through digital platforms.
- Low interest rates improving product attractiveness.

Sales Agents
- Strengthen a high-quality sales agency force.
- Drive acquisition and retention of quality business.

Business Partners
- Build sustainable, long-term supplier relationships.

SOCIAL AND RELATIONSHIP CAPITAL

Related Stakeholders

Relevant Material Topics

- Corporate Governance & Regulatory Compliance
- Anti-Corruption
- Retention, Training and Development
- Health & Safety of Customers
- Transparent and Fair Advice to Customers
- Customer Privacy
- Employee Diversity, Equal Opportunity & Non-Discrimination
- Channel Partnerships
- Reinsurance Partners
- Stakeholder Relationship Management

Capital Trade-offs

- Short-term investment in CSR initiatives requires financial resources but delivers sustainable growth.
- Continuous training and development of Agency and Bancassurance partners foster a skilled, motivated, and loyal workforce.
- Aligning with environmental and social responsibility standards strengthens brand reputation and secures the license to operate.
- Increased brand awareness and knowledge assets enhance market positioning and customer trust.

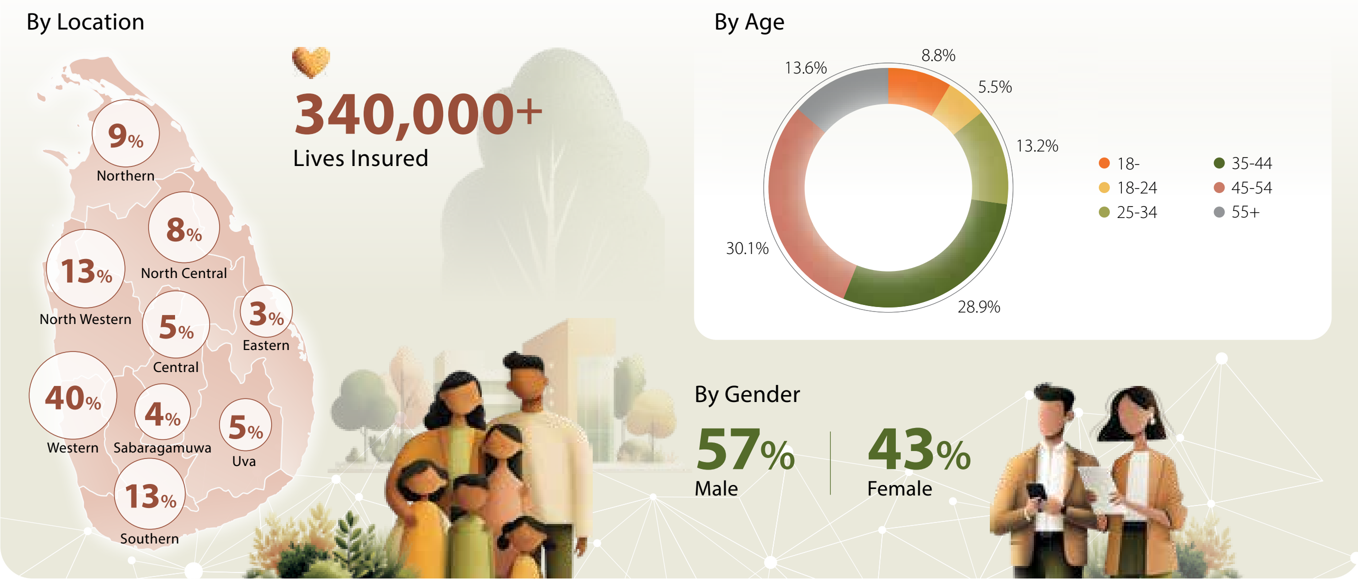
Management Approach

We are committed to enhancing our connections with customers, suppliers, and communities by continually refining our value proposition to drive mutual value and ensure stakeholder satisfaction. Our management approach prioritises strong engagement, fostering a culture of trust that places stakeholder interests at the forefront. This approach ensures their ongoing commitment to our long-term sustainability and growth, with a focus on allocating resources to address specific community needs, meeting evolving customer requirements, maintaining open communication with our business partners, and strengthening the resilience of our supply chain.

Customers

We consistently deliver exceptional value to our customers by pursuing excellence in product quality, timely delivery, and outstanding service.

Our Diverse Customer Bases



GRI 417-2 a, 417-2 b, 417-3 a, 418-1 a

Our Product Portfolio

Our product portfolio is designed to cater to diverse customer needs and can be segmented by:

Age	Behaviour	Channel
Coverage options spanning ages 18 to 75	Protection-focused or savings/ investment-oriented solutions	Individual, Corporate, or Bancassurance offerings

For a detailed overview of our product portfolio, please refer to page 14

We leverage deep industry expertise and advanced data analytics to develop innovative, customer-focused insurance solutions. This approach enables us to meet the unique needs of individuals throughout their life journey. In 2025, we reinforced this commitment by introducing **FlexLife**, designed to address evolving customer expectations. **FlexLife** is an innovative and highly customisable life insurance solution designed to redefine financial planning. This strategic milestone reflects our commitment to personalisation, agility, and customer-centric service. **FlexLife** empowers customers to tailor coverage for every life stage, whether securing retirement, protecting loved ones, funding education, or ensuring healthcare. With flexible payment options, loyalty bonuses, top-ups, partial withdrawals, and comprehensive protection including optional covers for hospitalisation and critical illness, FlexLife offers unmatched flexibility and control. Customers can choose between lump-sum maturity benefits or steady annuity income, making financial security simpler and more rewarding.

Product Responsibility

We ensure that the benefits, features, and terms of each product are communicated clearly to customers and prospects. Our well-trained sales force provides comprehensive guidance throughout the policyholder journey. Every product is developed in full compliance with regulatory standards and applicable laws. Additionally, our omni-channel approach guarantees easy access for customers seeking clarification or support regarding our product portfolio.

Product Pricing

Our pricing strategy is fair, transparent, and aligned with regulatory requirements, ensuring full compliance with industry standards. Robust underwriting practices consider relevant mortality and interest rates, while pricing decisions are modelled on multiple factors, including customer lifestyle and behavioural patterns.

Ensuring Compliance

We adhere strictly to internal policies and external regulations in product design and advertising to maintain transparency and integrity. Comprehensive advisory training supports responsible selling practices, while compliance with IRCSL guidelines ensures fair treatment. Continuous reviews and oversight by our customer management unit reinforce these principles. Furthermore, automated processes have been implemented to minimise risks and prevent fraudulent activities.

Accountability	
Incidents of non-compliance concerning product and service information and labelling LA	Nil
Incidents of non-compliance concerning marketing communications LA FN-IN-270a.1	Nil
Substantiated complaints concerning breaches of customer privacy and loss of customer data LA HC-MC-230a.2	Nil

Data Privacy

Safeguarding customer information is our highest priority. We maintain stringent controls and advanced IT security measures to ensure confidentiality and integrity of data. Our IT processes are aligned with **ISO/IEC 27001:2022** Information Security Management System standards and CIS Critical Security Controls, minimising security risks and reinforcing strong IT governance.

To strengthen awareness, we conduct regular employee training sessions on data security best practices. Additionally, we implement robust cybersecurity measures across all interactions with the Company, ensuring comprehensive protection of sensitive information.

SOCIAL AND RELATIONSHIP CAPITAL

Sri Lanka's first comprehensive data protection law, the Personal Data Protection Act No. 9 of 2022 (as amended) is expected to be fully enforced in a phased approach. We are proactively aligning our policies and systems with these requirements to maintain compliance and build trust through transparency and accountability.

Please refer to 'Strengthening Cyber Security' on page 148 for more information on data privacy.

100%

Percentage of significant product or service categories covered by and assessed for compliance with such procedures.

Delivery Channels

Our commitment to delivering superior customer experiences is reflected in continuous efforts to expand delivery channels, introduce multiple payment options through diverse service providers, and strengthen our digital capabilities. As digital adoption accelerates, we are proactively enhancing our digital value proposition to offer seamless, convenient, and secure solutions. We focus on making interactions effortless by ensuring accessibility across all touchpoints. Through an omni-channel approach, customers can connect with us easily whether online or offline, whenever they need assistance, reinforcing convenience and trust at every stage of their journey.

Our multiple channels for customers to voice their concerns and manage their policies are given below:

24/7 Trilingual Call Centre

Our call centre provides round-the-clock support in multiple languages.

Dedicated Customer Service Unit

Located at our head office for in-person assistance.

Social Media Engagement

Stay connected via Facebook, Instagram, YouTube, and LinkedIn.

Clicklife App

Manage policies on the go with the industry's most comprehensive Life Insurance App.

Live Chat Support

Via our website's Chatbot with two dedicated agents.

Our Digital Reach and Engagement

By leveraging digital channels, we continue to drive convenience, transparency, and efficiency, redefining customer engagement in the insurance industry.

344,000+
Facebook followers
(2024: 229,000+)

114,200+
YouTube subscribers
(2024: 26,000+)

7,000+
Instagram followers
(2024: 5,900+)

45,500+
LinkedIn followers
(2024: 34,000+)

248,000+
Website sessions
(2024: 226,000+)

15,000+
TikTok followers
(2024: 2,500+)

Product Knowledge FN-IN-270a.4

We ensure customers have a clear understanding of our products. Our well-trained advisors provide comprehensive guidance, educating customers on product features and benefits. In addition, detailed brochures for each product are available on our website for easy reference.

Furthermore, every new customer receives a welcome call from our call centre to confirm their understanding of the contract and proactively address any potential misunderstandings.

Policyholder Experience

In 2025, we advanced initiatives that promote transparency, trust, and customer empowerment. A key milestone was the introduction of the Policyholder Charter, which outlines minimum service standards and is accessible to all stakeholders via our website. This reinforces our commitment to accountability and service excellence across every customer touchpoint.

To further enhance clarity, the Insurance Product Information Document (IPID) was launched, providing policyholders and prospective customers with a concise summary of key features and benefits in simple language. This initiative ensures better comprehension, informed decision-making, and aligns with regulatory best practices. Both the Policyholder Charter and IPID were implemented in accordance with IRCSL guidelines.

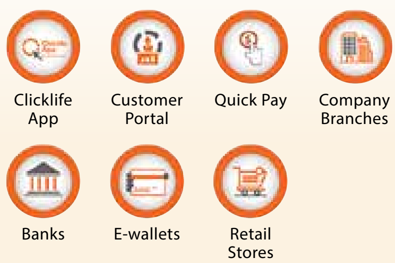
Accountability	2025	2024
New Policyholders during the year	32,000+	36,800+
Market share	11%	12%
One day claims settlement ratio	94%	93%
STP	69%	65%
Revenue from new customers (Rs. Mn)	7,878	6,226
Clicklife App registrations	13,500+	11,900+

Customer engagement

With a network of 95 branches, five Bancassurance partnerships, brokers, and our Clicklife App, we provide customers with enhanced accessibility and convenience to meet their needs. We have partnered with multiple service providers to offer a wide range of payment options for added flexibility. Recognising the importance of accessibility, we have established multiple channels for customers to share feedback and voice concerns.

SCAN TO DOWNLOAD THE APP

UNION ASSURANCE Clicklife App



Complaints Management

We operate a dedicated Complaints Management Unit, established in line with IRCSL directives, to ensure timely and complaint resolution of customer concerns. Guided by a robust governance framework and defined SLAs, all complaints are systematically logged, reviewed, and formally communicated, with structured escalation to senior management when necessary. If customers remain dissatisfied, they have the right to escalate the matter to the IRCSL or the Insurance Ombudsman. This process is embedded within our governance and compliance structure, reinforcing transparency, accountability, and fair treatment for all policyholders.

Empowering customers through education and transparency

We understand that the insurance industry can be complex, and we are committed to empowering our customers with the knowledge they need to make confident, well-informed decisions. By simplifying information and offering clear guidance, we help customers better understand their options. Ultimately, we strive to build strong, long-term relationships by ensuring customers feel supported at every stage.

SOCIAL AND RELATIONSHIP CAPITAL

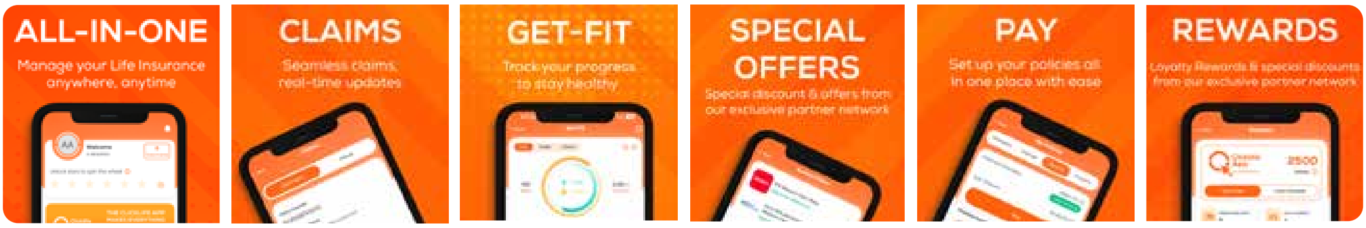
Enhancing customer experience through digitising

We harness digital innovation to enhance customer experience, drive transparency, and simplify processes, giving us a competitive edge, accelerating time-to-market, and delivering superior results.

Clicklife App

A key initiative is the Clicklife App, developed in-house to provide a seamless and convenient customer experience. This industry-leading platform enables customers to access complete policy information anytime, anywhere, eliminating the need to visit branches or contact an agent. Clicklife offers advanced self-service features, including policy alterations, claims submission, and loan applications. Customers can also instantly access essential documents such as bonus and dividend statements, visa and tax letters, address confirmations, and surrender value letters.

Key Features of the Clicklife App



First-ever Digital Loyalty Rewards Programme in the life insurance sector

Union Assurance continued to strengthen its digital leadership by advancing Sri Lanka's first-ever Digital Loyalty Rewards Programme in the life insurance sector through the Clicklife App. This milestone initiative reinforces the Company's ongoing commitment to enhancing the well-being of Sri Lankans by delivering modern digital solutions that elevate everyday living while ensuring consistent financial protection. Through this app-based rewards programme, customers can continue to earn digital rewards and redeem them across a network of more than 100 partner merchants, offering a seamless and engaging value-added experience.

Rs. 5 Mn for digital loyalty rewards programme

Clicklife Health Tracker & Fitness Challenge HC-MC-260a.4

The Clicklife App motivates users through a gamified rewards system. Customers can earn points by staying active such as completing the fitness goal and by joining monthly challenges. These points accumulate through fitness activity, premium payments, and regular app engagement, and can be redeemed as digital vouchers at a wide network of partner merchants. The app's health tracker and activity dashboard further encourage users to maintain healthy habits while being rewarded for their progress.

Straight Through Processing (STP)

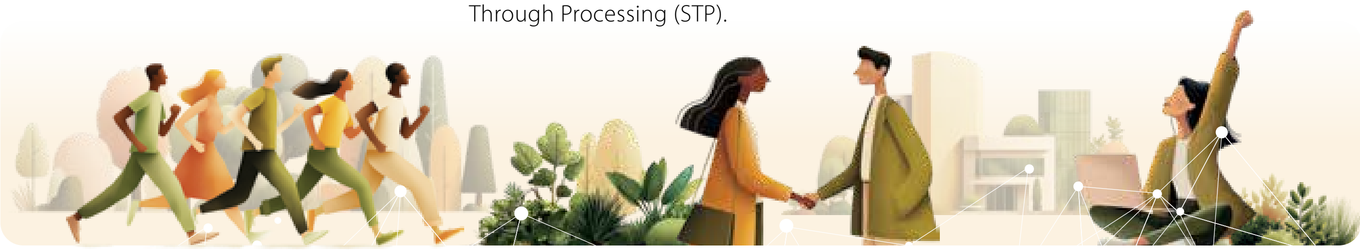
Our advanced Auto Underwriting Rule Engine streamlines risk assessment and speeds up policy issuance by automatically approving straightforward cases. This minimises the need for manual involvement, enhances the quality of underwriting, and effectively supports higher business volumes. Throughout the year, we continued to strengthen both the accuracy and overall rate of Straight Through Processing (STP).

100% Paperless Insurance Proposals Submission

To support our sustainability goals, we have fully transitioned to paperless insurance proposals by introducing digital policy certificates and e-policy documents. This shift has helped reduce our environmental impact and contributed to wider conservation initiatives. Customers can also conveniently access essential policy documents such as bonus letters, payment receipts, visa letters, and tax letters directly through our mobile app.

Integrated Customer Service (I PHONIC SYSTEM)

Our I-PHONIC system enhances communication with policyholders by unifying all inbound and outbound call centre functions into one integrated platform. Its dashboard feature enables effective call centre supervision from any location, boosting operational scalability and greatly improving policyholder satisfaction.



Business Partners

Our business partners are integral to creating value by delivering essential support services that enable us to provide exceptional customer experiences. We foster relationships built on trust, transparency, and mutual respect, ensuring fair and equitable treatment of all partners at every stage of engagement.

Our business partners

2,698* LA
Agency force

5
Bancassurance partners

4
Reinsurance partners

Rs. 48 Mn
Spend on sales staff training

26
Insurance brokers

Over 2,000
Local vendors and service providers

**Agency force is disclosed based on year end headcount.* LA

Fair and Equitable Treatment

Our interactions and relationships with business partners are built on a foundation of fair and equitable treatment. To achieve this, we utilise a robust internal code of conduct and follow strict policies and procedures related to selection criteria, dispute resolution, and fair dealings. Moreover, we ensure regulatory compliance is managed and monitored to enable transparent and unbiased interactions with our valued partners.

Continuity of Supply

We guarantee continuity of service by cultivating sustainable partner relationships grounded in mutual trust, respect, transparency, and fair treatment. Our approach involves continuous dialogues to identify mutual synergies, prompt payment practices, and regular performance assessments, which together ensure the strength and stability of long-term agreements.

Awards and Recognition

We demonstrated our industry leadership at the 15th National Forum for Life Insurance Advisors (NAFLIA) Conference, securing the highest number of National and Category Awards at the prestigious Life Insurance Industry Sales Awards. This historic achievement underscores the Company's commitment to excellence and the exceptional performance of our team. This success included sweeping key awards at both the national and large insurer category levels.

Strengthening industry leadership with multiple wins at SLIM NSA 2025

We delivered an outstanding performance at the SLIM National Sales Awards 2025, securing five prestigious awards across both Agency and Partnership Distribution channels. These achievements underscore the dedication, professionalism, and customer-centric approach that define Union Assurance's commitment to sales excellence and industry leadership.

Performance based career achievements in 2025

Accountability	Agency	Bancassurance	Total
TOT	6	5	11
COT	24	26	50
MDRT	152	70	222
	182	101	283

SOCIAL AND RELATIONSHIP CAPITAL

Agency Force

In a market characterised by low penetration and intense competition, building a strong agency network is essential to reach potential customers and maintain a competitive edge. Our success is powered by the dedication and passion of our Agency force, who effectively communicate our value proposition to the uninsured and convert them into valued policyholders.

We take pride in being the preferred life insurer for our agency team, and we remain committed to their continuous development through comprehensive training programmes. In addition, we offer competitive rewards and recognition to celebrate their hard work and the exceptional service they deliver to our customers.

Developing the Agency Workforce

Through our Learning Academy, we partnered with the Sri Lanka Institute of Marketing (SLIM) to deliver specialised training programmes for our top advisors. In 2025, 31 advisors successfully completed SLIM certification, marking a significant milestone in their professional development and reinforcing our commitment to building a highly skilled and customer-focused sales force.

Training programmes for Agency Force

- Product related training
- Reward & Recognition related programs
- AML/PDPA & CTF training
- FAME System Training sessions
- Financial need Analysis Training
- Lapse prevention awareness
- Motivational sessions
- Coaching & leadership development programs

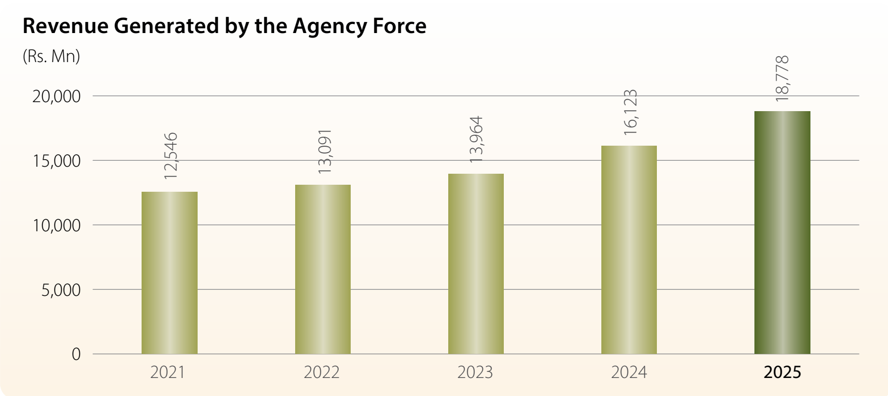
Fully Digitised Advisor Life Cycle Management

We set a new industry benchmark by becoming the first insurer in Sri Lanka to fully digitise the Advisor life cycle management process. This pioneering initiative transforms every stage of advisor operations from onboarding to self-service, into a seamless digital experience, reinforcing our leadership in innovation.

The transition from manual to digital processes has delivered significant benefits for both internal and external stakeholders. Automated onboarding has significantly improved turnaround times, while integration with the Sri Lanka Insurance Institute's digital examination platform, an industry-first, enables instant verification of prerequisite exam requirements. Advisors now enjoy intuitive self-service features, allowing them to complete service requests quickly and efficiently with just a few clicks.

Advisor Welfare Scheme

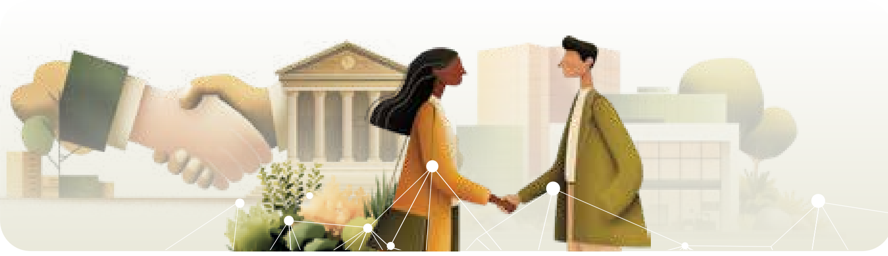
The Advisor Welfare Scheme, a groundbreaking initiative designed to empower and support the advisor network and their families, was launched during the year. This first-of-its-kind programme in Sri Lanka's life insurance industry reflects our commitment to developing an empowered agency force.



Bancassurance Partnerships

In 2025, we reinforced our position as Sri Lanka's leading Bancassurance provider by doubling down on efforts to expand and deepen the channel. This strategic focus included forging new alliances and strengthening existing partnerships to deliver superior insurance solutions across the island.

We now have five leading bank partnerships, including three exclusive arrangements, making Bancassurance a key contributor to our growth strategy. The channel accounted for 27% of total revenue, leveraging Sri Lanka's relatively low Bancassurance penetration to unlock new opportunities. Recognised as a strategically significant avenue for increasing insurance accessibility, we remain committed to expanding this channel and pursuing new partnerships to reach underserved segments in 2026 and beyond.



Increasing Our Footprint

Exclusive Partnership with Sampath Bank PLC

In January 2025, we entered into a long-term exclusive Bancassurance agreement with Sampath Bank PLC. This transformative alliance integrates comprehensive life insurance solutions into Sampath Bank's extensive branch network, combining nearly four decades of expertise to deliver a unified platform for customers' banking and insurance needs.

Strengthen Our Ties with Existing Partners

Union Bank PLC Partnership

The top achievers from Union Bank were honoured at a glamorous gala awards night.

Nations Trust Bank PLC Partnership

Our long-standing exclusive partnership with NTB remains a cornerstone of our Bancassurance strategy. In 2025, we introduced "Triathlon 2025 – Powered by Trust, driven by Assurance", the first-ever triathlon organised under a Bancassurance partnership in Sri Lanka.

Seylan Bank PLC & Pan Asia Bank PLC

We celebrated & recognised the top performers of Seylan Bank's bancassurance channel at a awards ceremony. We also recognised our collaboration with Pan Asia Bank, reinforcing our commitment to partner engagement and performance excellence.

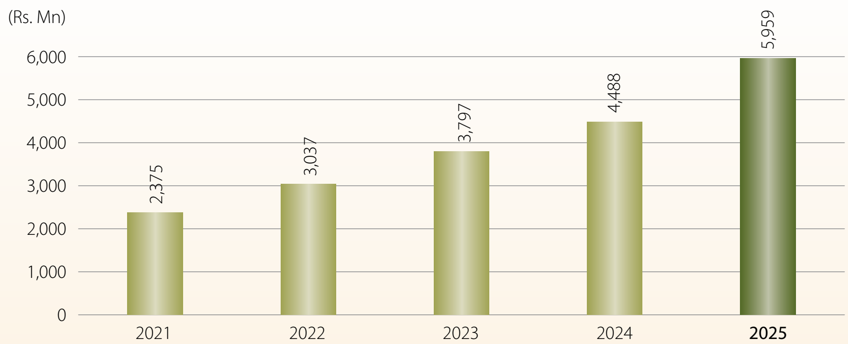
Developing the Bancassurance workforce

We are dedicated to empowering our Bancassurance workforce through comprehensive training and development programmes. We believe a well-trained team is crucial for driving sales, improving customer service, and enhancing the overall effectiveness of the Bancassurance model. Our key training initiatives include comprehensive onboarding programmes, ongoing product and sales training, and interactive digital learning platforms.

Training pillars

- Leadership & Management
- Onboarding
- Product & Technical
- Sales & Service Excellence
- Systems, Operations & Compliance

Revenue Generated by Bancassurance Partnerships



SOCIAL AND RELATIONSHIP CAPITAL

Empowering and recognising our sales force

In 2025, we focused on initiatives that empowered, motivated, and rewarded our sales force. To recognise the value of our sales teams, we celebrated their achievements through performance-based compensation, bi-annual and annual awards, exclusive overseas tours, internal recognition programmes, incentive schemes, and other appreciation initiatives.

National Business Launch

Successfully hosted the prestigious National Business Launch at Monarch Imperial under the inspiring theme "Rise to Brilliance", attended by senior management and over 500 members of our agency force. The event was recognised and rewarded top-performing advisors for their exceptional contributions.

Bancassurance Overseas Tour

Union Assurance celebrated the outstanding achievements of more than 60 top performers from its Bancassurance division with a four-day premium tour to Thailand. This experience, which included their families, was designed to reward dedication and create unforgettable moments, allowing them to share success with loved ones.

Partnership Distribution Annual Awards 2024

Also hosted at Cinnamon Life, this event honoured our Bancassurance and Corporate channels under the theme "A New Era of Expansion", highlighting our focus on strengthening leadership in partnership distribution.

Agency Distribution Annual Awards 2024

Held at Cinnamon Life – City of Dreams, this event celebrated achievements and inspired continued excellence, reinforcing our commitment to empowering the agency force to lead the transformation of Sri Lanka's life insurance landscape.

Agency Overseas Tour

The tour to Amsterdam served as a prestigious recognition platform, celebrating top performance while fostering stronger engagement and leadership alignment within the agency force.

MDRT Recognition Event

Hosted at Hilton Colombo, this event honoured over 65 Insurance Relationship Officers (IROs) from the Partnership Distribution channel who achieved the prestigious Million Dollar Round Table (MDRT) status for 2024.

GRI 2-28 a, 204-1 a, 204-1 b, 204-1 c, 308-1 a, 414-1 a

Reinsurance partners

We recognise the critical role of strong reinsurance partnerships in ensuring stability, resilience, and sustainable growth. Our dedicated Reinsurance Unit manages all treaty arrangements with precision and transparency, fostering trust and collaboration with leading global reinsurers.

In 2025, we enhanced engagement through structured negotiations, timely settlements, and data-driven insights, enabling robust risk management and capacity building. These partnerships not only safeguard our portfolio but also reinforce our commitment to delivering reliable protection for policyholders. By strengthening these alliances, we continue to uphold resilience, innovation, and leadership in an evolving insurance landscape.

Financial Rating		Rating Agency
AA-	Hannover Ruck SE	S&P
A+	Partner Reinsurance	S&P
AA	Munich Re	S&P
AA-	RGA International Reinsurance Company	S&P

Rs. 1,698 Mn
Payments to reinsurers

Rs. 152 Mn
Commission received

Rs. 1,096 Mn
Claim recoveries from reinsurers

Vendors and service providers

We demonstrate our dedication to responsible sourcing through procurement practices that prioritise sustainability and ethics. We partner exclusively with office equipment and peripheral suppliers who adhere to stringent Environmental, Social, and Governance (ESG) standards.

To build strong, long-term partnerships, we maintain open communication, implement continuous process improvements, and work jointly to enhance product quality, drive cost-efficiency, and ensure timely payments.

Key Measures to Uphold Ethical and Transparent Sourcing:

- Supplier selection and retention are governed by Manual of Financial Authority (MOFA) guidelines and overseen by the Supplies Committee.
- All procurement activities require three valid quotations, evaluated based on quality, ethical compliance, and competitive pricing.
- Every vendor undergoes rigorous screening against our ESG standards.

2,669
Local* suppliers

42
Foreign suppliers

84% LA
from total procurement expenditure spent on local* suppliers

100% LA
No. of suppliers assessed for social impacts

** Local - within Sri Lankan territory*

Competitors

At Union Assurance, we uphold the principle of ethical competition as a cornerstone of sustainable success. Our approach is grounded in fairness, transparency, and legality, ensuring that we compete openly and responsibly. We aim to win business through our core strengths, innovation, operational efficiency, and exceptional customer service.

New Business Market Share
(%)

	2025	2024
UAL	13.57	13.97
AIA	17.66	16.66
SLIC	12.99	11.96
Ceylinco Life	20.16	20.94
Softlogic Life	15.80	14.71
Others	19.82	21.76

Industry

As a leading player in Sri Lanka's insurance industry, we engage with key stakeholders to strengthen the sector and uphold regulatory standards. This includes close collaboration with the Insurance Regulatory Commission of Sri Lanka and other government institutions to ensure compliance and contribute to policy development.

We also participate in industry-wide discussions and initiatives aimed at driving progress and innovation. Furthermore, through our membership in the Insurance Association of Sri Lanka and other prominent associations, we work collectively to advance best practices and promote the overall growth and resilience of the insurance industry.

Membership in Associations LA

- The Ceylon Chamber of Commerce
- Insurance Association of Sri Lanka
- Employees' Federation of Ceylon
- Life Insurance and Market Research Association
- Colombo Stock Exchange (CSE)
- Insurance Regulatory Commission of Sri Lanka (IRCSL)
- Sri Lanka Insurance Institute (SLII)

SOCIAL AND RELATIONSHIP CAPITAL

GRI 205-1 a, 205-2 b, 205-2 e, 205-3 a, 205-3 b, 205-3 c, 205-3 d

Communities

Anti-corruption Policy [LA]

Our comprehensive anti-corruption policy holds all employees accountable for ethical conduct. It provides clear guidelines aligned with our Code of Ethics, ensuring employees understand and uphold high standards of business integrity.

- Employees periodically acknowledge the policy to stay informed and compliant.
- Key principles include individual responsibility for ethical behaviour and full comprehension of the policy's scope.
- In 2025, there were no reported incidents of corruption or corrective actions taken.

Integrity

We earn and maintain stakeholder trust through:

- Strict compliance with laws and regulations
- A robust governance framework
- Effective internal policies and controls
- Adherence to a strong Code of Conduct
- Independent audit reviews

Transparency

Transparency is central to our operations. We ensure customers have easy access to comprehensive product information and maintain accountability through regular updates via our annual report, corporate website, and other platforms. In cases where claims are declined, we clearly communicate the reasons for the decision.

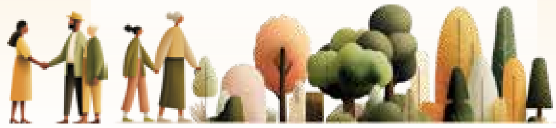
Responsibility

We take full responsibility for our actions.

- Product development follows stringent regulatory guidelines and is overseen by the Executive Committee (ExCo).
- Marketing practices are conducted ethically and responsibly, reflecting our commitment to integrity.

Environmental and social concern

We strive to ensure our operations pose no social or environmental risk while actively working to create a meaningful positive impact on society.



**All operations were assessed for anti-corruption risks and the risk register was updated accordingly.*
**All employees received communication and training on anti-corruption policies. Please refer Human Capital Page 104 to see employee category and region wise breakdown.*

Social license to operate

We recognise that our operations are deeply rooted in the communities we serve, and we strive to be a responsible corporate citizen. With decades of operational excellence, we have consistently demonstrated a strong commitment to ethical practices and social development.

Our success is measured not only by financial performance but by the positive impact we create in people's lives. Through community development programs focused on education, mental health, financial assistance, and overall well-being, we aim to empower individuals and foster sustainable growth.

Promoting Socially Responsible Behaviour

We are committed to promoting socially responsible behaviour through stringent governance structures, progressive policies, and robust procedures. Our ethical stance is embedded in our policies, and our operations reflect an unwavering commitment to responsible business practices.

Collaboration with the John Keells Foundation

In 2025, UA continued its contribution to the John Keells English Language Scholarship Programme of John Keells Foundation (JKF), a long-term initiative supporting English and ICT skills development of pre-O'Level students of deserving Government schools located in and around UA locations. JKF is the Corporate Social Responsibility entity of the John Keells Group, which implements a range of initiatives shaped by evolving socio-economic needs. Guided by its vision of "Empowering the Nation for Tomorrow," JKF drives long-term, sustainable programmes across key focus areas, including Education, Social Health & Cohesion, Community and Livelihood, and Biodiversity, all of which support the Group's broader sustainability agenda. In addition, our employees actively volunteered across several JKF initiatives, further strengthening UA's commitment to fostering meaningful and lasting community impact.

Supporting English and ICT skills development of pre-O'Level students

Union Assurance Suwamaga

Combating the national crisis of diabetes in the nation

> The Union Assurance Suwamaga flagship CSR programme continued during the year, with a focus on empowering community progress by proactively addressing the growing incidence of diabetes in Sri Lanka.

The programme is structured around four strategic pillars:

- Raising awareness about diabetes
- Promoting healthy lifestyles
- Supporting early detection and risk management
- Fostering community engagement

Under the programme, from June 2024 to August 2025, more than **23,000 people** were screened for diabetes, achieving island-wide coverage across all **25 districts** and conducting screenings at **263 locations**.

The launch of the Union Assurance Suwamaga Impact Report 2025

The Union Assurance Suwamaga Impact Report reviews the programme's achievements over a 15-month period from June 2024 to August 2025. The report provides valuable insights into diabetes related health concerns among affected segments of the population based on BMI, Random Blood Sugar/ Fasting Blood Sugar, HbA1c testing, current health status and family health history derived from the total beneficiary sample.

Representing Sri Lanka at the International Diabetes Federation World Diabetes Congress 2025

Union Assurance represented Sri Lanka at the IDF World Diabetes Congress 2025, held in Bangkok, Thailand. Organised by the International Diabetes Federation (IDF), the Congress brought together over 6,800 participants from more than 165 countries under the theme, "Shape the Future of Diabetes", serving as a premier global platform for sharing the latest scientific breakthroughs, innovative care models and impactful advocacy strategies in diabetes prevention and management, as a cure is still elusive.

At the Congress, Union Assurance showcased its flagship CSR initiative, Suwamaga, a pioneering programme dedicated to reducing the incidence of diabetes across Sri Lanka.

Key Highlights from the Union Assurance Suwamaga Impact Report

Close to 3%
of total sample of beneficiaries were unaware that they had diabetes and were diagnosed for the very first time.

78%
of beneficiaries either did not know whether their families had a history of diabetes or believed there was none, showing a significant lack of awareness about genetic risk.

18%
of beneficiaries had prior diagnosis or awareness of the condition.

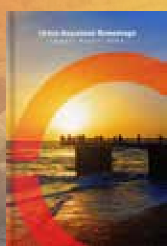
71%
beneficiaries changed health behaviours after participating in the Union Assurance Suwamaga programme.

45%
of beneficiaries have become more aware of NCDs

14%
of beneficiaries have visited a doctor for medical advice/medical check-ups

36%
of beneficiaries have started to adapt healthy living behaviours

16%
of beneficiaries started looking for more information on NCDs



Scan to download the Suwamaga Impact Report

SOCIAL AND RELATIONSHIP CAPITAL

Union Assurance Diabeater

Launched in 2024, Union Assurance Suwamaga has entered its third phase with a powerful new nationwide movement, 'Diabeater'.

The Diabeater movement invites the public to take the 'Diabeater pledge', uniting the nation in the fight against diabetes through education, action and community support. The movement was officially launched at Union Assurance's Head Office, in the presence of the Company's staff members.

Becoming a Diabeater involves embracing a holistic, three-pronged approach to health and well-being. First, Diabeaters will be equipped with the necessary tools and resources to take charge of their health. This empowers individuals to make informed lifestyle choices that can help prevent or manage diabetes effectively. Second, participants are encouraged to raise awareness within their communities, sparking conversations about healthier lifestyles and setting an example for others to follow. Finally, the movement seeks to unite the nation, fostering a sense of collective responsibility and collaboration in the fight against diabetes.

Piripun Parapurak, Surakina Mehewarak

Union Assurance reaffirmed its commitment to empowering progress by nurturing emotional well-being of Sri Lanka's youth through its initiative, 'Piripun Parapurak, Surakina Mehewarak'. Born out of growing concern over the mental health challenges faced by schoolchildren, the initiative reflects the Company's proactive approach to raising awareness and educating students on this delicate matter.

The series of programmes were designed to shed light onto this pressing yet often overlooked issue. The sessions focused on equipping participants with practical strategies to manage exam-related stress, digital screen dependency, and emotional pressure. Led by experienced mental health professionals, the interactive sessions encouraged students to adopt healthier study habits, build emotional resilience, and foster safe spaces for self-expression.

Union Assurance Flood Relief Efforts

UA, contributed Rs. 50 Mn to the government 'Rebuilding Sri Lanka' Fund, established to provide relief to communities affected by Cyclone Ditwah.

We also supported the Sirasa Shakthi Sahana Yathra flood relief initiative, providing essential aid to affected communities. Employees volunteered to distribute supplies and contributed one day's salary to recovery efforts. Further, UA donated 500 x 5L water bottles to the Central Provincial Council and an additional 500 x 5L bottles to agency staff. Additionally, UA supplied 2,700 sanitary napkins to the Ceylon Chamber of Commerce.

These actions reflect our strong commitment to social responsibility and standing by communities during times of need.

Supported the Sirasa Shakthi Sahana Yathra flood relief initiative

Accountability to Community

Ethical Community Engagement

Our interactions with communities and CSR initiatives are firmly guided by our Code of Conduct, ensuring ethical and transparent practices at every stage. We are committed to full compliance with all applicable social and economic laws and regulations.

In 2025, we recorded zero instances of non-compliance, reaffirming our dedication to integrity and responsible corporate citizenship.

Contribution To Sustainable Development Goals (SDG)

We recognise that sustainability goals are essential for building a better future and addressing global challenges such as poverty, inequality, climate change, and environmental degradation. In line with this vision, we are committed to supporting the United Nations Sustainable Development Goals (UN SDGs) and operate within a community that values our dedication to responsible practices.

As part of our strategy, we have identified key SDGs and embedded action-oriented targets into our operations, ensuring that our efforts contribute meaningfully to societal development and long-term sustainability.

Way Forward

Objectives	2026 Short-term target	Medium to Long-term target
One day claims settlement ratio	93%+	Leverage digital technology to offer a better customer experience
Channel optimisation	Expansion of Bancassurance exclusive partnerships	Strengthen distribution with productivity improvement to drive sustainable growth
CSR spent	1% of CSR investment from PAT	Creating sustainable community impact in longer term

INTELLECTUAL CAPITAL

OUR EXPERTISE, AND TECHNOLOGY: POWERING CONTINUOUS IMPROVEMENT AND GROWTH

Building on the strong foundations established in 2024, Union Assurance further strengthened its Intellectual Capital in 2025 by converting strategic digital investments, strengthened governance frameworks, and institutional knowledge into measurable performance gains, enhanced operational resilience, and sustained industry leadership. Intellectual Capital remains a core pillar of the Company's competitive advantage, underpinned by resilient digital platforms, advanced analytics, mature information security capabilities, and robust governance practices. Collectively, these capabilities continue to enhance productivity, reinforce stakeholder trust, foster innovation, and support long term sustainable growth.

Rs. 141 Mn
Investment in Technology

20,000+
New Clicklife users

170+
Interactive Dashboards for Data Analytics

99.9%
Average Data Centre Availability

Key Highlights

SDGs Impacted

- Introduced industry first end-to-end digital Agent life cycle management system
- Developed industry first seamless Bancassurance 2.0 digital integration with Sampath Bank PLC
- Obtained ISO/IEC 27001:2022 certification for compliant information security management system as industry first

GRI 418-1 b

Value Creation Process

Inputs

- Rs. 141 Mn investment in technology
- Investment in employee training and development
- Contractual relationships

Value Creation

- Digitalisation and automation of processes

Outputs

- Secure systems
- Awards and accolades
- New products

Outcomes

- Enhanced customer experience
- Brand loyalty
- Engaged workforce

Focus Area	KPI	GRI
Investment in digital platforms, automation, and advanced analytics Refer pages 144 - 147	New investments in intangible assets	
Strengthening IT governance, risk management, and compliance frameworks Refer page 148	External party accreditations – ISO/IEC 27001:2022	GRI 418
Safeguarding the confidentiality, integrity, and availability of information assets Refer page 148	No. of Data breach incidents reported during the year - 0	

Risks

- Shift in customer expectations.
- Escalating operational expenditures.
- Strengthening competitive landscape.

Opportunities

- Drive product innovation to align with evolving customer expectations.
- Enhance cost efficiency through automation and streamlined processes.
- Pursue market expansion opportunities and cultivate strategic ties.

Related Stakeholders

Relevant Material Topics

Customer Privacy

Digitisation of Business Processes

INTELLECTUAL CAPITAL

Capital Trade-offs

While sustained investments in digitalisation and automation may exert short term pressure on financial resources, these initiatives are expected to deliver material long term benefits through productivity gains, operational efficiencies, and structural cost optimisation, supporting improved margins and sustainable value creation.

Digitalisation and innovation continue to enhance customer satisfaction through more responsive, transparent, and personalised engagement. In parallel, strategic partnerships with intermediaries, service providers, and technology partners are strengthening supplier and partner capital, contributing to a more resilient, collaborative, and dependable value chain.

We remain focused on developing a skilled, agile, and future ready workforce by investing in continuous learning and professional development, fostering mentoring and leadership capability, and promoting knowledge sharing across the organisation. These initiatives strengthen expertise, engagement, and retention while enabling effective adoption of digital and analytical capabilities.

Our strategic shift towards digitalisation supports a progressively paperless operating environment, reducing resource consumption and operational waste. This contributes meaningfully to our sustainability objectives by lowering our environmental footprint while improving process efficiency and service delivery.

Management Approach

We proactively develop and strengthen our intellectual capital through a strong culture of innovation and targeted investments in people, processes, technology, and brand. These investments are fundamental to our long term strategy, enabling sustained growth, operational excellence, and the creation of durable stakeholder value.

Our management approach is underpinned by a clear commitment to accelerating digitalisation, strengthening IT governance and cyber resilience, embedding advanced analytics, and enhancing distribution enablement. During 2025, these initiatives progressed decisively from targeted implementation to organisation-wide execution and maturity, embedding intellectual capital as a strategic enabler across the organisation.

Driving efficiency and superior customer experiences through digitalisation

Agile systems, streamlined processes, and a strong digital foundation underpin our ability to adapt rapidly to a changing business environment. Digitalisation has fundamentally transformed the way we operate, enabling greater operational efficiency, more effective resource utilisation, and stronger cross functional collaboration to deliver superior customer experiences consistently.

During the year, we continued to invest in advanced technology and specialised expertise to accelerate our digital transformation journey. These investments strengthened our operational resilience, enhanced scalability, and improved responsiveness across customer and distribution touchpoints.

99.9%
Average Data Centre Availability

Enhancing the Digital Value Proposition for Customers

Expanding the Clicklife Digital Ecosystem

Building on the Clicklife enhancements introduced in 2024, we expanded the ecosystem in 2025, evolving it into a comprehensive digital health, wellness, and protection platform. This evolution extended Clicklife beyond a transactional engagement tool into a holistic, customer-centric ecosystem aligned with everyday health and insurance needs.

The expanded platform strengthened customer engagement through intuitive, self driven digital journeys, encouraged proactive adoption of wellness and protection solutions, and deepened long term customer relationships. By delivering seamless, integrated experiences across health management, lifestyle, and insurance touchpoints, Clicklife reinforced customer trust, increased platform stickiness, and supported sustained value creation.

20,000+
New users during the year

Suwamaga+ and AI-Driven Wellness & Nutrition Tracking

Clicklife is the first application in Sri Lanka's insurance industry to enable customers to track calorie and free sugar intake in alignment with World Health Organisation (WHO) dietary guidelines. The platform promotes healthier lifestyle choices by encouraging free sugar consumption to be maintained below 10% of total daily energy intake for adults and children, and below 5% for additional health benefits.

The AI-powered calorie and sugar tracking capability within Clicklife Suwamaga+ supports Union Assurance's Corporate Social Responsibility (CSR) agenda by proactively contributing to diabetes prevention, improved nutritional awareness, and better long-term health outcomes among customers and the wider community. By embedding preventive health tools into everyday digital engagement, Clicklife enables individuals to make informed decisions that support sustained well-being and reduced lifestyle-related health risks.

Clicklife Digital Telemedicine Feature

A pivotal enhancement to Clicklife in 2025 was the introduction of embedded telemedicine. Customers with health covers such as Health 360 can now access free monthly online doctor consultations directly through the Clicklife app, complemented by in-app medicine ordering, eliminating the need for platform switching.

This capability expanded the role of life insurance beyond reactive indemnification to proactive, accessible healthcare support, enabling greater convenience, early intervention, and improved continuity of care.

Clicklife Challenges – Gamified Engagement

To promote healthier lifestyles and deepen customer engagement, Union Assurance introduced the Clicklife Challenge feature in 2025. Designed to support both individual and team-based participation, the initiative increases application engagement while encouraging sustained positive behavioural change. FN-IN-410b.2

Beyond well-being outcomes, Clicklife Challenge also functions as a strategic customer acquisition and conversion tool, enabling corporate partners to launch customised challenges for their employees and communities. This capability extends the overall value of the Clicklife ecosystem by strengthening partner relationships, increasing platform adoption, and reinforcing Union Assurance's positioning at the intersection of insurance, wellness, and digital engagement.

Intelligent Interactive Voice Response (IVR) Implementation

The Intelligent IVR system demonstrated consistent adoption and stable performance throughout 2025 Q4, efficiently managing customer interactions and contributing to improved contact-centre productivity and service efficiency.

Key highlights included:

- The system handled **10%** of all incoming calls, successfully managing **2,257** customer interactions out of **22,786** total calls without requiring human agent intervention
- Monthly IVR usage remained within the **9%–11%** range, reflecting reliable system performance and sustained customer adoption
- By independently resolving over **2,200** customer interactions, the IVR reduced agent workload and supported operational efficiency
- A gradual increase in usage from **9%** in October to **11%** in December indicates growing customer confidence and comfort with self-service options

INTELLECTUAL CAPITAL

Advancing Bionic Distribution for Unrivalled Distribution

In 2025, we advanced our Bionic Distribution model through the deployment of two industry-first capabilities: the end-to-end digital Agent Life Cycle Management System (AMS) and seamless Bancassurance 2.0 digital integration with Sampath Bank PLC. Together, these initiatives significantly enhanced scalability, productivity, accountability, and data-driven decision-making across the Company's distribution ecosystem.

These platforms collectively enabled:

- Faster, data-driven decision-making across distribution channels
- AI-driven performance insights, enhancing transparency and accountability
- Reduced reliance on manual intervention through end-to-end automation
- Scalable growth without proportional increases in operating costs

Industry-First Digital Agent Life Cycle Management System

Delivering on the advisor enablement commitments articulated in 2024, we implemented the UA Agent Management System (AMS) in 2025, Sri Lanka's first fully digitised, end-to-end Agent life cycle management platform. AMS replaced paper-intensive, fragmented workflows across advisor onboarding, servicing, and policy reallocation with a secure, automated, and scalable digital solution.

Key achievements in 2025 included:

- Reduction in advisor onboarding turnaround time from four days to 15–20 minutes
- Digitisation of over 3,000 advisor code issuances annually, eliminating more than 100,000 A4 pages
- Industry-first real-time integration with the Sri Lanka Insurance Institute (SLII) for examination verification
- Digitisation of nine advisor self-service requests, reducing fulfilment time from 2–3 days to 5–10 minutes
- Automation of over 6,000 policy reallocations per month, preventing orphaned policies and enhancing service continuity
- Embedded audit trails, digital agreements, and certificate-based encryption, strengthening governance and information security

The platform has become a foundational enabler of the Company's Bionic Distribution strategy, reinforcing efficiency, compliance, and sustainable growth.

Fully digitised - capacity for **4,000+** agent code issuance & seamless reallocations

100% paperless **760 $kgCO_2$** avoids annually

15–20mins vs. 4 days | Fastest in the market

5–10mins | 9 self-services digitised

Net annual benefit **Rs. 3 Mn** | 44% ROI | Payback in 3 years

Industry First Seamless Bancassurance 2.0 Digital Integration with Sampath Bank PLC

In 2025, we achieved a significant industry milestone by delivering Sri Lanka's first core banking integrated Bancassurance 2.0 model in strategic partnership with Sampath Bank PLC. This initiative transformed a previously manual, fragmented Bancassurance process into a fully digitised, real-time lead-to-proposal journey through the seamless integration of Sampath Bank's Finacle core banking system with Union Assurance's Lead Management System (LMS).

The solution enabled end to end automation, real time data exchange, and embedded governance controls, significantly enhancing speed, transparency, and accountability across the Bancassurance value chain.

Key achievements in 2025 included:

- Automated, real time lead generation from over 220 bank branches, eliminating manual lead collation
- Removal of manual routing and reconciliation processes, delivering over 900 man hours in annual operational savings
- Instant lead assignment and tracking, enabling faster customer engagement and improved conversion outcomes
- Deployment of nine customised, real time dashboards, providing comprehensive pipeline visibility and performance insights
- Introduction of AI driven performance insight emails for more than 220 branch managers, strengthening accountability and decision making
- Fully PDPA compliant consent management embedded directly into operational workflows, reinforcing regulatory compliance and customer trust

Within its first year of operation, the platform enabled six fold scalability, established a repeatable and scalable blueprint for future Bancassurance partnerships, and strengthened transparency, collaboration, and trust with Sampath Bank PLC. This capability now serves as a strategic enabler of Union Assurance's Bionic Distribution model, supporting sustainable growth while maintaining operational efficiency and governance excellence.

Operational Efficiency
900+
man hours saving per Annum

Industry First Real time lead flow
2.5K +
leads/month, Scaled 6x volume

Performance Visibility Delivered tailor-made dashboards
AI-powered
insights

100%
PDPA compliant

Industry-First Innovations

Seamless Bancassurance Digital Integration

Direct integration with Finacle core banking to real-time transfer leads into UA.

Seamless Lead-to-Proposal Digital Journey

In-house engineered, end-to-end digital customer onboarding flow

AI-Powered Performance Management

AI insights for bank management & sales network

INTELLECTUAL CAPITAL

GRI 418-1 c

Information Technology Governance and Cyber Security LA

Information Technology (IT) Governance remains a critical enabler of a resilient, secure, and well controlled operating environment at Union Assurance. The governance framework is designed to safeguard the confidentiality, integrity, and availability of information assets, while ensuring that technology investments and controls consistently support the Company's strategic objectives and long term value creation.

Alignment with Business Strategy

Union Assurance ensures continuous alignment between IT objectives and corporate strategy through regular evaluation and oversight. During the year, IT policies and control frameworks were further strengthened and updated in line with the ISO/IEC 27001 Information Security Management System (ISMS), the Centre for Internet Security (CIS) Critical Security Controls, and Zero Trust security principles. These enhancements provide a robust and future ready foundation for protecting information assets, supporting digital growth initiatives, and sustaining stakeholder confidence.

IT Risk Management

The IT risk management framework adopts a structured, risk based approach, prioritising risks based on their potential impact and likelihood. Formal processes are in place to identify, analyse, evaluate, and mitigate information security and technology related risks. Accountability for managing IT and information security risks is embedded across business and support functions, reinforcing a proactive, organisation wide culture of resilience and risk ownership.

Resource and Performance Management

Technology performance is monitored across strategic initiatives, project delivery, infrastructure utilisation, and the effectiveness of Disaster Recovery (DR) and Business Continuity Plan (BCP) testing. Continuous oversight of operational performance and service delivery is supported through security dashboards and monitoring tools, providing real time visibility into system performance, incidents, and security related events.

Value Delivery

IT investments are governed through clearly defined policies, controls, and Key Result Areas (KRAs) to ensure optimal utilisation of financial and technological resources. This disciplined governance approach ensures that technology initiatives deliver measurable business value, support enterprise priorities, and enhance service quality and operational efficiency across the organisation.

Integration and Assurance

IT governance is embedded within Union Assurance's broader corporate governance and assurance framework. Relevant stakeholders across business, risk, compliance, and internal assurance functions are actively involved in IT related decision making. Integrated, end to end processes reduce hidden risks, improve consistency, and strengthen overall organisational governance and accountability.

Regulatory Compliance

Regulatory and statutory requirements are embedded within IT policies and standards and are subject to ongoing assessment through periodic reviews and audits. This ensures sustained compliance with regulatory obligations and the continued effectiveness of internal controls governing technology and information security.

Information Security Certification and Maturity (ISMS)

Union Assurance became the first life insurance company in Sri Lanka to achieve ISO/IEC 27001:2022 certification, demonstrating the maturity and robustness of its Information Security Management System. During 2025, the Company successfully completed the ISO/IEC 27001:2022 surveillance audit, supporting the continued maintenance of this globally recognised certification.

In parallel, ISMS policies and procedures were aligned with the CIS Critical Security Controls, strengthening the IT control environment through the adoption of prescriptive, best practice cybersecurity measures to enhance cyber resilience, governance, and operational assurance.

This certification and alignment validate our strong commitment to protecting critical information assets, including customer data, financial information, intellectual property, employee records, and data entrusted by third parties and reinforce the Company's leadership position and benchmark setting role in information security within the insurance industry.

Cyber Security HC-MC-230a.1

Cyber security remains a critical priority within the Company's IT governance framework amid the increasing scale and sophistication of global cyber threats. The Board exercises strong oversight of cyber security readiness, with cyber risk forming a standing agenda item of the Board Audit and Compliance Committee (BACC).

A comprehensive Cyber Security Policy, aligned with JKH Group standards, is in place to guide the Company's security posture. Security operations are supported by a managed Security Operations Centre (SOC), leveraging advanced security intelligence platforms to enhance threat detection, continuous monitoring, and incident response capabilities.

The Company operates a modern, Zero Trust–based security architecture incorporating Secure Web Gateway, Advanced Threat Protection, Data Loss Prevention (DLP), and Zero Trust Network Access (ZTNA). These controls strengthen protection against unauthorised access and enable secure hybrid and remote working across the enterprise.

The cyber security programme remains aligned with the Centre for Internet Security (CIS) Controls at Implementation Group 2 (IG2), reinforcing a mature, risk-based approach to cyber resilience.

During 2025, we maintained our **ISO/IEC 27001:2022** certification. The Information Security Management System (ISMS) continues to be aligned with CIS Controls, strengthening the overall IT control environment through the adoption of prescriptive and prioritised security measures. This alignment enhances data protection, operational resilience, cybersecurity maturity, and information security governance.

In parallel, we further strengthened our privacy and data protection framework in line with the Personal Data Protection Act 09 of 2022 - PDPA (as amended). Key initiatives were undertaken during the year, and actions are ongoing to close gaps identified through the PDPA gap assessment. Moreover, we are evaluating the feasibility of aligning our privacy processes for potential certification under ISO/IEC 27701, the Privacy Information Management System (PIMS).

Rs. 37 Mn
Total expenditure on cyber security and internal controls related to IT

Rs. 9 Mn
Expenditure on standards and certifications on processes and quality to strengthen internal controls

Strengthening Business Continuity Planning

Our Business Continuity Plan (BCP) is structured to support swift restoration of operations following any disruption. It is aligned with the Disaster Recovery Institute International's Professional Practices, ISO 22301:2019, and the Business Continuity Guidelines issued by the Insurance Regulatory Commission of Sri Lanka. In 2025, several initiatives were carried out to assess the strength and effectiveness of the BCP in line with these standards and guidelines. These included:

- Reviewing the risk assessment, business impact analysis, and recovery objectives
- Conducting a comprehensive evaluation of the BCP across all functions
- Carrying out desk top exercises and call tree drills
- Executing IT drills and testing IT system recovery

Strengthening Data Analytics Capabilities

Data analytics continued to play a pivotal role in supporting the Company's digital transformation agenda during 2025, with a strong emphasis on scaling insight generation, improving operational efficiency, and embedding advanced analytics into core business processes.

Our data analytics ecosystem was further expanded to over **170** interactive dashboards, enabling enhanced data visibility, real-time performance monitoring, and faster, more informed decision-making across strategic and operational functions.

AI-powered dashboards were introduced to support the Bancassurance partnership with Sampath Bank PLC, providing branch managers with actionable insights and data-driven recommendations. These capabilities contributed to improved sales effectiveness, customer engagement, and frontline performance management.

In parallel, 7-month persistency monitoring was implemented as a leading performance indicator to proactively identify risks and drive timely interventions, thereby strengthening overall policy quality and supporting improvements in 13-month LIMRA persistency.

Harnessing Tacit knowledge

In 2025, we placed strong emphasis on strengthening our collective tacit knowledge, the shared expertise, skills, experience, business insight, and research capabilities of our employees through focused talent acquisition and development initiatives. We expanded our mentoring programmes, introduced strategically crafted upskilling opportunities, and provided comprehensive learning and development pathways, reinforcing a culture of continuous knowledge sharing.

Our recruitment approach prioritises candidates who align closely with our organisational values, ensuring a solid cultural fit and long-term cohesion. In addition, our enhanced employee value proposition, supported by effective retention initiatives and data-driven HR practices, contributed to maintaining a stable, motivated, and highly engaged workforce.

INTELLECTUAL CAPITAL

215
Employees with over
10 years experience at UA

A diverse workforce

Research and Innovation

We continued to strengthen our Research and Development (R&D) capabilities by fostering a culture of continuous innovation. As part of this effort, we prioritised high impact R&D initiatives that generated new insights and supported the creation of advanced technologies and innovative products. This sustained focus on R&D and ongoing product development enabled us to preserve our competitive advantage. Consequently, we introduced outstanding new products that effectively address shifting customer expectations and market trends, supported by strong marketing strategies and deep industry understanding.

Memorandums of Understanding (MOUs)

- MOU with Happy Mind to promote employee mental well being
- MOU with SLIM to Certify the Insurance Advisors

Strengthening Our Brand

In 2025, Union Assurance continued to build powerful momentum in advancing its brand vision of "Empowering Human Progress by Protecting What Matters Most." Entering the second year of this renewed brand direction, the Company sharpened its strategic focus on progress, guiding individuals, families, and communities towards greater stability, resilience, and long-term aspirations.

Second Phase of the Brand Campaign

Building on the success of Union Assurance's first brand campaign following the launch of its new brand vision in 2024, the Company has rolled out the second phase of the campaign island-wide to further strengthen its brand proposition and deepen engagement with customers.

Infusing Brand Identity Across All Communications

Every communication piece and campaign consistently reflects our brand identity and messaging. This integration spans Above The Line (ATL) and Below The Line (BTL) channels, including television, TV+, radio, outdoor advertising, cinema, activations, and digital platforms, ensuring a unified and impactful brand presence across all touchpoints.

Award-Winning Brand Campaign

UA triumphed at the Dragons of Sri Lanka Awards 2025, securing a Gold Dragon for its transformative campaign "Exit Insurance. Enter Progress." The award, presented under the Brand Building and Awareness category, recognised campaigns that challenge conventional norms and deliver measurable impact through creativity and strategic insight.

BLOG IT Symposium

Union Assurance organised the 'Union Assurance Blog It Symposium 2025', marking a significant milestone as the first-ever event of its kind in the Life Insurance sector. The event, open to the public, welcomed renowned figures from the literary world and featured an engaging lineup of events including a dynamic panel discussion and specialised workshops aimed at sharing knowledge and inspiring the next generation of writers.

Continuation of Circle of Well-being

Circle of Well-being by Union Assurance is a YouTube talk show that covers key aspects of financial, emotional, and physical well-being to help individuals lead more balanced and fulfilling lives.

Further, UA continued to enhance brand engagement through unique employee-focused initiatives, including Salad Rush, Paint to Express, and the 10 km Cycling event.

Please refer Human capital on page 116 for more information

Unique Brand Engagement Programmes

Union Assurance engaged in unique brand engagement programmes that allows stakeholders to assimilate with the brand vision and purpose. Each activity looked at providing a fun and engaging template to provide a great brand experience.

SLASSCOM FitHit 2025 - Powered by Union Assurance

For the second consecutive year, Union Assurance has demonstrated its unwavering commitment to empowering progress of all Sri Lankans by proudly partnering with 'SLASSCOM FitHit 2025,' powered by Union Assurance.

Designed to inspire individuals to pursue their fitness goals, SLASSCOM FitHit 2025 powered by Union Assurance provided a platform for participants to prioritise their health, embrace an active lifestyle, and foster a sense of community and vitality.

INTELLECTUAL CAPITAL

Our Awards and Recognitions

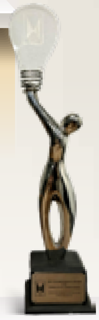
We have earned multiple awards and continue to be celebrated at leading industry events for our outstanding performance across diverse business areas.

Union Assurance Wins at the 6th Indian Chamber Emerging Asia Conclave and Awards 2025

Union Assurance Continues to Be Among the Top 50 Most Valuable Brands in Sri Lanka

Gold at Dragons of Sri Lanka Awards 2025

First Insurer to Earn the YouTube Silver Play Button



John Keells Chairperson's Award for Disruptive Innovation

Union Assurance Becomes First Life Insurer in Sri Lanka to Achieve ISO/IEC 27001:2022 Certification

Please refer page 20 for more details about Awards & Recognition

Way Forward

Objectives	2026 Short-term target	Medium to Long-term target
Life Operations Transformation	Embed AI-assisted intelligence into underwriting and claims workflows to support risk summarisation, exception handling, fraud signal detection, and ambiguity identification, while retaining human accountability and decision ownership.	Establish highly efficient, intelligence enabled Life Operations characterised by faster turnaround times, improved risk outcomes, consistent decision making, and scalable operating capacity.
Expansion of Clicklife Digital Ecosystem	Enhance Clicklife with targeted health, wellness, protection, and digital purchase capabilities to increase self service adoption and insurance uptake, particularly across priority customer journeys and younger customer segments.	Evolve Clicklife into a fully integrated digital "super app" supporting embedded insurance, protection services, wearable enabled health and wellness engagement, and pay as you live propositions across the customer lifecycle.
Bionic Distribution Enablement	Strengthen analytics driven visibility across all distribution channels, align advisor and partner day in the life workspaces, and improve execution consistency through insight led performance management.	Enable a fully integrated bionic distribution model powered by advanced analytics, seamless partner integration, and predictive performance and productivity management.
Enterprise Data and Intelligence Capabilities	Introduce AI powered, conversational access to enterprise insights, enabling employees to interact with data intuitively and accelerate high quality, insight driven decision making.	Evolve enterprise intelligence into a multimodal experience integrating conversational, visual, and emerging interaction models to deliver contextual, real time decision support across the organisation.
Cyber Resilience and Privacy Governance	Advance Zero Trust implementation, strengthen threat detection and response capabilities, and embed security and privacy controls across operational and digital platforms.	Achieve mature cyber resilience and privacy governance aligned with ISO/IEC 27701, reinforcing customer trust, regulatory compliance, and long term organisational sustainability.