STEWARDSHIP

THE MOST RESILIENT

Strong Corporate Governance serves as the foundation of sustainable value creation, anchoring integrity, transparency, and accountability in every decision. Rooted in disciplined oversight and ethical leadership, governance remains the guiding force that safeguards resilience, enables responsible growth, and embeds sustainability as an enduring strategic commitment.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board's stewardship reflects an unwavering commitment to sustainability, guiding the organisation with foresight and responsible leadership. By integrating sustainability into governance structures, strategic planning, and performance oversight, the Board ensures that growth is not only achieved but sustained—delivering lasting value to stakeholders while contributing positively to the broader environment and society.

Krishan Balendra

Chairperson/ Non-Executive Director

(Member of the Board since 01 January 2019)

Board Sub-Committees: Member of the Nominations and Governance Committee and Human Resources and Compensation Committee of Union Assurance PLC.

Skills and Experience: Krishan is the Chairperson-CEO of John Keells Holdings PLC. He is also the Chairperson of the Ceylon Chamber of Commerce. He is a former Chair of the Employers Federation of Ceylon, Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

Dumith Fernando

Independent Non-Executive Director

(Member of the Board since 03 August 2018)

Board Sub-Committees: Chairperson of the Human Resources and Compensation Committee and Nominations and Governance Committee. Member of the Related Party Transactions Review Committee, Board Audit & Compliance Committee of Union Assurance PLC.

Skills and Experience: Dumith is the Chairperson of Asia Securities. He served as the Chairperson of the Colombo Stock Exchange (CSE) from 2020-2022. He has 30 years of experience in international financial markets. For two decades he was based in global financial centres New York and Hong Kong.

Until 2013, Dumith was Group Chief Operating Officer and Managing Director at Credit Suisse Asia Pacific, the US$2.5 billion-revenue regional business of Swiss banking firm Credit Suisse AG. He was a member of that firm's Global Leadership Council and Chair of its Asia Pacific Philanthropy Committee. Prior to that Dumith was an Executive Director at US banking firm JPMorgan Chase, where he held roles across Corporate Strategy, Investment Banking, Equities and Private Equity.

Dumith completed his secondary education in Sri Lanka. He obtained a BA (Hons) in Physics & Economics from Middlebury College in the U.S. and an MBA from Harvard Business School.

He previously served as Director of the CSE and was a member of the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

Stephen Anthony Appleyard
Independent Non-Executive Director
(Member of the Board since 01 January 2019)

Board Sub-Committees: Chairperson of the SLFRS 17 Steering Committee, Member of the Related Party Transactions Review Committee and Board Audit & Compliance Committee of Union Assurance PLC.

Skills and Experience: Stephen is currently CEO and Founder of Insurance Consulting Asia. He has deep experience in Strategy, Distribution, Marketing, Finance and Operational Transformation. He has over 26 years of experience in the Life Insurance industry across Europe, US and Asia. He has held the Country Manager/CEO role at AIA (Indonesia), Allianz (Ayudhya Allianz C.P. Thailand), SCB Life (Thailand), as well as holding the office of Regional CEO partnerships at AIA (Hong Kong) and Head of Distribution for AXA Asia (Life and Non-Life Insurance).

Stephen holds a Bachelor of Science from Sheffield Hallam University and an MBA from the University of Manchester.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

Daminda Gamlath
Non-Executive Director
(Member of the Board since 10 June 2020)

Board Sub-Committees: None

Skills and Experience: Daminda currently serves as the President of the Consumer Foods Industry Group of John Keells Holdings PLC. He was also attached to John Keells Computer Services (Pvt) Ltd and the IT Industry Group at John Keells. Prior to joining the John Keells Group, Daminda was with Hayleys Electronics Ltd and Hayleys Industrial Solutions (Pvt) Ltd. Daminda holds a BSc. in Engineering from the University of Moratuwa and an MBA from the University of Colombo. He is a passed finalist of CIMA U.K. His areas of specialisations are Financial Accounting, Management Accounting, Business Analysis, Sales, Marketing and General Management.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

Pasan Wanigasekara
Independent Non-Executive Director
(Member of the Board since 01 April 2023)

Board Sub-Committees: Chairperson of the Board Audit & Compliance Committee and the Related Party Transactions Review Committee and member of the Human Resources and Compensation Committee and the Nominations Governance Committee of Union Assurance PLC.

Skills and Experience: Pasan is a multidisciplined corporate leader with broad international exposure in Asia Pacific, Europe, and North America, across a wide range of topics including corporate strategy, M&A, strategic marketing & business development, operation optimisation, digitisation, and legal.

He was the Director General of the Board of Investment of Sri Lanka (Invest Sri Lanka) until January 2022, and since then holds Board positions in several blue-chip corporates operating in Finance, Leisure, Automobiles, Agriculture, R&D, Sustainable Energy, Manufacturing sectors.

Earlier on in his corporate career, he was Director Asia Pacific Business at a Moody's Corporation subsidiary. Since his stint at Moody's, he was engaged as a Consultant to several Fortune 500 companies and Asia based PE Funds on investment analysis, M&A, and operations optimisation, while practicing as an Attorney-at-Law.

He is a qualified Chartered Management Accountant, a Chartered Financial Accountant, a Chartered Marketer, and an Attorney-at-Law. He is also an Engineer specialising in Computer Science, having graduated from the University of Moratuwa.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Christine Bandaranaike
Independent Non-Executive Director
(Member of the Board since 28 April 2025)

Board Sub-Committees: Member of the Board Audit & Compliance Committee and Related Party Transactions Review Committee.

Skills and Experience: Christine brings over 25 years of experience in capital markets across Sri Lanka and Canada. Christine currently serves as the CEO and Portfolio Manager of JB Financial (Pvt) Ltd, where she founded the discretionary asset management arm of the Jafferjee Brothers Group in 2011.

Christine began her career in mutual funds and private wealth management at TD Bank Financial Group in Toronto before joining Citi National Investment Bank in Colombo. She is a Chartered Financial Analyst (CFA) and holds a Master's degree in Economics from the University of Toronto, as well as a Bachelor of Arts (Hons) in Economics from the University of Western Ontario.

Christine currently serves as the President of the Unit Trust Association of Sri Lanka and is a former Vice President and Director of CFA Society Sri Lanka.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

Senath Jayatilake
Executive Director/ Chief Executive Officer
(Member of the Board since 23 February 2026)

Board Sub-Committees: None

Skills and Experience: Senath joined Union Assurance PLC in November 2019. Prior to his current position, he also served in the capacity of Chief Distribution Officer and Deputy Chief Executive Officer at Union Assurance PLC.

Senath is an Executive Vice President of the John Keells Group. He was previously the Chief Executive Officer, John Keells Logistics (Private) Limited and accounting for over 19 years of experience in Operations Management, Sales and Marketing and Financial Management.

Senath holds a BA (Hon) in Finance, Accounting and Management from the University of Nottingham (UK), and an MBA from the Postgraduate Institute of Management (University of Sri Jayewardenepura). He is a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (UK).

EXECUTIVE COMMITTEE

Senath Jayatilake
Executive Director/ Chief Executive Officer

Senath joined Union Assurance PLC in November 2019. Prior to his current position, he also served in the capacity of Chief Distribution Officer and Deputy Chief Executive Officer at Union Assurance PLC.

Senath is an Executive Vice President of the John Keells Group. He was previously the Chief Executive Officer, John Keells Logistics (Private) Limited and accounting for over 19 years of experience in Operations Management, Sales and Marketing and Financial Management.

Senath holds a BA (Hon) in Finance, Accounting and Management from the University of Nottingham (UK), and an MBA from the Postgraduate Institute of Management (University of Sri Jayewardenepura). He is a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (UK).

Rumesh Modarage
Chief Operating Officer

Rumesh joined Union Assurance PLC in December 2019 as Head of Strategic Initiatives, then promoted to Chief Technical Officer and assumed the role of COO in January 2024.

Prior to joining Union Assurance, he served as Senior Manager at Softlogic Life Insurance PLC, and counts over 15 years of experience in the fields of Insurance Finance, Reinsurance, Product Development, Life Operations and transformation, customer experience transformation including call centre and customer journey mapping, Strategic initiatives, compliance and internal controls , Operational process automation & Digitisation, renewal optimisation, and Alternate Sales and marketing.

Rumesh holds a Master's in Business Administration (MBA) from the Postgraduate Institute of Management (PIM) – the University of Sri Jayewardenepura, an Associate Member of the Chartered Institute of Management Accountants U.K. – CIMA, a Fellow Member of the Chartered Insurance Institute U.K. (FCII), and is a Chartered Insurer.

Himani Weerasekera
Chief Financial Officer

Himani Weerasekera, the Chief Financial Officer at Union Assurance PLC, joined the Company in 2024 with 31 years of experience in the corporate field in manufacturing and finance industries including being a capital market regulator.

Himani was the General Manager Finance and IT at Courtaulds Clothing Group and held the position as Assistant Director at Securities and Exchange Commission of Sri Lanka. Her expertise spans strategic financial planning, project management, restructuring of entities, tax planning, managing internal working capital requirements, cost control, pricing of products, and supervision of licensed and regulated entities ensuring that they were financially stable and operationally viable. Her experience also includes implementing international best practices in Sri Lanka.

Himani holds an MBA from the University of Victoria (AUS). She is also a Fellow at the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant at the Chartered Institute of Management Accountants (UK).

CORPORATE GOVERNANCE

EXECUTIVE COMMITTEE

Harsha Senanayake
Chief Information Officer

Harsha joined Union Assurance PLC in October 2016.

He has been with the John Keells Group for more than 24 years, where he has gained experience in IT and Management. During Harsha's tenure at John Keells, he was instrumental in the implementation of SAP and also promoting it as an ERP solution to many leading organisations in Sri Lanka. Harsha also plays a pivotal role in the Group's digitisation initiatives and in driving technology innovation to all areas of business. In addition to his current role at Union Assurance, he oversees the IT functions of John Keells Stockbrokers and serves as the Head of Business Systems, Financial Services Sector of the Group.

Harsha holds a BSc. in Computer Science from the London Metropolitan University and a Postgraduate Diploma in Information Systems Management from the University of Colombo.

Nisansala Paranayapa
Chief People Officer

Nisansala Joined Union Assurance PLC in September 2024 from the John Keells Group.

She has over 19 years of experience in multinational and local organisations within the Manufacturing and FMCG sectors. Her expertise spans extensive human resource management, industrial relations, and compliance management.

Prior to joining she served as the Head of Human Resource Management of Consumer Foods Industry Group (Ceylon Cold Stores PLC, Keells Food Products PLC & The Colombo Ice Company Pvt Limited) since 2015 and she is also a Senior Vice President of the John Keells Group.

Nisansala is an Attorney-at-law and a life member of the Bar Association of Sri Lanka. She holds an MBA in Human Resource Management and an LLB (Honours) from the University of Colombo (SL). She is also a member of the MBA Alumni Association of the University of Colombo (SL) and an associate member of the Chartered Institute of Personnel Management (CIPM).

Malaka Mihindukulasuriya
Chief Actuarial Officer

Malaka was appointed as the Chief Actuarial Officer of Union Assurance PLC in September 2025.

Malaka is a Fellow member of the institute and Faculty of Actuaries (FIA, UK) with more than two decades of experience both locally and internationally. He began his professional journey at Sri Lanka Insurance in 2004 and later moved to UK, joining Aviva Life in 2008. He last served as the Chief Actuary and Strategy Officer at Allianz Insurance Lanka Ltd.

Malaka has also contributed to the profession as a Council Member of the Actuarial Association of Sri Lanka (2016-2020) and as Chair of the Actuarial Sub-Committee of the Insurance Association of Sri Lanka (2021-2023). He holds a BSc in Financial, Business & Computational Mathematics (First class, University of Colombo), an MSc in Actuarial Management (Distinction, City University London), and an Executive MBA (PIM, University of Jayawardenapura).

Imtiyaz Aniff
Chief Agency Officer

Imtiyaz joined Union Assurance PLC in September 2021, initially serving as the Chief People Officer before transitioning to the role of Chief Agency Officer in 2024.

Imtiyaz is a seasoned business professional with over 21 years of experience in the Banking, IT, FMCG and Telecommunications sectors across both multinational companies and leading local conglomerates. He has provided leadership for many projects globally and was presented with the HR Leadership Award, by the World HRD Congress in 2020.

Imtiyaz holds a MBA (Merit) from the University of Wales, a Chartered Qualification in Human Resources Management from the Chartered Institute of Personnel Management, Sri Lanka a Senior Certified Professional IPMAHR (USA), a Certified Coach – Results Coaching Systems, a Certified Assessor– SHL.

Wathsala Aluthgedara
Chief Partnership Distribution Officer

Wathsala was appointed as the Chief Partnership Distribution Officer of Union Assurance PLC in August 2023.

She is an experienced business leader with over 21 years of experience and has multi-dimensional exposure in Brand Building, Corporate Planning and Fund Management.

Prior to joining Union Assurance, Wathsala served as the Chief Executive Officer of ReeBonn Lanka (Pvt) Limited and prior to that she was employed at Unilever Sri Lanka Limited where she successfully managed a diverse portfolio of brands and categories across personal care, food and home care.

Wathsala holds an MBA from the University of Wales, UK and a Bachelor of Science (Hons) in Computer Science and Information Systems from the London Metropolitan University. She is also a Fellow of the Chartered Institute of Marketing (UK).

Mahen Gunarathna
Chief Marketing Officer

Mahen joined Union Assurance PLC in November 2021.

He is a marketing professional with over 21 years of experience in multinational, international and local markets with significant contributions to the Hospitality, Fashion and Textile, and Insurance industries.

Mahen holds an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenapura (SL).

Mahen is also a Chartered Marketer from the Chartered Institute of Marketing (UK), a Qualified Member from the Sri Lanka Institute of Marketing (SL), and a Certified Professional Marketer from the Asia Marketing Federation. Mahen is also a lecturer at Chartered Institute of Personnel Management Sri Lanka (CIPM).

CORPORATE GOVERNANCE

THE CHAIRPERSON'S STATEMENT ON CORPORATE GOVERNANCE

Krishan Balendra
Chairperson

"At Union Assurance PLC, a strong Corporate Governance framework is the cornerstone of our success, providing clear structures, responsibilities and accountability that safeguard the interests of all stakeholders. This report demonstrates our governance practices, reflecting our unwavering commitment to maintain integrity, transparency and excellence in compliance, as we continue to build sustainable value and long-term trust."

Governance Attitude

Transparency, ethical behaviour, and reliability form the cornerstone of the Company's governance philosophy. These principles are embedded within a comprehensive policy framework and Code of Conduct and Ethics that is effectively communicated to all employees. Our policies reflect international best practices and voluntary governance standards, supporting strong performance and sound risk oversight. Our governance structure is designed to enable responsible decision making while maintaining a clear balance between empowerment and oversight.

Governance Structure and Leadership

The Company's governance framework provides a clear structure through which the Board offers strategic leadership and oversees risk, in compliance with applicable regulatory requirements. Delegation of authority is effected through established Board sub-committees and the Executive Committee, with well defined roles and limits of authority, while the Board maintains overall responsibility.

An independent and diverse Board composition supports sound decision making and strategic clarity. The Board also conducts an annual self assessment to evaluate its performance and ensure continuous improvement.

Culture and Ethics

Our culture is shaped by the Code of Conduct and Ethics, which articulates the standards of conduct expected of Directors and employees. The Code is reviewed and updated from time-to-time, to ensure it is fit for purpose in a rapidly evolving business environment.

Accountability and Risk

Establishing a robust system of internal controls and risk management is a core responsibility of the Board. In fulfilling this duty, the Board is supported by the Board Audit and Compliance Committee (BACC), which plays a pivotal role in overseeing the Company's risk management and assurance processes. The BACC continually reviews the effectiveness and efficiency of internal controls to ensure that the risk framework remains strong and responsive. Further details are provided in the BACC Report on pages 184 - 186.

Engagement with Stakeholders

Our stakeholder engagement mechanisms are structured and comprehensive, enabling us to gain valuable insights into stakeholder expectations and concerns. These insights support informed decision making and allow us to respond appropriately while balancing the diverse interests of all stakeholder groups.

Way Forward

The Company will continue to remain steadfast in our commitment to upholding the highest standards of corporate governance, recognising that transparency, accountability, and ethical conduct are foundational to our long term success and sustainability.

Through the SLFRS 17 Steering Committee, the Board will ensure that the organisation is fully prepared for SLFRS 17 implementation, both technically and strategically. Details on the current progress and planned enhancements to the SLFRS 17 governance framework are provided on pages 192 - 193.

In compliance with the guidelines issued by Institute of Chartered Accountants (CA) Sri Lanka and considering the growing focus on sustainable business operations, the Company established a robust governance framework to support the implementation of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). The framework has been structured to ensure strong oversight, effective management involvement, and alignment with the broader sustainability direction of the John Keells Group. The implementation of the standard reinforces the Company's commitment to transparent, consistent, and high quality sustainability reporting, in line with emerging global and local expectations.

During the year, notable progress was made in enhancing compliance with the Personal Data Protection Act (PDPA) (as amended). Additional information is available on page 165. BACC continues to be regularly updated on these developments.

Additionally, Cyber security risk is maintained as a standing Board-level oversight priority, with the organisation's ISO/IEC 27001:2022 certified Information Security Management System.

Furthermore, the Company will continue to strengthen its Anti-Money Laundering / Combating the Financing of Terrorism / Countering Proliferation Financing (AML/CFT/CPF) measures and extend its fullest support towards the Country's upcoming mutual evaluation.

Statement of Declaration

I am pleased to state that the Company has adhered to all applicable requirements of the Directions issued by Insurance Regulatory Commission of Sri Lanka (IRCSL) on Corporate Governance Framework for Insurers. Furthermore, the Company is compliant with the Section 9 of the Listing Rules on Corporate Governance issued by the CSE. I am also pleased to report that there were no departures from any of the provisions of the Policy on Board Matters, the Company's Code of Conduct and the Code of Conduct and Ethics, in the Code of Best Practice on Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka. Additionally, I wish to affirm our commitment to upholding Company policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and workplace related situations.

Appreciation

In closing, I express my deep appreciation to the Board of Directors for their strategic direction, insightful counsel, and commitment to strong governance, all of which have been instrumental in steering the Company forward.

Together, we remain committed to building a stronger, more resilient, and future-ready organisation that continues to create meaningful value for all.

Krishan Balendra

Krishan Balendra
Chairperson

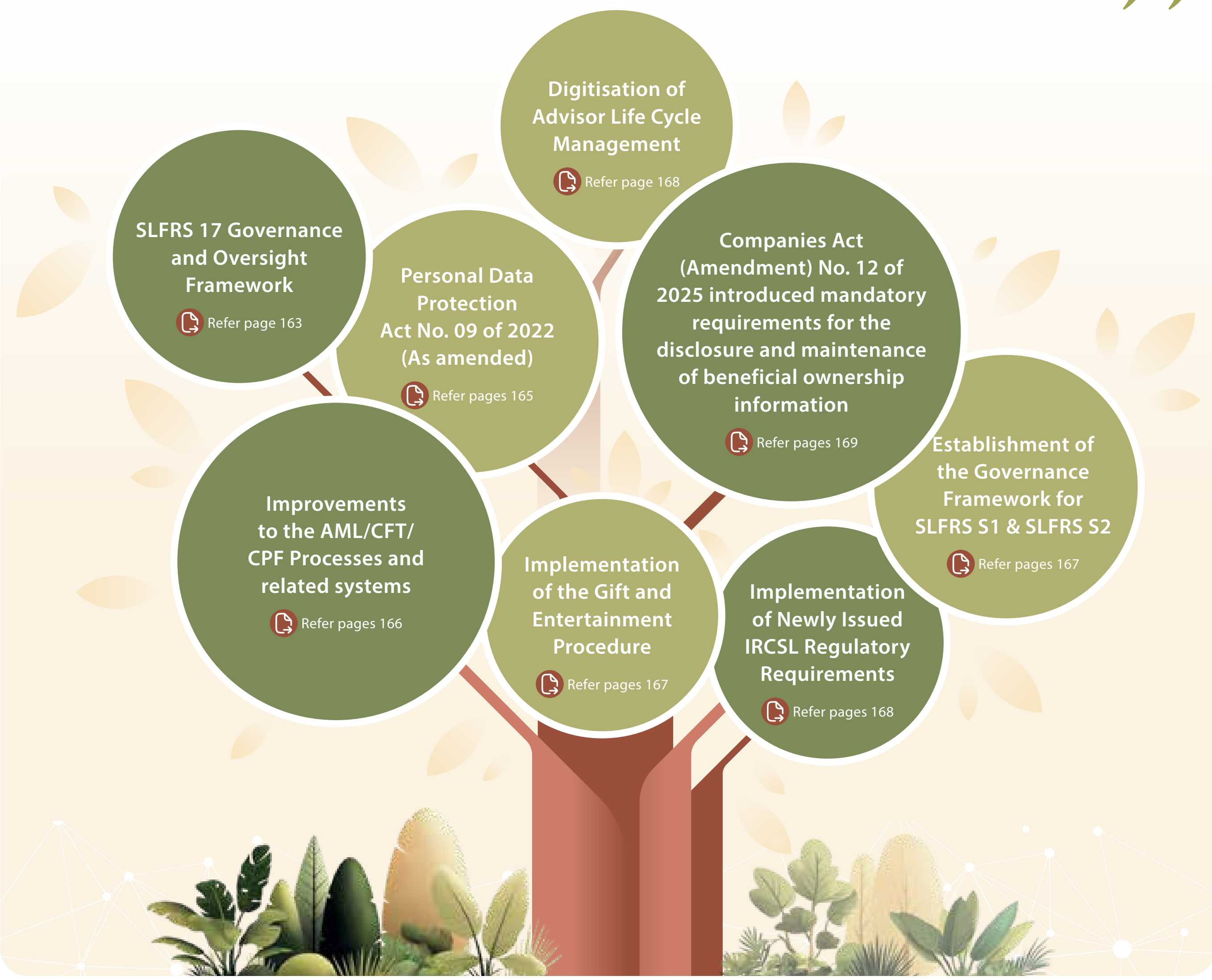
27 February 2026

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Key Corporate Governance Highlights for the Year 2025

> **Corporate Governance remains a cornerstone of our long-term sustainability, continuously evolving to meet emerging risks, stakeholder expectations, and global best practices.**



Key Highlights:

SLFRS 17 Governance and Oversight Framework

A Strengthened Governance Architecture for a New Financial Reporting Era

Union Assurance PLC has continued to refine and strengthen its governance framework to ensure the organisation is fully prepared for the transition to SLFRS 17 – Insurance Contracts, which becomes effective for the industry from 01 January 2026. Recognising that SLFRS 17 introduces fundamental changes to valuation, reporting, actuarial modelling, data capabilities and risk management, the Company has implemented a holistic governance model designed to ensure accuracy, compliance, transparency and strategic alignment.

This governance model emphasises Board-level oversight, cross functional collaboration, and enhanced internal controls, providing a controlled environment for both implementation and long-term application of the standard.

Governance Structure for SLFRS 17 Implementation

Union Assurance PLC's SLFRS 17 reporting hierarchy ensures strong oversight, efficient coordination, and clear accountability across all functions. The process begins with the Core SLFRS 17 Team, which brings together Actuarial, Finance, Operations, and IT to manage methodologies, actuarial and financial modelling, system and data integration, and end to end reporting. Their work, including escalations on progress and key judgements, is reviewed by the Executive Committee (EXCO)—comprising the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Information Officer (CIO), Chief Operating Officer (COO) and Chief Actuarial Officer (CAO)—which provides strategic guidance, validates cross functional decisions, and ensures adequate resourcing.

Above this, the SLFRS 17 Steering Committee functions as the central governance body, responsible for approving critical accounting and actuarial policies, monitoring readiness, and managing major risks or dependencies.

The Steering Committee reports directly to the Board of Directors, which holds ultimate accountability for SLFRS 17 governance and ensures alignment with long term business and regulatory objectives.

Supporting the entire structure, External Auditors conduct progressive audits to provide independent assurance over methodologies, controls, data integrity, systems and financial reporting. Together, this layered governance model delivers a robust, transparent, and well controlled transition to SLFRS 17.

The Board

SLFRS 17 Steering Committee

Enhanced Steering Committee Structure

- Provide strategic oversight and direction
- Approve key accounting and actuarial policy choices
- Monitor project progress and manage risks
- Ensure cross-functional coordination
- Review impacts on financial statements and KPIs
- Strengthen decision-making frameworks post-implementation

External Auditors

CEO and SLFRS 17 Implementation leadership team comprising CFO, CAO, CIO and COO

External Consultants

SLFRS 17 Project Team

Actuarial | Finance & Planning | Life Operations | Information Technology

External Assurance and Independent Validation

- SLFRS 17 technical requirements
- Internal control effectiveness
- Actuarial and accounting methodology consistency
- Documentation and audit readiness standard

Strengthened working committee Governance

Actuarial

- Formal validation cycles for actuarial engines
- Peer review protocols aligned with global best practices
- Documentation of assumptions, methods and controls

Finance

- Integration of SLFRS 17 journal entries into the general ledger
- Reconciliations between actuarial output, source systems, and sub ledgers
- Governance checkpoints for disclosures, KPIs and narrative reporting

Data, Systems and Technology Governance

- A centralised data governance framework for actuarial and financial reporting data
- Data lineage documentation and ownership mapping
- Automated controls around data extraction, transformation, and model input quality

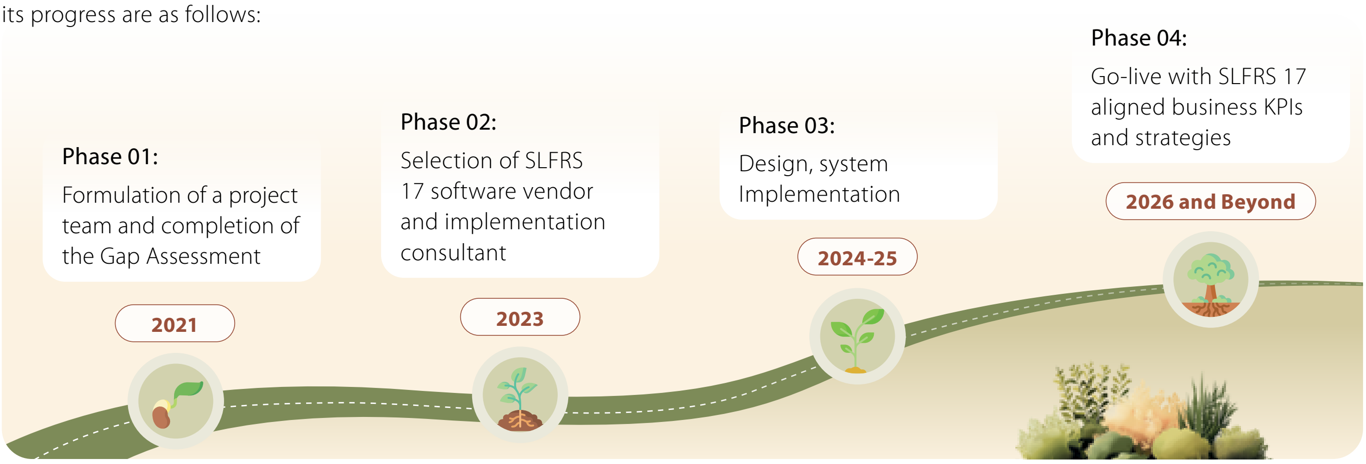
Implementation and consulting support

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

SLFRS 17 Project Plan

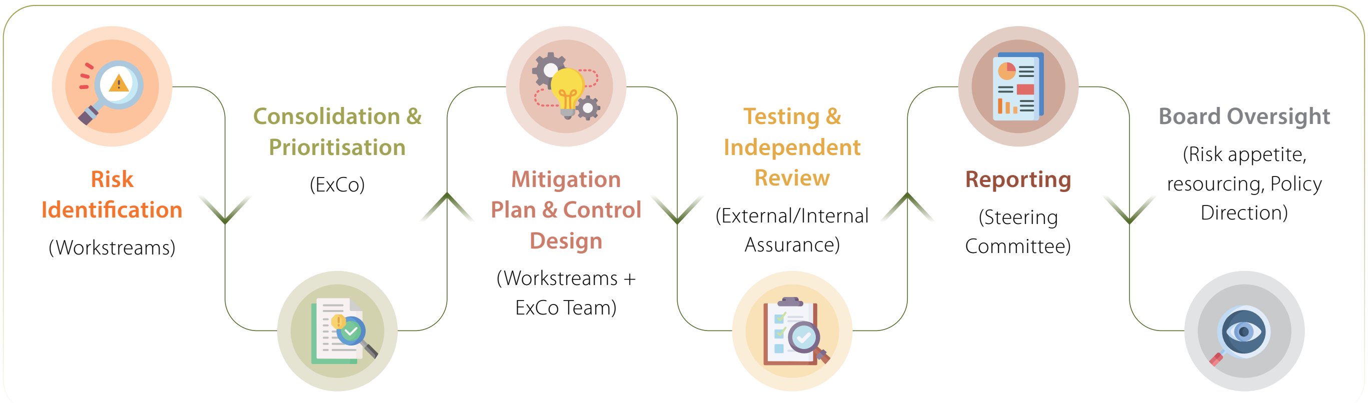
Union Assurance PLC commenced the project in 2021 by commissioning a detailed and transparent process. The project road map and its progress are as follows:



Union Assurance PLC is satisfied with its project progress and will align with the industry to go live in 2026.

Strengthening the Risk Management Framework for SLFRS 17 Transition

The implementation of SLFRS 17 introduces substantial changes to financial reporting, requiring Union Assurance PLC to strengthen its risk management capabilities to manage the operational, regulatory, and strategic challenges associated with the new standard. To support a smooth transition, the Company has established a comprehensive risk management framework that focuses on identifying, assessing, and mitigating risks across all stages of implementation. This includes enhancing internal controls, centralising actuarial modelling processes, and ensuring adequate technical and operational resourcing. Continuous monitoring and refinement of controls help safeguard compliance while minimising disruption to business operations. The updated framework reflects Union Assurance PLC's commitment to building the necessary risk management infrastructure to ensure the successful and well governed adoption of SLFRS 17.



Challenges and remedial action – Risk Management

Risk Focus area	Challenge	Remedial action
Data and systems	Data provision granularity and system integrations	• Employ cutting edge front end and Enterprise Resource Planning (ERP) systems for data provision and enhance system integrations and automation for effective functioning of the workflow. • Perform UAT (User Acceptance Testing) before deployment.
	CSM engine result accuracy	• Completion of a detailed Proof of Concept (POC) phase to ensure system capabilities. • Expanded scope with progressive audit consultant to ensure financial requirements are met.

Risk Focus area	Challenge	Remedial action
Change in processes	Changes in actuarial & accounting process	• Evaluate the available options under the standard and assess their impact on actuarial and accounting practices. • Identify necessary system modifications and take appropriate actions to re-design the existing data fields.
	Expertise and knowledge gap	• Participate for ongoing trainings and workshops by consultants and external parties.
Financial risk	Financial stability and enhance financial performance	• Thorough evaluation on accounting policy choices. • Select the best transition approach. • Conduct proper asset-liability management. • Re-evaluate product mix and pricing strategies.
Business impact	Performance management	• Re-define business strategies and KPIs.
	Investor confidence	• Educate investors about key financial metrics impacted by SLFRS 17 implementation.
Regulatory risk	Unknown regulatory and tax reporting requirements that the Company may need to comply with SLFRS 17.	• Ensuring system reporting functionality is flexible as possible. • Data to be stored and modelled at the required granularity to facilitate future reporting requirements. • Continuous engagement with industry and auditors to understand regulatory requirements.

Overview of Personal Data Protection Act No. 09 of 2022 (As amended)

Sri Lanka's Personal Data Protection Act – PDPA (as amended), the country's first comprehensive data protection law, aims to safeguard privacy, regulate personal data processing, and align with global standards like GDPR while considering local socio-economic needs. It promotes interoperability with international frameworks to build trust in the digital economy, encourages innovation, and protect citizens' rights. Initially set for enforcement in March 2025, the timeline was extended through an Amendment Bill passed in October 2025, with full implementation of key provisions and establishment of the Data Protection Authority expected in late 2025 or early 2026 under a phased approach to ensure compliance readiness.

Our approach for compliance with the Personal Data Protection Act (PDPA)

This legislation significantly impacts the insurance industry due to the extensive amount of personal data processed for insurance and related services. Consequently, all insurance companies must implement the necessary organisational and technical measures and evaluate their internal processes and policies to ensure compliance with PDPA.

The Company made significant progress during the year by implementing key measures to align with PDPA. This includes executing recommendations provided by the external consultant following the Gap assessment conducted in the previous year. The BACC continues to receive periodic updates on the status of gap rectification and compliance readiness. Management remains accountable for monitoring progress and ensuring adherence to the Act. This has also been incorporated into the Enterprise Risk Management (ERM) framework as an emerging risk, given the potential impact of a data breach.

Data Protection Officer (DPO)

The Company has appointed a Data Protection Officer to oversee compliance with the PDPA and implement strategies to ensure adherence to its provisions. The DPO operates independently and has direct access to both the CEO and the Board Audit and Compliance Committee.

Data Retention and Compliance

The Company has defined appropriate retention periods and disposal methods for personal data to ensure compliance with regulatory requirements and best practices.

Gap Assessment and Controls

The Gap assessment was completed, and recommendations were received for necessary action. Implementation of controls and mitigants is ongoing as relevant.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Data Flow Mapping

Data flow mapping was completed with the support of external consultants, and detailed discussions were held with the respective departments to analyse data capture, processing, and transfer mechanisms. Data flow maps were developed for all departments to document key processes involving the handling of personal data.

Awareness and Education

Initial PDPA awareness training was delivered to all employees, covering 100% of Head Office staff, Insurance Relationship Officers (IROs), branch Sales Support Officers (SSOs), and Insurance Advisors. Mandatory PDPA awareness has also been incorporated into the employee onboarding programme and agent handbooks, with refresher sessions conducted across all levels, including senior management. To ensure continuous learning and a strong privacy culture, the Company introduced ongoing initiatives such as an e-learning module.

Contract and Policy Updates

The Company reviewed and updated key policies including the Privacy Policy, Data Protection Policy, Data Retention and Disposal Policy to ensure continued alignment with regulatory requirements. Data Processor Agreements (DPAs) and Joint Controller Agreements were executed with major service providers, with additional agreements currently being formalised as part of ongoing compliance initiatives. These agreements strengthen accountability across the value chain and enhance data subject confidence by clearly defining each party's responsibilities in safeguarding personal information. In parallel, the Company is systematically reviewing all existing contracts and agreements to incorporate the necessary data protection clauses, thereby reinforcing its commitment to protecting the personal data entrusted to it.

Breach Management & Incident Readiness

The Company has established a structured breach management process, and a Data Leakage Prevention (DLP) mechanism has been implemented to track and manage data transfers to external parties. Relevant breach notification clauses have been incorporated into both new and existing contracts, ensuring timely reporting of incidents to all required parties, including the DPO. In addition, standard templates have been developed to support the reporting of data breaches to the Authority and to affected data subjects, further strengthening the Company's incident readiness and regulatory compliance.

Looking ahead, the Company will continue to advance its data protection framework by adopting emerging technologies, strengthening monitoring capabilities and embedding privacy by design into all digital solutions. These efforts will further enhance customer trust, enable seamless and secure digital innovation, and ensure resilient compliance with evolving regulatory expectations.

Improvements to the AML/CFT/CPF Processes and related systems

AML/CFT/CPF processes are overseen by Senior Management and the Board Audit and Compliance Committee (BACC). The Company has adopted and implemented a risk based approach that is fully aligned with applicable regulatory requirements.

During the year, the Company implemented several initiatives to further strengthen its AML/CFT/CPF framework. These efforts focused on enhancing governance structures, improving oversight mechanisms, and reinforcing overall regulatory compliance, thereby ensuring continued alignment with evolving regulatory expectations and industry best practices.

Enhancement of the AML Alerting Model

The Company further strengthened its real time alerting capabilities by introducing additional rules to more effectively flag and detect suspicious activities and events. This digitised mechanism enhances the effectiveness of managing AML/CFT risks associated with unusual transactions and enables the Compliance team to identify and report suspicious activities in a timely manner.

Strengthening of the Sanctions Screening Process

The sanctions screening framework was further enhanced to improve the accuracy and reliability of screenings conducted against sanctioned individuals and entities.

Improvement of the Threshold Reporting Process

The process for threshold reporting was refined to ensure full adherence to the GoAML reporting requirements issued by the Financial Intelligence Unit of Sri Lanka, thereby reinforcing the Company's regulatory compliance.

E-learning Program on AML/CFT/CPF

The Company successfully launched a comprehensive and mandatory e learning programme for all employees on AML/CFT/CPF. The module includes thorough content coverage aligned with regulatory expectations and incorporates an in built mechanism to monitor completion status and ensure full staff compliance.

Independent Compliance Reviews

Several independent compliance reviews were undertaken during the year to assess adherence to applicable regulatory requirements, identify areas for improvement, and ensure the continuous enhancement of the Company's compliance framework. Findings from these independent reviews are tracked through management action plans, with progress closely monitored to ensure timely and effective remediation.

The Company will continue to strengthen its AML/CFT/CPF framework through ongoing system optimisation, enhanced regulatory alignment, and continuous capacity building initiatives, ensuring its readiness to address emerging and evolving financial crime risks.

Implementation of the Gift and Entertainment Procedure

In alignment with the requirements of the Anti-Corruption Act, 2023, the Company implemented a strengthened Gift and Entertainment Procedure to reinforce ethical conduct and ensure full compliance with national anti corruption standards. The procedure establishes clear guidelines on the acceptance, offering, and reporting of gifts, hospitality, and entertainment, with the objective of preventing inappropriate influence, conflicts of interest, and any perception of undue advantage.

The procedure introduces defined approval thresholds, mandatory declaration requirements, and a structured review mechanism to ensure transparency across all business interactions. Employees are required to record all gifts and entertainment in line with the established process, thereby promoting accountability and enabling effective oversight by the Compliance function.

Awareness sessions were conducted to ensure all employees understood the legal expectations under the Anti-Corruption Act, 2023 and their responsibilities under the updated procedure. Ongoing monitoring is carried out by the Compliance team, with periodic updates provided to Senior Management.

The implementation of the gift and entertainment process, together with the associated awareness programmes, directly mitigates bribery and corruption risks by establishing clear rules governing acceptable conduct, prohibiting improper payments or undue influence, and outlining the controls and escalation mechanisms necessary to prevent, detect, and respond to any related misconduct.

The implementation of this procedure underscores the Company's strong commitment to integrity, ethical business practices, and robust corporate governance, while fostering a culture of transparency and compliance across all levels of the organisation.

Establishment of the Governance Framework for SLFRS S1 & SLFRS S2

The Company established a robust governance framework to support the implementation of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). The framework has been structured to ensure strong oversight, effective management involvement, and alignment with the broader sustainability direction of the John Keells Holdings PLC.

Under this framework, the Board of Directors retains overall responsibility for ESG and sustainability oversight, ensuring that sustainability-related risks, opportunities, and disclosures are integrated into the Company's strategic agenda. The Board Audit Compliance Committee functions as the primary conduit for these matters.

All aspects relating to the Company's ESG framework, including alignment with the Group's overarching sustainability strategy, implementation oversight, risk management, performance monitoring, and sustainability related reporting are channelled through the Board Audit and Compliance Committee. Management provides detailed reports and progress updates to the Committee, which, in turn, presents its observations and recommendations to the Board during formal management presentations.

To support effective operationalisation, the Company also established a Management Committee dedicated to facilitating the implementation of SLFRS S1 and SLFRS S2 at Union Assurance PLC. This committee is responsible for coordinating cross

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

functional efforts, ensuring the availability of accurate and useful sustainability related information, and driving the internal processes required to meet the new disclosure standards.

The implementation of this governance structure reinforces the Company's commitment to transparent, consistent, and high quality sustainability reporting, in line with emerging global and local expectations.

Digitisation of Advisor Life Cycle Management

Union Assurance PLC has set a new industry benchmark by becoming the first to fully digitise the Advisor Life Cycle Management process. This groundbreaking initiative transforms every aspect of advisor operations from onboarding and self-servicing, into a seamless digital experience reinforcing Union Assurance PLC's leadership in innovation within the insurance sector.

The shift from manual to digital processes has unlocked substantial benefits for both internal and external stakeholders. With automation, the advisor onboarding process has been significantly accelerated, representing a major improvement in operational turnaround times. This efficiency is further enhanced by the integration with the Sri Lanka Insurance Institute's digital interface, which is an Industry first initiative, allowing instant verification against prerequisite exam requirements. In addition, advisors have also been empowered with intuitive self-service capabilities, enabling them to complete service requests with just a few clicks.

These advancements have led to increased productivity, improved data accuracy, and a significantly enhanced advisor experience, while also delivering considerable cost savings to the organisation and ensures compliance with legal and regulatory requirements, enhances governance, and strengthens security and privacy measures to protect sensitive information.

Implementation of Newly Issued IRCSL Regulatory Requirements

Disclosure requirements under Directions 2 of 2025

Union Assurance PLC successfully implemented the Insurance Regulatory Commission of Sri Lanka (IRCSL) disclosure requirements under Direction 2 across all external marketing and customer communications in English, Sinhala, and Tamil.

This comprehensive initiative included the implementation of mandatory branch display obligations, updating all marketing channels; print, outdoor and digital mediums to consistently carry the required disclosures. Revising all product brochures, and ensuring that all customer-facing communication materials were aligned with regulatory standards. These measures reinforced transparency and demonstrated our commitment to full compliance across every customer touchpoint.

Policy Framework

In line with the IRCSL Policy Framework Guideline, the Company has established a standardised, fair, and transparent structure for all long term insurance policy documents. This framework ensures that product terms, disclosures, and documentation remain clear, equitable, and aligned with regulatory expectations. Through enhanced documentation standards and improved regulatory alignment, the Company has strengthened policyholder protection and ensured greater clarity and fairness across all long-term insurance products.

Insurance Product Information Document (IPID)

In compliance with Direction No. 04 of 2025 on issuing the Insurance Product Information Document (IPID), the Company introduced a standardised and simplified product disclosure document aimed at enhancing policyholder awareness, improving transparency, and empowering customers to gain a clearer understanding of insurance products. The IPID provides policyholders and prospective customers with a concise summary of key policy information, outlining essential terms, conditions, benefits, and features in simple and easily understandable language. This initiative is intended to support better-informed decision-making and ensure greater clarity regarding the nature and scope of insurance policies.

Policyholder Charter

The Policyholder Charter was developed in accordance with Direction No. 02 of 2025, issued under Section 3 of the Regulation of Insurance Industry Act, No. 43 of 2000. This initiative reflects our commitment to upholding defined service standards across all key customer touchpoints, ensuring fair treatment, transparency, and consistency for policyholders and prospective customers. The Charter aims to support the industry's evolution from a "Customer Centric (2C)" culture to a "Customer Confidence–Centric (3C)" culture, fostering stronger, more trustworthy relationships between the Company and its policyholders.

Companies Act (Amendment) No. 12 of 2025 - Beneficial Ownership Transparency

The Company recognises that the identification and disclosure of beneficial ownership are fundamental to ownership transparency, stakeholder confidence, and sound corporate governance. Maintaining accurate and up-to-date information on individuals who ultimately own or exercise effective control over the Company enhances oversight, supports informed decision-making, and ensures alignment with evolving regulatory expectations.

During the year, the Companies Act (Amendment) No. 12 of 2025 ("Amendment Act") introduced mandatory requirements for companies incorporated or registered under the Companies Act No. 7 of 2007 to identify, record, maintain, verify, and file beneficial ownership information with the Registrar of Companies. At the reporting date, the Amendment Act has not yet been brought into operation, and the related regulations and prescribed filing procedures remain pending issuance by the Registrar of Companies.

In anticipation of the legislation becoming operative, the Company, through its Company Secretaries, has proactively commenced preparatory compliance activities, including the collation and preliminary verification of beneficial ownership information and a review of internal processes and controls. Preparations are also underway for the establishment and maintenance of a Register of Beneficial Owners in accordance with the requirements of the Amendment Act.

KEY ANNOUNCEMENTS MADE TO THE COLOMBO STOCK EXCHANGE (CSE)

- **Long-Term Referral Bancassurance Partnership –** On 30 January 2025, pursuant to Board approval, the Company entered into a long-term referral bancassurance partnership for life insurance products with Sampath Bank PLC ("the Bank").

  This internally funded arrangement provides the Company with exclusive access to the Bank's extensive distribution network. The partnership enables Union Assurance PLC to offer a comprehensive suite of life insurance solutions to the Bank's customer base, thereby strengthening the Company's distribution reach and supporting its long-term strategic objectives.

- **Cash Dividend –** Announcement made to the CSE relating to the First and Final dividend for the financial year ended 31 December 2024 on 28 February 2025.

- **Divestment of Equity Stake in Fairfirst Insurance Limited –** In terms of Section 8 of the Listing Rules of the Colombo Stock Exchange, the Company announced the divestment of its 22% equity stake, comprising 30,800,000 ordinary shares, in Fairfirst Insurance Limited, an associate company of the Company. The shares were divested to Fairfax Asia Limited, a subsidiary of Fairfax Financial Holdings Limited, for a total consideration of Rs. 2,638,079,877.

- **Board Composition and Board Committee Changes –** Ms. C. M. L. Dias Bandaranaike was appointed as an Independent Non-Executive Director of the Company with effect from 28 April 2025. She was also appointed to serve on the Board Audit and Compliance Committee and the Related Party Transactions Review Committee. Mr. S. A. J. S. W. Jayatilake was appointed to the Board as an Executive Director w.e.f. 23.02.2026. Mr. S. Rajendra stepped down from the Board of Directors of the Company consequent to his retirement from the John Keells Group on 31 December 2025. Upon his resignation, he also ceased to be a member of the Human Resources and Compensation Committee.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Compliance Summary

Regulatory Benchmark

Requirements/Standard/Principle/Code	Adherence	Compliance Status	Page Reference
Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), under Section 96 (A) of the regulation of Insurance Industry Act No. 43 of 2000.	Mandatory	Complied	209
Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.	Mandatory	Complied	210
Statement of Compliance under the revised Section 9 of the Listing Rules of the CSE on Corporate Governance.	Mandatory	Complied	211
Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC).	Mandatory	Complied	221
Content of the annual report as per Section 168 of the Companies Act No. 7 of 2007.	Mandatory	Complied	221
Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	Voluntary	Complied with a majority of the code to the extent of business exigency.	222
Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	Voluntary	Complied with a majority of the code to the extent of business exigency.	224
Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto	Mandatory	Complied	-
Anti-Corruption Act No 09 of 2023	Mandatory	Complied	-
Personal Data Protection Act Overview (PDPA) 09 of 2022 (As amended)	Mandatory	Complied	-
SLFRS 17 Financial reporting standards	Mandatory	Complied	-
SLFRS Sustainability reporting standards	Mandatory	Complied	-

- Articles of Association of the Company
- Board Charter
- Recruitment & Selection policies
- Disciplinary Procedure
- Rewards & Recognition policy
- Financial Integrity and Financial Authority Levels
- IT Policies including Data Protection
- *Anti-Money Laundering, Combating the Financing of Terrorism (CFT) and Countering Proliferation Financing (CPF), Anti-Bribery and Anti-Corruption Policy
- Policy on Matters Relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance

- Policy on Nomination and Re-election
- Policy on Remuneration
- Policy on Conduct and Business Ethics
- Policy on Risk Management
- Policy on Internal Controls
- Corporate Disclosures and Relations with Shareholders and Investors
- Environmental, Social and Governance (ESG) Policy
- Policy on Management of Shareholder Investments
- Policy on Control and Management of Company Assets
- Whistleblower Policy (Speak-Up Policy)

**The AML/CFT/CPF Policy was revised and approved by the Board of Directors during the review period. Changes related to the ML/TF risk assessment and the enhanced CDD process were incorporated into the policy accordingly.*

In line with section 9.2.1. of the Corporate Governance Rules of the CSE, the related Policies were adopted / updated and disclosure of the existence of these policies together with information relating to implementation were published on the Company's website.

https://unionassurance.com/wp-content/uploads/2026/01/statement-for-website-adoption-of-policies.pdf

Corporate Governance and Our Value Creation Process

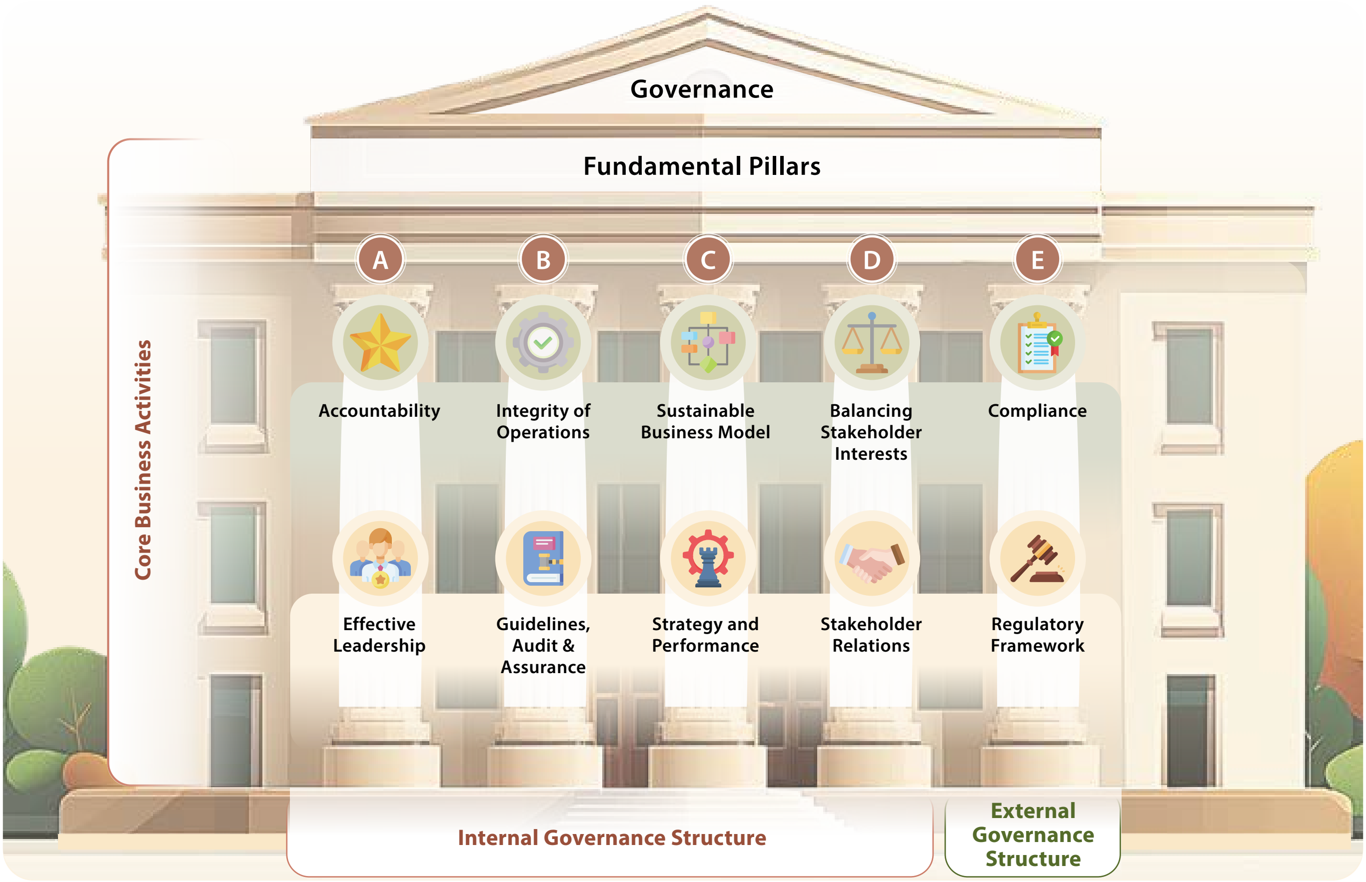
Corporate Governance is at the core of our Value Creation Process and is connected to the organisational Capitals as depicted below.

CORPORATE GOVERNANCE

HOW WE ADMINISTER CORPORATE GOVERNANCE

The Board of Directors of Union Assurance PLC regards Corporate Governance as the cornerstone of its operations, guiding the Board and all employees in their day to day business activities. Union Assurance PLC's robust governance framework and strong underlying principles have consistently provided a solid foundation for driving sustainable value creation.

Our Integrated Governance Framework



Internal Governance Structure

The governance structure in place emphasises the responsibilities of the Board of Directors, Board sub-committees, and the Senior Management team, who collectively formulate, execute, and monitor the Company's business objectives. It further reinforces the organisational operating structure, including the assignment of responsibilities and authority levels, the establishment of reporting lines and information flows, and the implementation of internal control systems, encompassing risk management, compliance, and internal audit functions. A summary of the key elements of both the internal and external governance structures is presented in the Company's Corporate Governance Model.

Performance Aspects

Effective Leadership

Strategy and Performance

Guidelines, Audit & Assurance

Guidelines, Audit & Assurance

Regulatory Framework

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

(A) Accountability

1.0 Effective Leadership

The Board of Directors

The composition of the Board ensures optimal independence, balance of diverse perspectives and expertise, considering skills, competency, business acumen, qualification, industry expertise, gender and other considerations. The Board is appointed by the Shareholders and has ultimate responsibility and accountability for the performance of the Company and its affairs. The Board of Directors plays a pivotal role in maintaining a good culture of effective Corporate Governance within the Company. The Board is committed to a transparent and effective governance system that provides stakeholders with a high degree of confidence that the Group is being managed effectively. In compliance with the formal policy governing matters related to the Board of Directors, the maximum number of Directors of the Company shall not exceed ten (10), in accordance with the Company's Articles of Association, which ensures the Board remains agile and responsive to the Company's needs. In executing their duties and responsibilities, Directors are required to comply with applicable Law, the Code of Conduct, and the requirements of the Policy referred to in Rule 9.5.1 of the Listing Rules of the CSE.

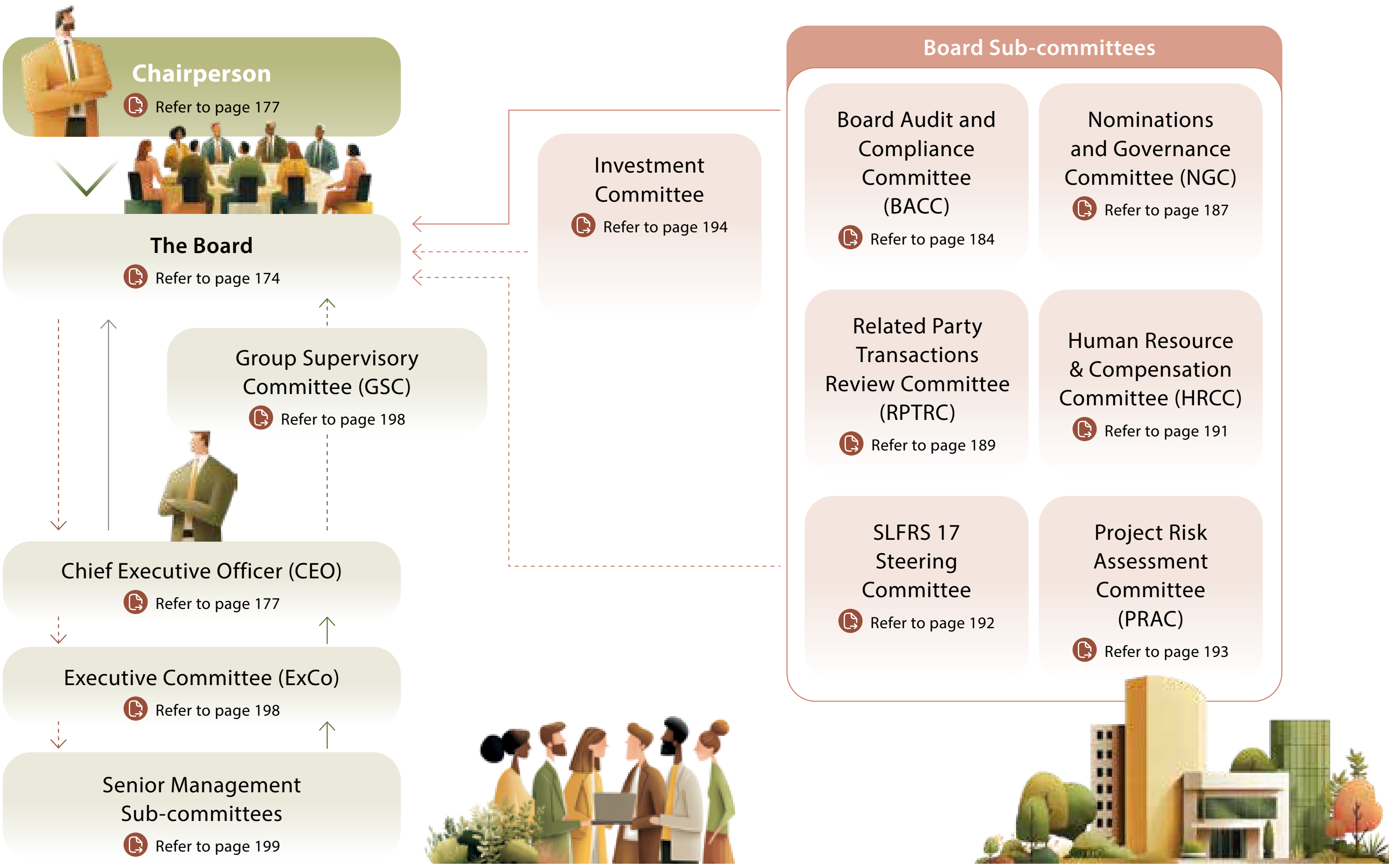
Board Sub-committees

The Board determines the strategic direction of the Company, oversees risk management, and establishes a sound governance framework. Certain responsibilities of the Board are delegated to its sub-committees and to the Executive Management of Union Assurance PLC, with clear mandates and accountability structures. These delegated responsibilities, along with the corresponding governance processes, are explained in detail throughout this report.

1.1 Our Internal Governance Structure

As at 31 December 2025, the Company operates with a two-tier governance structure, namely the Board of Directors comprising of Non-Executive Directors and the Executive Management Committees (ExCo), headed by the CEO*. This distinguishes clearly between the Supervisory body and the Management, whilst segregating core responsibilities between the Chairperson and CEO. Our internal governance structure is depicted below.

**Mr. S. A. J. S. W. Jayatilake was appointment as an Executive Director w.e.f. 23.02.2026.*



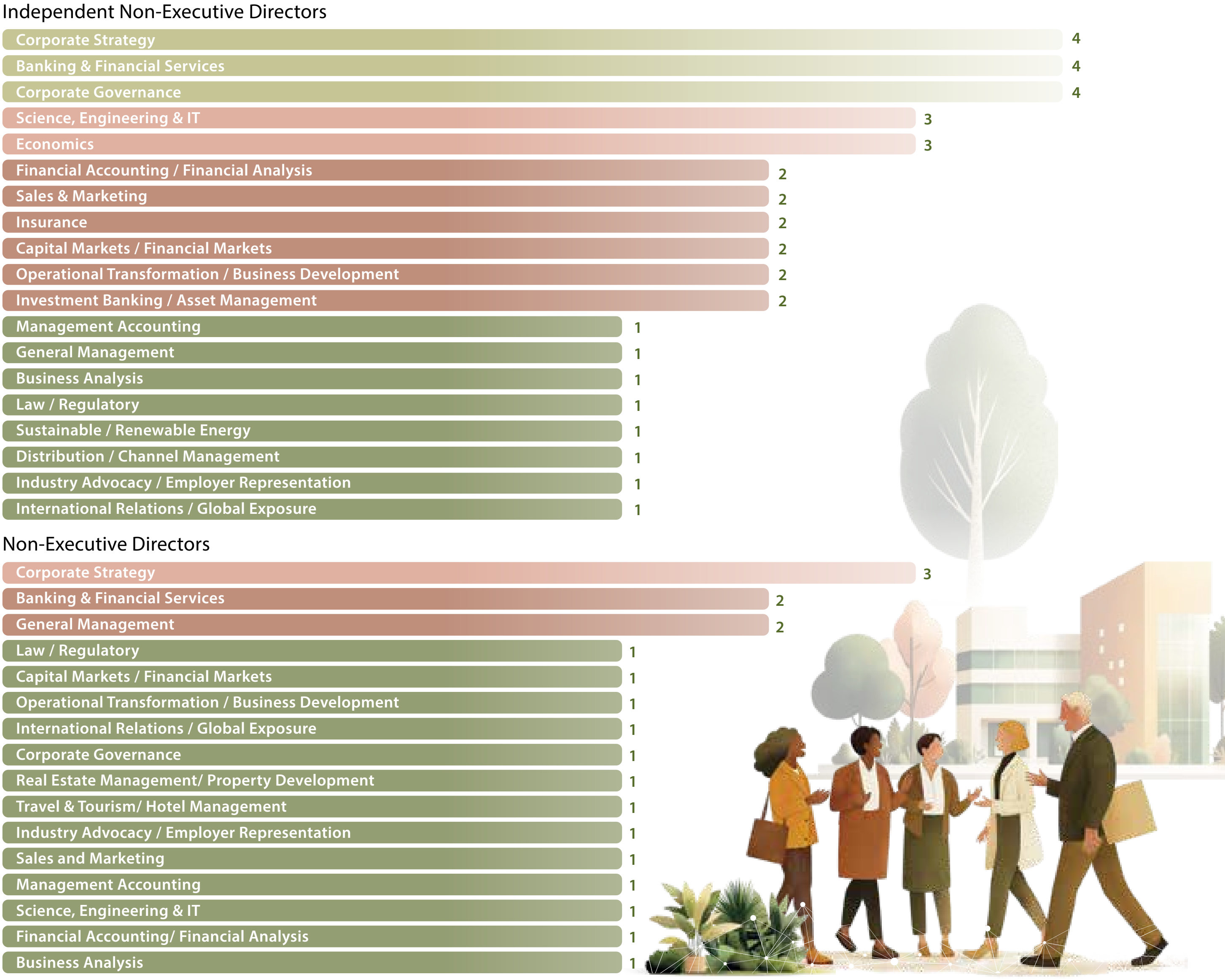
1.2 Board Composition, Skills and Diversity

The composition of the Board of Union Assurance PLC is governed by the Listing Rules of the CSE as well as the Company's Articles of Association. As an insurance company, Union Assurance PLC requires a broad range of skills, expertise, and perspectives to create value and safeguard the interests of all stakeholders. Accordingly, the Board continually evaluates and determines the required mix of competencies in response to the evolving operating environment and shifts in Union Assurance PLC's long term strategic direction.

Ensuring an appropriate blend of experience and capabilities enables the Board, as a collective, to effectively guide strategic priorities and drive sustainable value creation. The Board comprised seven Directors during the accounting period, including Mr. Rajendra, who resigned with effect from 31 December 2025 consequent to his retirement from the John Keells Group. All Directors served in a Non-Executive capacity, of whom four (4) were Independent Directors. The Board reflects diversity in professional experience, subject matter expertise, gender, and age, contributing to rich and balanced deliberations and the exercise of independent judgement on all matters. Brief profiles of the Directors are presented on pages 154 - 156 of this Report. No alternate Directors were appointed during the year.

As per sections 9.8.1 and 9.8.2 of the Listing Rules, the Board composition should consist of minimum five (5) Directors, one-third (1/3) of whom should be independent Directors of the Listed Entity. The Company is compliant with the above requirements. The following illustrates the key skills, composition and personal attributes of the Directors of Union Assurance PLC and the positions held in the Union Assurance PLC sub-committees as at 31 December 2025.

Skills and Experience of the Board of Directors as at 31 December 2025

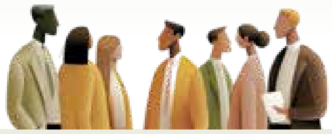


CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Age

5 — 50-55
1 — 56-60
1 — 61-65



Nationality

6 — Sri Lankan
1 — United Kingdom

Independence

4 — Independent Non-Executive Directors
3 — Non-Executive Directors

Gender

6 — Male
1 — Female

Tenure on the BOD

1 — Below 1 year
1 — 1-3 years
1 — 3-6 years
3 — 6-10 years
1 — More than 10 years

Positions held in the sub-committees as at 31 December 2025

Director Name	Nominations and Governance Committee	Human Resources and Compensation Committee	Related Party Transactions Review Committee	Board Audit and Compliance Committee	SLFRS 17 Steering Committee
Mr. K. N. J. Balendra	Member	-	-	-	-
Mr. S. Rajendra*	-	Member	-	-	Member
Mr. D. H. Fernando	Chairperson	Chairperson	Member	Member	
Mr. S. A. Appleyard			Member	Member	Chairperson
Mr. D. P. Gamlath	-	-	-	-	-
Mr. P. T. Wanigasekara	Member	Member	Chairperson	Chairperson	-
Ms. C. M. L. D. Bandaranaike**	-	-	Member	Member	-

** Resigned with effect from 31.12.2025*
***Appointed with effect from 28.04.2025*

1.3. Board Responsibilities

In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment which facilitates employee empowerment and engagement, while creating value for all stakeholders.

Board's key responsibilities include

Strategy and Business

- Providing strategic direction for formulating and implementing the corporate strategy for value creation in the short, medium and long-term.
- Reviewing and approving annual and long-term business plans.
- Monitoring performance and achievement of targets.
- Reviewing Senior Management succession planning.

Stakeholder Engagement

- Ensuring all stakeholder interests and perspectives are considered for corporate decisions.
- Building and improving stakeholder relationships and promoting value creation.

Risk & Governance

- Ensuring that operations are carried out within the scope of the Enterprise Risk Management framework.
- Monitoring systems of governance and compliance.
- Appointing the CEO and reviewing the performance of the CEO, the Board and its Sub-committees.
- Reviewing and approving required amendments to delegation of authority.
- Review of objectives and Key Performance Indicators of the CEO and the Senior Management, whilst ensuring that they possess the skills, experience and knowledge to implement strategies.
- Review policies and procedures.

Financial & Capital

- Approving the issue of equity/debt securities.
- Approval of financial policies and certain actions outside the remit of the Investment Committee.
- Approval of Company's Financial Statements.
- Recommending/declaring dividends.
- Ensuring sound systems of internal controls, risk management and integrity of the financial information.

1.4 Board Governance Philosophy

The Board is committed to upholding the highest standards of governance, ethics, and integrity, recognising that these principles are fundamental to sustained value creation and to safeguarding the interests of all our stakeholders. We believe that strong governance enables us to live our values through enhanced accountability, robust risk and performance management, transparency and ethical, effective leadership.

Acting in the best interests of all stakeholders remains central to the Board's mandate. We continuously review and align with evolving best practices, frameworks and regulatory developments to remain resilient and responsible in an increasingly dynamic business environment.

1.5 Segregation of the Role of Chairperson and Chief Executive Officer (CEO)

The roles of the Chairperson and the Chief Executive Officer are separated, with a Non-Executive Director appointed as the Chairperson to facilitate the balance of power and authority as depicted below.

Role:

Critical to preserve good Corporate Governance, the Chairperson provides leadership to the Board, preserving order and facilitating the discharge of duties.

Responsibilities:

- Ensuring the effective participation of all Directors at meetings.
- Maintaining open lines of communication with Key Management Personnel.
- Ensuring constructive working relations among the Directors.
- Ensuring with the Board Secretary's assistance, that the Board procedures are followed, and information is disseminated in a timely manner to the Board.

Role:

Provides executive leadership and expertise in the implementation of plans and achievement of strategic objectives.

The CEO is held accountable to the Board for the performance of the Company.

Responsibilities:

- Execution of the strategies and policies approved by the Board.
- Ensuring the efficient and effective management of the Company's operations.
- Ensuring that the operating model remains aligned with the Company's short- and long-term strategic objectives.

CORPORATE GOVERNANCE

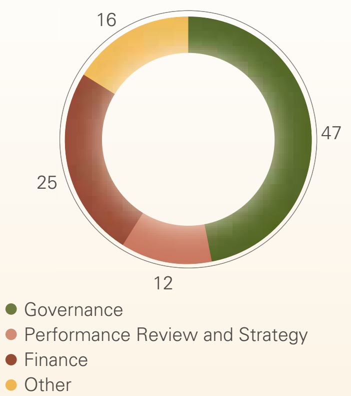
CORPORATE GOVERNANCE COMMENTARY

1.6 Board Meeting

The Board meetings are usually held quarterly, unless business necessities demand the convening of additional meetings. Directors are required to attend a minimum two (2) or fifty per-centum (50%) of the meetings held during the financial year, whichever is higher, unless otherwise excused by the Board. Further, meetings may be held physically, virtually, by audio-visual or hybrid means. Directors participating through these modes shall be considered for the purposes of the quorum. The Board is well-engaged and dedicates adequate time and effort for addressing Company matters. The Board also conducts discussions on specific subjects relevant to the business such as budgets. Board meetings always welcome free exchange of views by the Directors, bringing their experience and independent judgement to bear on the issues and decisions at hand. During the year 2025, the Board met on four (04) occasions. The agenda and the Board papers are generally shared seven (07) days prior to the meeting, allowing sufficient time for review of the same.

Time and Effort on Board Activities

(% time & effort)



Key Focus Areas of the Board Meetings

Performance Review and Strategy

- Review of Business Plan
- New Partnerships
- Review of business performance
- Review progress on Strategy

Governance

- Internal & External audits
- Minutes of Board and sub-committees meetings
- Risk register
- Regulatory Compliance
- Presentation of ML/TF Risk assessment
- Policies & manuals

Finance

- Valuation & Solvency position
- CAPEX review & approval
- SLFRS 17 implementation review
- Budgets/Expense allocation methodology
- Financial statements

Board Attendance during the year 2025

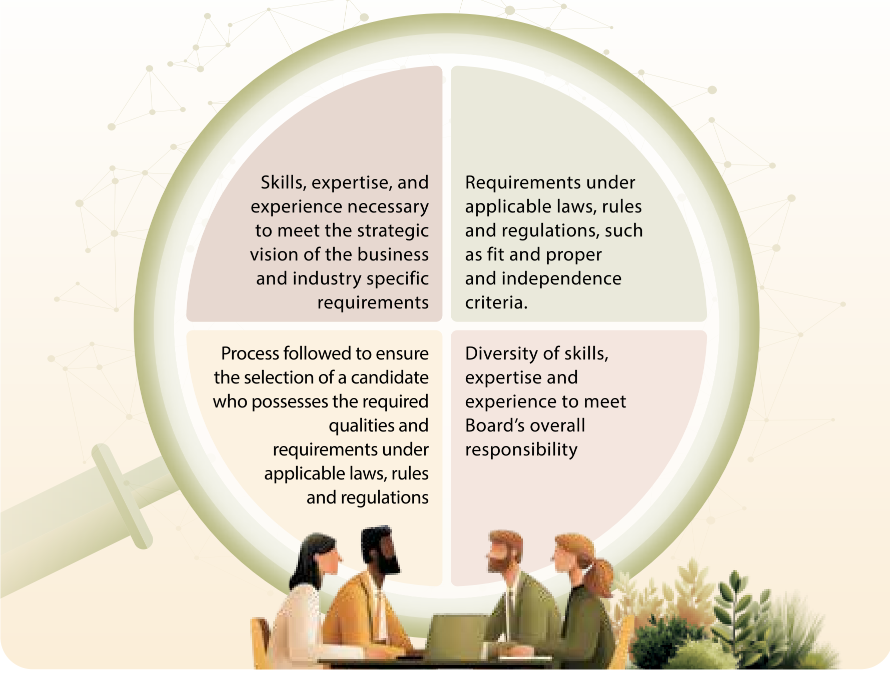
Name of Director	Year of Appointment	10.02.2025	28.04.2025	05.08.2025	13.11.2025	Eligibility	Attendance
Non-Executive Directors							
Mr. K N J Balendra	2019	◆	◆	◆	◆	4	4
Mr. S Rajendra*	2011	◆	◆	◆	◆	4	4
Mr. D P Gamlath	2020	◆	◆	◆	◆	4	4
Independent Non-Executive Directors							
Mr. D H Fernando	2018	◆	◆	◆	◆	4	4
Mr. S A Appleyard	2019	◆	◆	◆	◆	4	4
Mr. P T Wanigasekara	2023	◆	◆	◆	◆	4	4
Ms. C M L D Bandaranaike**	2025	N/A	◆	◆	◆	3	3

**Resigned w.e.f 31.12.2025*
***Appointed w.e.f 28.04.2025*

1.7 Board Appointments and Re-election

Board appointments follow a structured and formal process, within the purview of the Nominations & Governance Committee. The Nominations and Governance Committee Report can be found on pages 187 - 188. Independent Directors are appointed for an initial contractual tenure of three (3) years, with the possibility of extension for up to nine (9) years, or such period as may be permitted under the applicable laws, rules and regulations and Company and Group policies. Director's tenure dependent on meeting fit and proper and in the case of Independent Directors - independence criteria in addition to other requirements pertaining to time commitments etc. In accordance with the Articles of Association of the Company, one third (1/3) of the Directors retire from office at each Annual General Meeting (AGM). The Directors, except the Chairperson, who are subject to retirement by rotation shall be those who have been longest in office since their last election or appointment. A retiring Director shall be eligible for re-election by the Shareholders. Further, any Director who has been appointed to the Board during the year holds office until the next AGM, and is eligible for re-election by the Shareholders.

Key Considerations for Board Appointments



Appointments, Resignations and Retirements

Mr. S. Rajendra retired from the Board with effect from 31 December 2025.

Ms. C. M. L. D. Bandaranaike was appointed to the Board as an Independent Non-Executive Director with effect from 28 April 2025 and Mr. S. A. J. S. W. Jayatilake was appointed to the Board as an Executive Director w.e.f. 23.02.2026.

Details of new Directors appointed to the Board as required by the Listing Rules of the CSE are disclosed to the Shareholders at the time of their appointment by way of announcement through the CSE, as well as in the Annual Report. Directors are required to report any substantial changes in their professional responsibilities and business associations to the Nominations and Governance Committee, which will examine the facts and circumstances, whether requirements under applicable laws, rules and regulations, such as fit and proper and independence criteria are met and make recommendations to the Board for its determination accordingly.

Re-elections

Mr. D. H. Fernando will offer himself for re-election at the AGM to be held on 31 March 2026 in terms of Article 84 of the Articles of Association of the Company.

Ms. C. M. L. D. Bandaranaike and Mr. S. A. J. S. W. Jayatilaka will offer themselves for re-election at the AGM to be held on 31 March 2026, in terms of Article 90 of the Articles of Association of the Company.

1.8 Board Independence

All the Directors of Union Assurance PLC are Non-Executive Directors, with four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors as at 31 December 2025 including Mr. S Rajendra who resigned on 31 December 2025. All Directors are independent of Company Management and free of business dealings that may be perceived to interfere with the exercise of their unfettered and independent judgement. They submit annual declarations to this effect, which are evaluated by the NGC to ensure compliance with criteria for determining independence, in line with regulatory requirements.

Compliance of Independent Non-Executive Directors in terms of their interest in business, is as follows.

Director	Employment in the Company	Material Business Relationship	Close Family Member is a Director or CEO	Carrying not less than 10% of Voting Rights	Continuously served for more than nine years	Business Connection	Director/ Shareholder in another Entity	Age not above seventy (70) years
Mr. P T Wanigasekara	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Mr. D H Fernando	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Director	Employment in the Company	Material Business Relationship	Close Family Member is a Director or CEO	Carrying not less than 10% of Voting Rights	Continuously served for more than nine years	Business Connection	Director/ Shareholder in another Entity	Age not above seventy (70) years
Mr. S A Appleyard	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Ms. C M L D Bandaranaike	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

(i) Has not been employed by Union Assurance PLC (Listed Entity) during the period of three (3) years immediately preceding appointment as Director

(ii) Currently has no material business relationship with the Listed Entity directly or indirectly, nor had any such relationship during the period of three (3) years immediately preceding appointment as a Director.

(iii) Does not have any close family member/s who is a Director and/or CEO in the Listed Entity.

(iv) Does not have a significant shareholding in the Listed Entity (shareholding carrying ten per-centum (10%) or more of voting rights in the Listed Entity).

(v) Has not served on the Board of the Listed Entity for an aggregate period of nine (9) years from the date of the first appointment.

(vi) Not employed in another company or business in which majority of the other Directors of the Listed Entity are employed or are Directors; or majority of the other Directors of the Listed Entity have a significant shareholding or material business relationship; or such company/ business has a significant shareholding in the Listed Entity or with which the Listed Entity has a business connection.

(vii) Not a Director of another company in which majority of the other Directors of the Listed Entity are employed or are Directors; or such company has a business connection in the Listed Entity or a significant shareholding.

(viii) Does not have any material business relationship or a significant shareholding in another company, in which majority of the other Directors of the Listed Entity are employed or are Directors; and/or which has a business connection with the Listed Entity or significant shareholding in the same and/or where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.

(ix) Is below seventy (70) years of age, unless Nominations and Governance Committee recommends the appointment, the Board of Directors approves the recommendation and Board approval is affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.

A statement of compliance - "Fit & Proper"

The Company has taken necessary measures to ensure that the Directors and the CEO are, at all times, fit and proper persons as required under Section 9.7 of the Listing Rules. The Nominations and Governance Committee is required to review whether the below fit and proper criteria mentioned in the listing rules are fulfilled before nominations are placed before the shareholders' meeting or appointments are made. Further, declarations from the Directors and CEO are obtained on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules of the CSE during the financial year concerned and satisfies the said criteria as at the date of such confirmation.

Honesty, Integrity and Reputation

Competence and Capability

Financial Soundness

Directorship details of the Board Members

Subject to applicable Law, Directors shall hold no more than twenty (20) directorships in companies inclusive of the subsidiaries or associates of the Company. The following table illustrates the total number of Board seats held in other listed and unlisted companies by each of the Directors as at 31 December 2025.

Name of Director	Total Number of Directorships held in other companies	Number of Board seats held in Listed Companies		Number of Board seats held in Unlisted Companies
		Executive Capacity	Non-Executive Capacity	
Mr. K. N. J. Balendra (Chairperson)	19	1	6	12
Mr. S. Rajendra*	19	-	3	16
Mr. D. H. Fernando	19	-	-	19
Mr. S. A. Appleyard	1	-	-	1
Mr. D. P. Gamlath	19	1	1	17
Mr. P. T. Wanigasekara	2	-	2	-
Ms. C. M. L. D. Bandaranaike	-	-	-	-

**Resigned with effect from 31.12.2025*

Directorships in Listed and Unlisted Companies as at 31 December 2025

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. K. N. J. Balendra	John Keells Holdings PLC	• Asian Hotels & Properties PLC • Ceylon Cold Stores PLC • John Keells PLC • John Keells Hotels PLC • Keells Food Products PLC • Trans-Asia Hotels PLC	-	Director of several unlisted companies in the John Keells Group
Mr. S. Rajendra*	-	• Asian Hotels & Properties PLC • John Keells Hotels PLC • Trans Asia Hotels PLC	-	Director of several unlisted companies in the John Keells Group
Mr. D. P. Gamlath	Ceylon Cold Stores PLC	• Keells Food Products PLC	-	Director of several unlisted companies in the John Keells Group
Mr. D. H. Fernando	-	-	-	• Panthera Ventures (Pvt) Ltd • PV Galle Properties (Pvt) Ltd • PV Hilltop Holdings (Pvt) Ltd • Omak Technologies (Pvt) Ltd • Techkitez (Pvt) Ltd • One Season Properties (Pvt) Ltd • Dew Paradise (Pvt) Ltd • Aniwa (Pvt) Ltd • Generator Solutions (Pvt) Ltd • Jewelex Agri Kumaragama (Pvt) Ltd • Asia Securities (Pvt) Ltd • Asia Securities Holdings (Pvt) Ltd • Asia Securities Wealth Management (Pvt) Ltd • A-Sec Capital (Pvt) Ltd • Asia Securities Advisors (Pvt) Ltd • Sri Lankan Airlines Ltd • Sri Lanka Catering Ltd • Mandala Ventures (Pvt) Ltd • Mandala Properties (Pvt) Ltd • Arimac Lanka (Pvt) Ltd
Mr. S. A. Appleyard	-	-	-	• Insurance Consulting Asia Ltd
Mr. P. T. Wanigasekara	-	• Abans Finance PLC • John Keells PLC	-	-
Ms. C. M. L. D. Bandaranaike	-	-	-	-

Resigned with effect from 31.12.2025

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

1.9 Supply of Information

The Board pack is circulated at least seven (7) days in advance and provides comprehensive qualitative and quantitative information on issues to be discussed at the meeting, ensuring robust discussions, informed deliberations and effective decision making.

The Chairperson ensures that all Directors are briefed on the same aforementioned matters, by requiring the presence of members of the Senior Management of the Company where necessary. Directors have independent access to Senior Management and unrestricted access to organisation information/resources, to discharge their duties. The Senior Management regularly makes presentations and keeps the Board abreast of the Listing Rules and ongoing compliance requirements and any non-compliance by the Company with obligations arising under such Rules. Further, they are kept abreast of important matters including strategy, risk management, regulatory updates, etc.

1.10 Access to Independent Professional Advice

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged to seek independent professional advice, in furtherance of their duties at the Company's expense. This is coordinated through the Company Secretary, as and when requested.

1.11 Board Induction and Training

Directors undergo a comprehensive induction on appointments, where they are apprised, inter-alia of the Company values and culture, its operating model, policies, governance framework and processes, the Code of Conduct and operational strategies of the Company. Additionally, they are provided with the opportunity to meet with Key Management Personnel, External and Internal Auditors and visit key areas of operations, to obtain a better understanding of the business. The Board of Directors recognises the need for continuous training, expansion of knowledge and undertakes such professional development as they may consider necessary, to assist them to carry out their duties as Directors.

1.12 Board Appraisal

The annual appraisal to assess the effectiveness of the Board for the preceding year was carried out in January 2026, using a questionnaire covering the operations of the Board and each of its principal Committees. The findings were tabled and discussed at the Board meeting held on 30 January 2026.

1.13 Appraisal of the CEO

The Board discusses and sets financial and non-financial targets at the beginning of each financial year to be achieved during the year by the CEO and aligned to the short, medium and long-term objectives of the Company. Performance is reviewed at the end of the year against the backdrop of the operating environment, and remuneration is revised based on performance and the Company's Remuneration Policy.

1.14 Fair Remuneration

The Company has adopted a remuneration policy and established a formal and transparent procedure for the determination of remuneration of individual Directors. No Director is involved in deciding his or her own remuneration. Human Resources and Compensation Committee (HRCC), ensures that the Company maintains fair, appropriate and competitive remuneration practices that align with the remuneration practices, benefit plans, strategies and performance objectives, whilst taking into consideration other stakeholder interests.

Due care is taken to ensure that the remuneration paid to Board members is commensurate with their skills, knowledge, competencies and involvement in Board activities. Director remuneration is determined in reference to that of other comparable companies and additional fees are paid to Directors for either Chairing or being a member of a Board Sub-Committee. Such remuneration is reviewed and adjusted as deemed necessary in keeping with the complexity of the business of the Company. Director fees for nominee Directors of John Keells Holdings PLC are paid to John Keells Holdings PLC and not to individual Directors.

1.15 Board Sub-Committees

The Board has delegated some of its functions to Board Sub-Committees, while retaining decision rights. Members of these sub-committees are able to focus on their designated areas of responsibility and impart knowledge/oversight in areas where they have greater expertise. Recommendations of these Committees are addressed directly to the Board, and minutes of meetings are tabled and discussed at the main Board meetings.

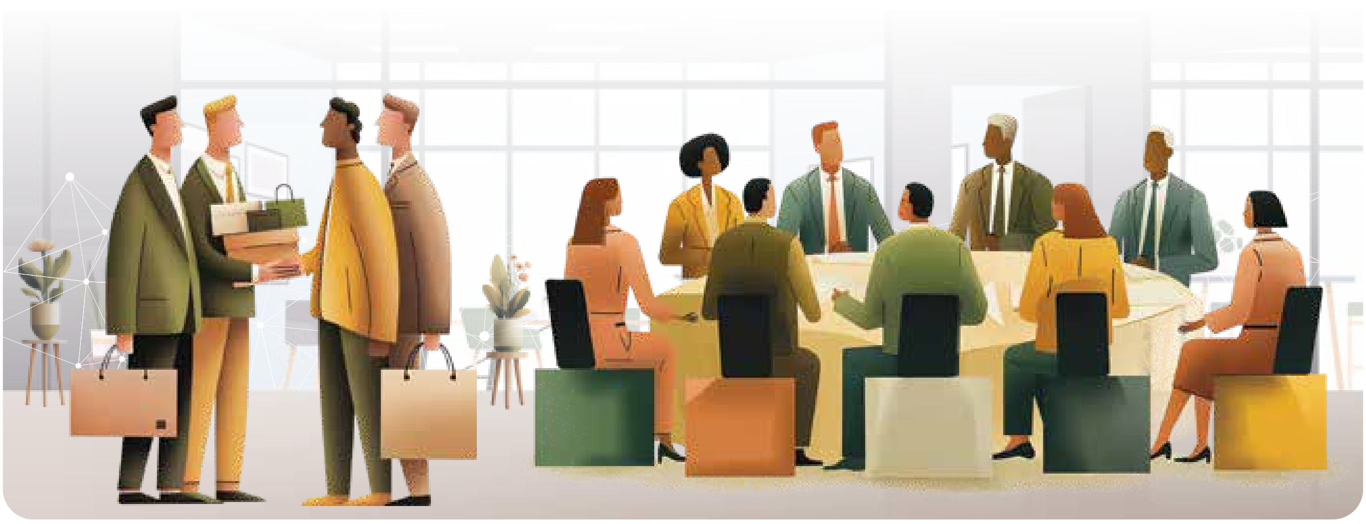
The Board sub-committees of Union Assurance PLC are as follows:

- Board Audit and Compliance Committee (BACC)
- Nominations and Governance Committee (NGC)
- Related Party Transactions Review Committee (RPTRC)
- Human Resources and Compensation Committee (HRCC)
- SLFRS 17 Steering Committee
- Project Risk Assessment Committee (PRAC)

The Related Party Transactions Review Committee (RPTRC) and Board Audit and Compliance Committee (BACC) are composed entirely of Independent Directors, while the other Board Sub-Committees are predominantly made up of Independent Non-Executive Directors.

Board Sub-Committees and its strategic oversight

Board Sub-Committee	Key areas of Oversight	Detailed Information and Committee Report
Board Audit and Compliance Committee (BACC)	• Financial reporting. • Internal controls & Risk management. • Internal & External Audits.	Report of the BACC on pages 184 - 186
Nominations and Governance Committee (NGC)	• Appointment of Directors. • Effectiveness of the Board and its Committees. • Lead the process of Board appointments, Board inductions and make recommendations to the Board in respect of all new Board appointments and re-elections/re-appointments. • Review and update the Board on Corporate Governance, Listing Rules, Securities Market regulation and other applicable laws and regulations.	Report of the NGC on pages 187 - 188
Related Party Transactions Review Committee (RPTRC)	• Disclosure and review of Related Party Transactions.	Report of RPTRC on pages 189 - 190
Human Resources and Compensation Committee (HRCC)	• Review Remuneration Policy. • Succession planning of Key Management Personnel. • Review and recommend performance-based payment plans.	Report of the HRCC on page 191
SLFRS 17 Steering Committee	• Review the SLFRS 17 project roadmap & the strategic way forward. • Keep the BACC and the Board appraise the progress made, on the transition to SLFRS 17.	Report of the SLFRS 17 Steer. Co. on pages 192 - 193
Project Risk Assessment Committee (PRAC)	• Review and assess large scale investments and projects. • Evaluate project risks.	Report of the PRAC on page 193



CORPORATE GOVERNANCE

THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

Composition of the Committee as at 31 December 2025

The Audit Committee comprises of four (4) Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156.

Attendance and Composition

BACC meetings are held at least once a quarter. Four (04) meetings were held during the year. Minutes of the BACC meetings are regularly reported to the Board.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. P T Wanigasekara* (Chairperson)	01.04.2023	Independent Non-Executive Director	4/4
Mr. D H Fernando	03.08.2018	Independent Non-Executive Director	4/4
Mr. S A Appleyard	01.10.2024	Independent Non-Executive Director	4/4
Ms. C M L D Bandaranaike	28.04.2025	Independent Non-Executive Director	3/2

**Member of a Professional Accounting Body*

Regular attendees by invitation

- Mr. S Rajendra - Non-Independent Non-Executive Director of Union Assurance PLC
- Mr. S Jayatilake - Chief Executive Officer
- Ms. H Weerasekera - Chief Financial Officer
- Mr. M De Zylva - Assistant Vice President - Risk & Compliance
- Mr. H Nazeem - Head of Group Business Process Review – John Keells Holdings PLC

Other Invitees

Other Members of the Executive Committee of the Company, External and Internal Auditors attended by invitation on a need basis.

Secretary to the Committee

Ms. S Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

100% INEDs Representation on the Committee	**100%** NEDs Representation on the Committee	**93%** Member Attendance to the Committee	Compliant with the Rules of the CSE	Compliant with Code of Best Practice

Terms of Reference

The Board approved Committee Charter clearly defines the Terms of Reference (TOR) of the BACC, and regulates its composition, role and responsibilities. The Charter is reviewed periodically and updated with the approval of the Board as necessary to ensure it remains consistent with the Company's and Group's practices, regulatory requirements, and applicable best practices in corporate governance. The role of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities over financial reporting, internal controls and risk management, compliance with legal and regulatory requirements, external audits and the adequacy and performance of the Internal Audit function of the Company.

Key Responsibilities of the BACC

- **Independent Oversight** - Exercising independent oversight over the Company's assurance functions, including External and Internal Audit. Ensuring the independence and effectiveness of both the Internal and External Audit functions.
- **Going Concern** - Assessing the Company's ability to continue as a going concern in the foreseeable future.
- **Ensure Integrity of Financial Statements** - Ensuring the integrity of the Financial Statements of the Company and that a sound financial reporting system is in place to provide accurate, appropriate and timely information to the Management, Regulatory Authorities and Shareholders in compliance with Sri Lanka Accounting Standards, the Regulation of Insurance Industry Act, Companies Act, Listing Rules of the CSE and other financial reporting related regulations and requirements.
- **Risk Management and Internal Controls** - Assessment of the adequacy and effectiveness of the Company's internal control and oversee risk management function.

- **Compliance** - Reviewing the Company's compliance with relevant legal and regulatory requirements, including reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting regulations and Requirements.

- **Environment Social Governance (ESG) and Sustainability** - While the Board retains overall responsibility for ESG and Sustainability oversight, the Board Audit and Compliance Committee (BACC) shall serve as the conduit for these matters.

Authority of the BACC

The Committee is empowered to carry out any investigations it deems necessary, and has unrestricted access to records, data, reports to Management and staff, to obtain relevant information considered necessary in the discharge of its duties and responsibilities. The Committee seeks external professional advice as and when required. The Chairperson and the members of the Committee were in regular contact with the Management of the Company, through numerous meetings and communications to discharge its responsibilities effectively.

Key areas of focus and functions of the Committee

Financial Reporting

- Reviewed the Company's financial reporting process to ensure Financial Statements are prepared in compliance with relevant laws and regulations and reflect a true and fair view on the financial position and performance of the Company. The Committee has received assurance from the CEO and CFO of the Company that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances.

- Assessed the adequacy of the internal controls and procedures, to obtain reasonable assurance that the financial reporting system is effective in providing reliable and timely information.

- Reviewed and recommended to the Board for approval, the Annual and the Quarterly Financial Statements prior to their release, considering any changes to the major accounting policies, significant matters, unusual events, judgements made by management, compliance with accounting standards, and any related party transactions, etc.

Internal Controls and Risk Management

- The Committee satisfied itself that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded. The Committee has received assurance from the CEO and relevant Key Management personnel of the Company regarding the adequacy and effectiveness of the risk management and internal control systems of the Company.

- The Risk and Compliance Division with the guidance of the Sustainability and Enterprise Risk Management division of the Group assessed and reported to the Committee information pertaining to the process of identification, evaluation and management of all significant risks faced by the Company. The risk register report covered the overall risk profile of the Company and the Committee reviewed the risk register on a quarterly and ongoing basis, illustrating the foreseeable risks the Company faces together with mitigatory actions. The Committee reviewed the risk register taking the socio and macro-economic situation prevailed in the country and resultant risks factors and emerging trends.

- The Committee reviewed the effectiveness of the Company's internal controls and risk management processes, independently through audit findings and recommendations by the External Auditors and Internal Auditors, as per the annual audit plan.

- Data protection and Cyber security are regularly addressed during the meetings

Internal Audit

- The Committee monitors the effectiveness of the Internal Audit function and is responsible for recommending to the Board their appointment or removal, and for ensuring they are adequately resourced to conduct audits.

- Monitored and reviewed the scope, extent, methodology, and effectiveness of the Internal Audit function. The scope was designed based on a fraud deterrent framework, which was implemented across the Group by the Group Business Process Review (GBPR).

- Reviewed thirty-one (31) Internal Audit reports during the year, covering operations of twenty-seven (27) Branch locations and four (4) Head Office functions including Underwriting, Claims, Re-insurance, Finance, Human Resources, Agency Operations/ Bancassurance operation and Regulatory Compliance.

- Ensured the Internal Audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.

- Met the Internal Auditors without the presence of Key Management Personnel during the year.

- The Risk and Compliance Division updated the Committee frequently on the progress of outsourced Internal Audits, significant audit observations, the status of previously reported audit observations, and the BACC sought clarifications on any concerns which may warrant the attention of the Committee.

Ensuring Independence and Objectivity of the External Auditors

The Committee has policies in place aimed at safeguarding and supporting the independence and objectivity of the External Auditors. The services provided by the External Auditors were segregated

CORPORATE GOVERNANCE

REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

between what requires an independent view, such as audit and assurance services and other advisory services such as tax consultancy. The work is assigned in a manner to prevent a conflict of interest for the External Auditor.

- Assisted the Board in engaging External Auditors for audit and non-audit services, in compliance with regulatory provisions.
- Discussed the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the Auditors, prior to commencement of the Annual Statutory Audit.
- Reviewed the audit and non-audit work assigned during the year, and monitored the independence, objectivity and effectiveness of the External Auditor.
- Reviewed audit findings, management letters and management responses

Messrs. KPMG, Chartered Accountants, have been functioning as the External Auditor since 1988. The last Engagement Partner rotation was carried out in the year 2020, with the KPMG, Chartered Accountants, Engagement Partner having completed six (6) years. The Committee reviewed the audit and non-audit work that is assigned to Messrs. KPMG, to ensure that the provision of such services does not impair their independence.

External Auditors, Messrs. KPMG, have made a declaration as required by the Companies Act, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence in terms of all relevant professional and regulatory requirements.

Oversight on Regulatory Compliance

The Committee, with the assistance of the Internal Auditors, External Auditors, and the Risk and Compliance division of the Company, closely scrutinises compliance with mandatory statutory requirements, reviewing the alignment of the systems and procedures in place to ensure compliance with such requirements. The Committee is of the opinion that the Company is in compliance with relevant legal and regulatory requirements, including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements. Further, the BACC continued to monitor and oversee the bottom-up compliance sign-off process, to ensure compliance of all functions within the Company. This process provides comfort for Senior Management and the Board, that staff at all functions are aware and conduct business transactions as per established rules and procedures. This process is also verified by internal auditors as part of the Audit scope. Please refer to further details on the structure of the bottom-up compliance sign-off process on page 201.

Report of External Actuary

Written representations were received from the independent external Actuary, summarising the observations and comments regarding the work they performed. The Committee met the independent external Actuary, without the presence of Key Management Personnel during the year.

Ethics and Good Governance

The Committee continuously emphasises the importance of upholding ethical values by all staff members. The Code of Ethics and Whistleblower Policy ensures all members of staff are encouraged to resort to Whistleblowing if they suspect wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of Whistleblowers. The Committee reviewed the whistleblowing arrangements for the Company during the year.

Evaluation of the Committee

The effectiveness of the Committee is evaluated annually by its members. The evaluation for the current year was presented to the Board, and the Committee was determined to be effective.

Re-Appointment of the External Auditors

The Committee has recommended to the Board that Messrs. KPMG Chartered Accountants be re-appointed as auditors for the financial year ending 31 December 2026, subject to approval by the Shareholders at the next Annual General Meeting. The Committee recommends the fees payable to the auditors, for approval by the Board.

Conclusion

The Committee is satisfied that internal controls have been operating as designed, and the Company's assets have been adequately safeguarded during the period under review.

The Committee is also satisfied that the Company's Internal and External Auditors have been effective and independent throughout the period.

The Committee believes that the Company's accounting policies are appropriate and have been applied accurately.

Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

27 February 2026

THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

Dumith Fernando
Chairperson
The Nominations and Governance Committee

Composition of the Committee as at 31 December 2025

The Nomination and Governance Committee comprises of two (2) Independent Directors and one (1) Non-Independent Director. Please refer to the Director profiles on pages 154 to 156.

Attendance and Composition

One (01) meeting was held during the year. Minutes of the NGC meetings are regularly reported to the Board.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. D H Fernando (Chairperson)	01.10.2024	Independent Non-Executive Director	1/1
Mr. P T Wanigasekara	01.10.2024	Independent Non-Executive Director	1/1
Mr. K N J Balendra	01.10.2024	Non-Independent Non-Executive Director	1/1

67% INEDs Representation on the Committee

100% NEDs Representation on the Committee

100% Member Attendance to the Committee

Compliant with the Rules of the CSE

Compliant with Code of Best Practice

The Report of the Nominations and Governance Committee

The Nominations and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and Corporate Governance best practices voluntarily adopted by the Company.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law.
- Oversee the process of appointment, re-election and re-appointment of Directors to the Board of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Directors and Non-Independent Non-Executive Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by the Chairperson of this Committee and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework, considering applicable laws, rules, regulatory requirements and industry/ international best practices.

Activities During the Year

During the financial year ended 31 December 2025, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.
- Ensured that in accordance with Article 84 of the Company's Articles of Association, one-third (1/3) of the Directors on the Board being subject to retirement by rotation by virtue of

CORPORATE GOVERNANCE

THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 90, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.

During the year, the following Directors, retiring under Article 84 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 28 March 2025:

» Mr. S. A. Appleyard, Independent Non-Executive Director, (Article 84)

» Mr. D. P. Gamlath, Independent Non-Executive Director, (Article 84)

- Ensured that the newly appointed Director was provided with an induction to the Company together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, CEO, Company Secretary, and senior management and through Board notes.
- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.
- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles and Corporate Governance Commentary sections of this Annual Report.

Directors retiring at the Annual General Meeting of the Company for the financial year ended 31 December 2025

The following Directors who are retiring under Articles 84 and 90 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

Members proposed for re-election and contract renewal	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current membership in Board Committees Other principal commitments Any other relationships*
Mr. D. H. Fernando (Article 84)	Independent Non-Executive Director	03.08.2018	29.03.2023	The details are provided in the Board Profiles and Corporate Governance Commentary sections of this Annual Report
Ms. C. M. L. D. Bandaranaike (Article 90)	Independent Non-Executive Director	28.04.2025	-	
Mr. S. A. J. S. W. Jayatilake (Article 90)	Executive Director	23.02.2026	-	

Board, and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2024, the outcome of which were discussed between the Board and the Committee.

Reporting

The Committee reports its activities at each Board Meeting of the Company.

Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance Commentary section of the Annual Report.

Dumith Fernando
Chairperson of the Nominations and Governance Committee

27 February 2026

THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

Pasan Wanigasekara
Chairperson
The Related Party Transactions Review Committee

In line with the Corporate Governance Rules, a documented policy and processes are in place regarding Related Party Transactions.

Attendance and Composition

The Related Party Transactions Review Committee (RPTRC) comprises of four (4) Directors and all of them are Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the RPTRC meetings are regularly reported to the Board. The composition of the Committee as at 31 December 2025, along with the attendance of the members at Committee meetings respectively, is provided below.

Four (04) meetings were held during 2025.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. P T Wanigasekara (Chairperson)	01.10.2024	Independent Non-Executive Director	4/4
Mr. D H Fernando	01.10.2024	Independent Non-Executive Director	4/4
Mr. S A Appleyard	01.10.2024	Independent Non-Executive Director	4/4
Ms. C M L D Bandaranaike	28.04.2025	Independent Non-Executive Director	3/2

Regular attendees by invitation

- Mr. S Jayatilake – Chief Executive Officer
- Ms. H Weerasekera – Chief Financial Officer
- Mr. S Karunaratne – Financial Controller – Finance and Planning
- Mr. M De Zylva AVP – Risk and Compliance

Secretary to the Committee

Ms. S Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

100% INEDs Representation on the Committee

100% NEDs Representation on the Committee

93% Member Attendance to the Committee

Compliant with the Rules of the CSE

Compliant with Code of Best Practice

Objective and Governing Policies

The objective of the Committee is to exercise oversight on behalf of the Board of Directors of the Company, that all Related Party Transactions (RPT) of the Company are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka ("the Code"), the Listing Rules of the Colombo Stock Exchange (CSE) ("Listing Rules") and other applicable laws, rules, regulations, codes of best practice and standards.

Procedure

The Committee shall ensure that in discharging its functions:

- It is in compliance with the Listing Rules, the Code and other applicable rules and regulations.
- The Company's RPT framework is aligned with the Group policies and procedures.
- Shareholder interests are protected.
- Fairness, integrity and transparency are Maintained.

Functions of the Committee

- To develop, and recommend for adoption by the Board of Directors of the Company, an RPT Policy which is consistent with applicable laws, rules and regulations, the Operating Model and delegated decision rights of the John Keells Group and which sets out, amongst others, the following:
  - » Defining relevant requirements and threshold values for the Company in setting a benchmark for RPTs, including those requiring detailed discussion, the approval of the Board and/or annual review.
  - » The guiding principles on which RPTs require prior approval of the Board and which transactions do not require the prior approval of the Board and therefore can be reviewed retrospectively.

CORPORATE GOVERNANCE

THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

- » Establishment of the starting base for Recurrent RPTs.
- » Guidelines which Senior Management must follow in dealing with Related Parties, including the conformance with Transfer Pricing regulations.
- » Instances where an immediate market disclosure of the RPT is required.
- » Instances where shareholder approval for the RPT is required.
- » Formats to be used by the Company in presenting the RPT information to the Committee.

- To provide updates to the Board on a quarterly basis, of the RPTs pertaining to the Company as follows:
  - » Starting Recurrent RPTs.
  - » RPTs during the quarter including Non-recurrent RPTs.
  - » RPTs which were above the thresholds.
  - » Market announcements made in keeping with the RPT disclosure guidelines.
- The Committee primarily relied on processes that were validated from time-to-time, periodic reporting by the relevant entities and Key Management Personnel, with a view to ensuring that:
  - » There is compliance with the Code and the Listing Rules of the CSE;
  - » Protection of Shareholder interests; and
  - » Maintenance and preservation of fairness and transparency.
- The Committee reviewed and pre-approved all proposed non-recurrent RPTs of the Company.
- Recurrent RPTs were reviewed annually by the Committee.

Conclusion

The committee has reviewed the Related Party Transactions during the financial year. During the year no related party transaction has been reported to the Board that has exceeded the limits prescribed in the Section 9 of the Listing Rules of the CSE. Further, either the Directors or close family members do not have any material business relationships with the Company or with other Directors of the Company. The activities and views of the Committee are communicated to the Board of Directors, through verbal briefings and by tabling the minutes of the Committee meetings.

Pasan Wanigasekara
Chairperson of the Related Party Transactions Review Committee

27 February 2026

THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC)

Dumith Fernando
Chairperson
The Human Resources and Compensation Committee

Attendance and Composition

The Human Resources and Compensation Committee comprises of three (3) Directors and two (2) of them are Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the HRCC meetings are regularly reported to the Board. The composition of the Committee, together with the attendance of its members at Committee meetings, is provided below.

One (01) meeting was held during 2025.

Members*	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. D H Fernando (Chairperson)	01.10.2024	Independent Non-Executive Director	1/1
Mr. P T Wanigasekara	01.10.2024	Independent Non-Executive Director	1/1
Mr. S Rajendra**	01.10.2024	Non-Independent Non-Executive Director	1/1

**Mr. K N J Balendra was appointed to the committee w.e.f. 01.01.2026.*
***Resigned w.e.f. 31.12.2025.*

Regular attendees by invitation included the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), unless the remuneration of the CEO or CFO were under discussion.

67% INEDs Representation on the Committee

100% NEDs Representation on the Committee

100% Member Attendance to the Committee

Compliant with the Rules of the CSE

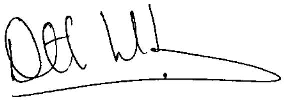
Compliant with Code of Best Practice

The Report of the Human Resource and Compensation Committee

The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the compensation of the Chief Executive Officer and key executives, who are pivotal in shaping business strategy and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organisational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No 7 of 2007 regarding Director remuneration and confirms that no Director or key executive participated in decisions regarding their own remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the Chief Executive Officer and key executives, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.



Dumith Fernando
Chairperson of the Human Resources and Compensation Committee

27 February 2026

CORPORATE GOVERNANCE

SLFRS 17 STEERING COMMITTEE

Stephen Appleyard
Chairperson
SLFRS 17 Steering Committee

Attendance and Composition

The SLFRS 17 Steering Committee comprises two (2) Directors and one (1) of them is an Independent Director and the Sector CFO. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the SLFRS 17 meetings are regularly reported to the Board. The composition of the Committee as at 31 December 2025, along with the attendance of the members at Committee meetings respectively, is provided below.

Ten (10) meetings were held during 2025.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. S A Appleyard (Chairperson)	01.06.2021	Independent Non-Executive Director	10/10
Mr. S Rajendra*	01.06.2021	Non-Independent Non-Executive Director	10/10
Ms. S Cader	01.06.2021	Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC	10/10

Resigned with effect from 31.12.2025

Permanent Invitees

- Mr. S Jayatilake - Chief Executive Officer
- Ms. H Weerasekera - Chief Financial Officer
- Mr. H Senanayake - Chief Information Officer
- Mr. R Modarage - Chief Operating Officer
- Mr. M Mihindukulasuriya - Chief Actuarial Officer

The other members of the Executive Committee of the Company attend meetings by invitation on a need basis.

Secretary to the Committee

Sherin Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC

67%
NEDs Representation on the Committee

100%
Member Attendance to the Committee

Compliant with the Internal Governance Framework

Reporting and Communication

Following best practices in Corporate Governance, the SLFRS 17 Steering Committee holds meetings to stay informed about the project's status and effectively fulfil its responsibilities. The Committee also ensures that communication with external auditors, regulators, and other stakeholders is clear and timely.

Purpose and key objectives of the Committee

The SLFRS 17 Steering Committee is the key governance body tasked with overseeing the implementation and compliance of the SLFRS 17 standard within the organisation. The committee's primary role is to ensure that the company meets the regulatory requirements of the new financial reporting standard and that its implementation aligns with the strategic objectives of the company. The Committee will assist the Management of the Company, the BACC and the Board of Directors by diligently fulfilling their responsibilities.

Key Responsibilities of the committee

Governance and oversight

- Provide overall governance and oversight of the SLFRS 17 project.
- Assist in decision making and approve the project's scope, timeline, and key milestones.

Strategic Alignment

- Ensure that the project aligns with the organisation's strategic objectives and business operations.

Compliance and Risk Management

- Identify and manage risks related to the adoption of the standard, such as technical, operational, and financial risks and oversee company's readiness for audits and regulatory inspections concerning SLFRS 17.

Monitoring and Reporting

- Track progress against the project's timeline, budget, and deliverables.
- Keep the BACC and the board appraised of the progress if the technical and operational transition to SLFRS 17.

Change Management

- Lead and manage change processes required to implement SLFRS 17 across the organisation.
- Ensure that employees at all levels are adequately trained and informed about changes due to SLFRS 17

Objectives of the Committee

- Successful delivery of the project within the agreed timelines and budget
- Achievement of full compliance with SLFRS 17 standards.
- Positive feedback from stakeholders regarding the communication and change management processes.

THE PROJECT RISK ASSESSMENT COMMITTEE (PRAC)

Hans Wijayasuriya
Chairperson
The Project Risk Assessment Committee

The Project Risk Assessment Committee is a committee of the Parent Company, John Keells Holdings PLC, and is shared across the Group, providing oversight to its subsidiaries, including the Company.

Attendance and Composition

The Committee comprised the following Directors of the Parent Company, as at 31 December 2025.

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC
Mr. S. S. H. Wijayasuriya (Chairperson)	25.05.2018	Independent Non -Executive
Mr. A. Cabraal (NED)	01.10.2024	Independent Non -Executive
Mr. K. N. J. Balendra	25.05.2018	Executive Director/Chairperson and CEO of John Keells Holdings PLC
Mr. J. G. A. Cooray	25.05.2018	Executive Director/Deputy Chairperson and Group Finance Director of John Keells Holdings PLC

Secretary to the Committee

Mr. G Cooray - Deputy Chairperson/Group Finance Director is the Secretary of the Committee.

Meetings

As per the Mandate, the Committee convenes only when there is a need to transact any business. There were no meetings held during the year 2025.

Purpose of Establishment

- Identify, review and assess risks associated with large-scale investments and the mitigatory plans thereto.
- Ensuring that stakeholder interests are aligned, as applicable in making investment decisions.
- Where appropriate, obtaining the specialised expertise required from external sources to evaluate the risks, in consultation with the Group Finance Director.
- Recommend to the Board, any necessary actions required to mitigate risks that are identified during the course of evaluating a project, to ensure that those risks are captured for monitoring and mitigation.

CORPORATE GOVERNANCE

THE INVESTMENT COMMITTEE (IC)

Gihan Cooray
Chairperson
The Investment Committee

The Investment Committee overlooks the management of shareholders' and policyholders' funds targeting sustainable growth of capital and ensuring company financial obligations are met.

Attendance and Composition

The composition of the Committee as at 31 December 2025 along with the attendance of the members at Committee meetings respectively, is provided below. The Committee met on twelve (12) occasions during the period from January to December 2025. The minutes of the Committee meetings are presented to the Board of Directors, along with a detailed list of investments and their performance during the period.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. G. Cooray - Chairperson	26.02.2018	Deputy Chairperson/ Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He was the Chairperson of Nations Trust Bank PLC till 30 April 2023	12/12
Mr. P. T. Wanigasekara	01.01.2023	Non-Executive Independent Director	10/12
Mr. S. Jayatilake	01.01.2023	Chief Executive Officer	12/12
Ms. H. Weerasekera	22.07.2024	Chief Financial Officer	12/12
Mr. S. Jain	21.07.2022	Chief Actuarial Officer	12/12
Mr. M. Mihindukulasuriya	01.09.2025	Chief Actuarial Officer	3/3
Mr. A. Keil	18.03.2015	Head of Investment / AVP - Secretary to the Committee	12/12

97%
Member Attendance to the Committee

Compliant with Best Corporate Governance Practice

Regular attendees by invitation

Sherin Cader

Executive Vice President/Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

Manager Middle Office / AVP Risk & Compliance

Two External Fund Managers

Who manage two separate allocations of funds for the Company.

External research firm to provide macro outlook

Provide macro insights useful for making investment decisions.

Terms of Reference

The Committee is guided by the Board approved Investment Policy Statements (IPS). The purpose of the Committee is to assist the Board of Directors to fulfil their responsibility to Shareholders and Policyholders, in relation to the management of the investment portfolios including the development of overall and portfolio specific investment guidelines. Within this framework, the Committee performs the following duties.

Key focus Areas

Investment strategy

Provide investment expertise in formulation of sustainable investment strategy and tactical decisions to achieve investment objectives

- Evaluate the projected investment income outlined in the business plan, to make sure it is in line with the investment strategy
- Review and recommend the guaranteed dividend rate for policyholders
- Provide feedback and input to actively manage equity investment
- Periodically evaluate and select appropriate fund managers necessary to formulate and execute investment strategies

Investment policies, procedures, and guidelines

Develop and review broad investment policies and guidelines that clearly define each fund's objectives and risk return parameters while adhering to all guidelines pertaining to investments set out by the IRCSL

- Provide input to develop and periodically review the investment policy statements
- Develop necessary policies and guidelines to recruit and evaluate external asset managers
- Establish specific exposure limits and guidelines to follow when investing cash flows
- Ensure adherence to all regulatory requirements when managing funds

Analysing the macro environment and forecasting economic variables

- Provide views on possible changes in economic variables that have a direct impact on asset management
- Conduct scenario analysis to assess the impact of different economic variables on Assets Under Management.
- Recommended changes to strategic asset allocation based on these view

Sound risk management

Make sure a sound risk management system is in place to identify, monitor and mitigate risk arising from investment activities

- Identify, measure, monitor, and manage risks affecting the Company's AUM.
- Set exposure limits and recommend over/under weight of asset classes to manage risks.
- Make informed duration decisions to manage interest rate and re-investment risks.
- Monitor and carry out sensitivity analysis of investment decisions where relevant on the Capital Adequacy Ratio of the Company

Review of investment performance periodically

Evaluate the performance of each fund and its contribution to the overall Company

- Monthly assessment of the performance of the external asset manager
- Monitor the return from Universal life fund to ensure the Company meets the guaranteed dividend rate
- Identification of performance deviations from plan and or benchmark and propose appropriate actions

CORPORATE GOVERNANCE

THE INVESTMENT COMMITTEE (IC)

The following core principles of asset management continued to be adopted during the year

A. Investment strategy formulation - Reviewed and provided recommendations to the overall Investment Strategy.

Provide suggestions and key inputs to investment strategies recommended by the front office to align the company's long term investment objectives. Key highlights include:

- Offered guidance to the front office on efficient cash flow allocation to support long-term investment objectives.
- Provided views and recommendations on short-term trading positions to optimise returns within the approved strategy.
- Contributed inputs on new asset classes proposed by the front office, ensuring alignment with the Company's risk-return expectations.

B. Funding Strategy Evaluation for Strategic Partnerships and Business Growth -The Committee provided key strategic guidance in identifying and assessing the most effective funding options to support strategic partnerships and drive future business expansion.

- Evaluated funding strategies proposed by the Investment Department and provided inputs to identify the most cost-efficient option
- Assessed the impact on future investment income and overall fund yield

C. The Committee rigorously reviewed the implications of all key decisions on the Company's overall solvency.

- Assessed the impact of new non-treasury investments and provided inputs to strengthen the Company's CAR ratio.
- Evaluated the effect of cash outflows related to Bancassurance expansion on overall solvency.
- Recommended strategies to enhance the CAR ratio through prudent investment decisions and capital-improving measures.

D. Establishing the Guaranteed Returns for Universal Life Fund

- Reviewed and assessed the optimal Guaranteed Dividend Rate for the Universal Life Fund for 2026, using multiple scenario analyses that incorporated forecasted market conditions.
- Recommended the actual policyholder dividend rate for 2025, based on the fund's realised performance during the year.
- Evaluated the impact of interim and final dividend rates on the fund, particularly in the context of significant movements in interest rates and equity market returns.

E. External Asset Manager Performance Oversight - Reviewed the Performance of the External Asset Manager and ensured our external asset manager's alignment with our strategy through:

- Conducted monthly performance reviews to evaluate returns against benchmarks and planned outcomes.
- Ensured alignment of the external asset manager's investment decisions with the Company's overarching investment strategy.
- Verified that total returns generated by the external manager included sufficient realised gains to meet shareholder and policyholder return objectives.
- Ensured that the external asset manager complied with all regulatory requirements and adhered to the Company's investment policy guidelines.

F. Rigorous Portfolio Performance Evaluation - The committee periodically reviewed the fund's yield, interest income, realised/ unrealised gain, and losses

- Monthly Portfolio Review: Assessed each portfolio's performance against planned income and benchmarks.
- Deviations Analysis and Correction: Identified reasons for deviations and took corrective action if structural.
- Peer Comparison: Compared performance with peers and similar operations for continuous improvement.

G. Provided forward-looking insights on the evolving economic outlook to support efficient cash-flow allocation and alignment with long-term investment objectives.

- Conducted top-down macroeconomic analysis to identify sectors and duration exposures expected to deliver the most favourable risk-adjusted returns.
- Performed economic scenario analyses to assess the potential impact of varying macroeconomic conditions on the Company's Assets Under Management.
- Leveraged external expertise to supplement internal assessments and gain timely insights into near-term macro-economic developments.

Conclusion

In view of all of the above, the committee was satisfied with the performance of the funds under management during the year, and the policies and procedures in place for the management of the invested funds.

Gihan Cooray
Chairperson
Investment Committee

27 February 2026

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' statement on Internal Controls, as per the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Board of Directors is responsible for the adequacy and effectiveness of the Internal Controls System at Union Assurance PLC. It is designed to manage the Company's key risk areas within an acceptable risk profile. The Board has established a continuous process for identifying, evaluating and managing the significant risks faced by the Company, and this process includes enhancing the system of Internal Controls as required, based on the changes to the operating environment and/or regulatory guidelines. The Board has structured an Enterprise Risk Management (ERM) process to identify the key risks impacting the business and mitigating actions by the Management. The Company's Management implements policies on risk and controls set by the Board and are accountable to the Board for monitoring and providing assurances to their effectiveness. The Company has commissioned Messrs. Deloitte Partners as independent Internal Auditors to ensure the effectiveness of the Internal Control Systems. Several processes have been improved during the year and in the past, due to these audit engagements. The Management assists the Board in the implementation of the Board's policies and procedures on risk and control, by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable Internal Controls to mitigate and control such risks.

The Board has implemented the following actions to obtain reasonable assurance that proper systems of Internal Controls are in place.

- Delegated certain key responsibilities to Board sub-committees, where the members of these Committees have adequate expertise to assist in discharging the Board's duties and to improve governance.
- Maintained an effective BACC, and an independent Internal Auditor to review and report on the Internal Control Environment of the Company.
- The minutes of the BACC meetings are tabled at regular Board meetings. The BACC reviews and approves the Internal Audit scope for each year, and the scope is structured on a matrix based on key risk areas and delivery dates. The report of the BACC provided on pages 184 - 186 of the Annual Report provides details of the oversight responsibilities of the BACC, which are performed to assist the Board.
- The Internal Auditors conducted regular reviews to ensure the effective design and implementation of Internal Controls. The reports are discussed and reviewed by the BACC, and improvements to the processes have been/are being implemented where required.
- The Risk and Compliance division which oversaw the functions of Internal Audit, Compliance and Risk Management, independently reported the progress on relevant matters to the BACC.
- Concerning Information Technology (IT) controls, the Board has initiated and maintained multiple mechanisms; IT system audits were carried out to ensure the integrity of financial information. Data security and adequate access controls are in place with regards to both processing and privacy of data.
- The Company continued to implement a bottom-up Enterprise Risk Management (ERM) process, which is an ongoing process for identifying, evaluating and managing risks faced by the Company. A summary of the key risks is updated in a risk register and reported to the BACC on a quarterly basis by the Risk and Compliance division. Quarterly updates also include new risks, mitigating actions and modifications of the risk statuses of previously identified risks. The process continued to be effective the year under review.
- Policies/charters are developed covering all functional areas of the Company, and these are approved by the Board or Board approved committees. Such policies and charters are reviewed and approved periodically.
- The Business Continuity Plan (BCP) was tested during the year under review, and the BCP was updated with the support of an external consultant in a rapidly changing operating environment.
- The BACC continued to monitor the progress of the bottom-up compliance sign off process, which strengthens the control environment.

The Board has reviewed the effectiveness of the Company's system of internal controls during the year under review. There were no material weaknesses identified in the system of internal controls during the year.

Conclusion

The Board having implemented the above, is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute assurance against material mis-statements of loss. The Board confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting. The Financial Statements have been prepared in accordance with applicable accounting standards, requirements of the Companies Act No.7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000, subsequent amendments and the listing rules of the CSE.

Krishan Balendra
Chairperson

Dumith Fernando
Director

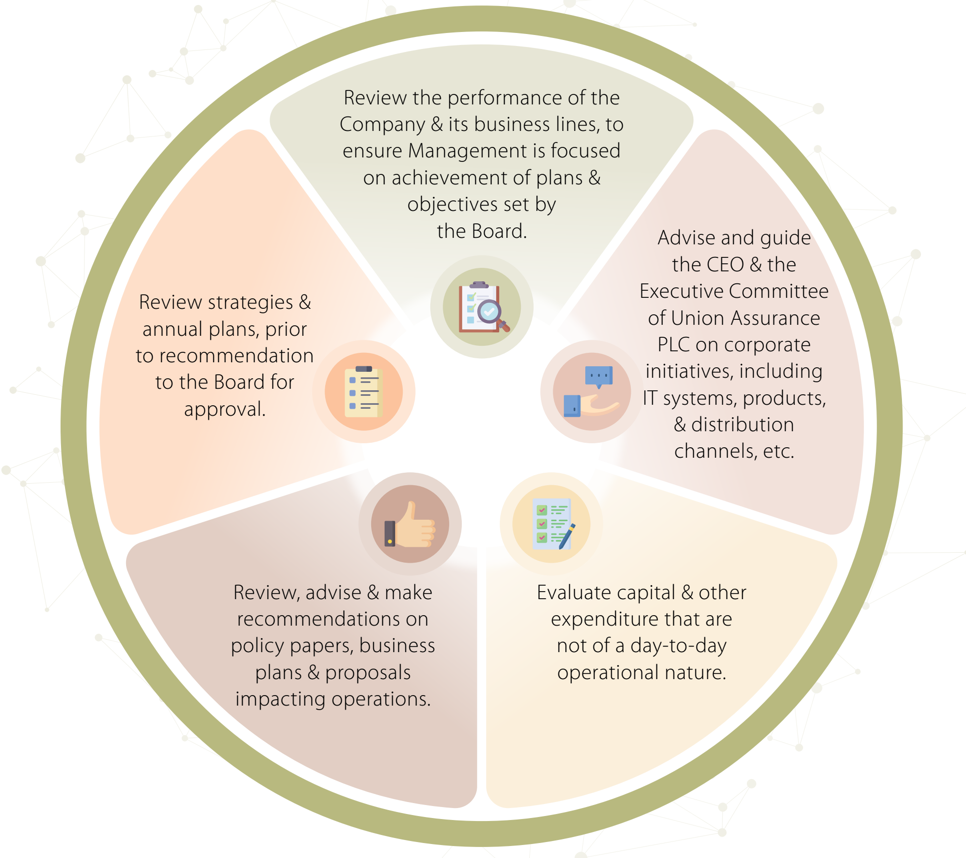
Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

27 February 2026

CORPORATE GOVERNANCE

1.17 Group Supervisory Committee (GSC)

The GSC Committee was chaired by Mr. S Rajendra, Director of Union Assurance PLC during the year under review. This Committee ensures a well-devolved Executive Committee structure. The role, key focus areas and activities of the GSC are given below.



1.18 Executive Committee (ExCo) and Senior Management Sub-Committees

The ExCo consists of nine (9) members of the Senior Management team, including the Chief Executive Officer of the Company. Led by the CEO, the ExCo drives corporate strategy and operationalises Company policies. They are responsible for the day-to-day operational management of the business.

Strategic, competitor and market analysis

Review of operations of functional departments

Business development and project risk management

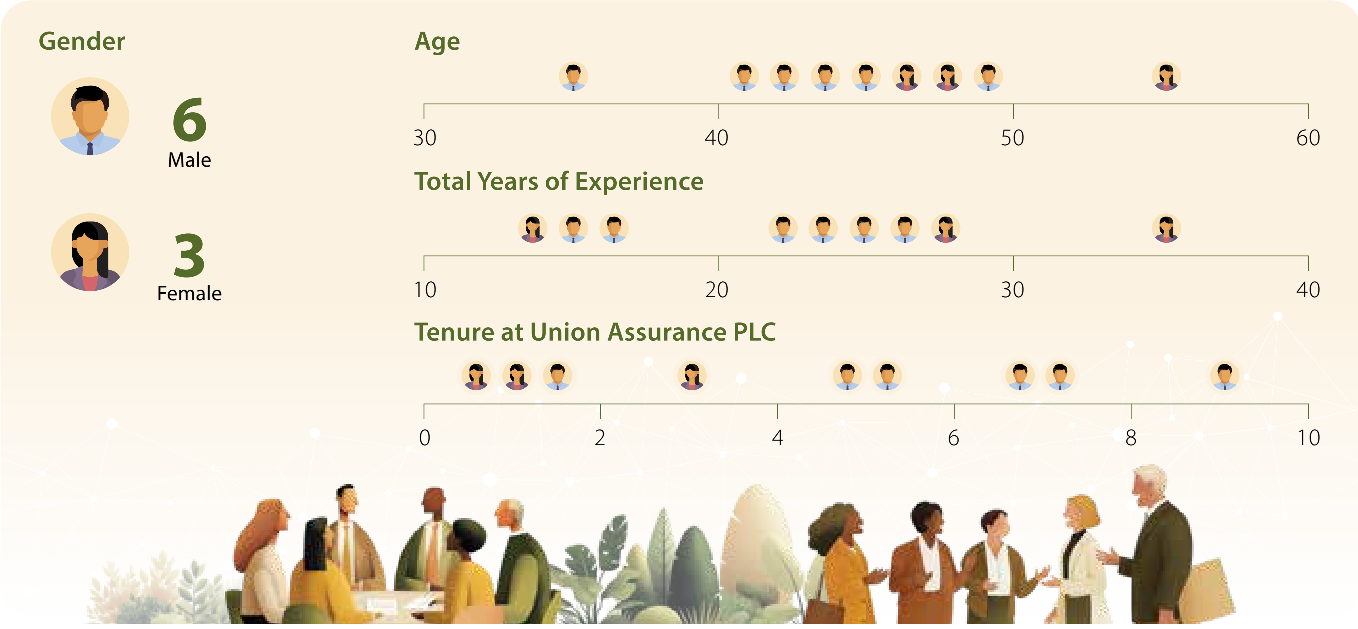
Performance & Strategy

Strategy implementation and progress review

Measure and manage corporate performance and benchmarking

Review of business units, key initiatives and industry developments

Executive Committee Composition, Skills and Diversity



Senior Management Sub-Committees

The mentioned below specific Committees comprising of Senior Management personnel have been set up to manage operations of Union Assurance PLC in an efficient, transparent and effective manner and assist ExCo to drive the strategic objectives of the Company.

Committee	Role
Capital Expenditure (CAPEX) Committee	• Review and rationalise CAPEX (excluding IT related) expenses.
IT Steering Committee	Review and rationalise IT-related capital and revenue expenditure in order to: • Improve overall productivity, efficiency and effectiveness across distribution and service functions. • Provide security, quality and uninterrupted IT facilities. • Ensure IT resource readiness for future advancements, while optimising the usage of existing IT resources.
Supplies Committee	• Transparent supplier registration. • Optimise purchases and ensure quality, reliability and Value for Money (VFM).
Salvage Committee	• Transparent salvage process.
Spend Control Steering Committee	• The purpose of the Committee is to manage and monitor expenditure and cash flows, to ensure effective and efficient utilisation of funds.
Agent Inquiry Resolution Committee	• Analyse agent related complaints and review recommendations made by the Authorised Officer on agent inquiries. • Review initial fact findings and Authorised Officer's report.
Product Strategy Committee	• Responsible for developing and implementing product strategy. • Oversee the product development process.
Product Development Committee	• Responsible for developing, amending, and launching products as prioritised by the Product Strategy Committee. • Ensuring regulatory and business needs are met and are complying.

CORPORATE GOVERNANCE

Committee	Responsibilities
Appeal Committee	• Receive and evaluate all appeals arising out of the complaints related to insurance agents. • Authorised to consult and obtain all details relevant to the matter. • Review the actions and decisions along with the appeal.
Marketing Steering Committee	Review ongoing marketing efforts to; • Monitor and improve Union Assurance PLC brand movement. • Measure and improve customer satisfaction. • Ensure continued assistance provided to other support functions.
Sustainability/ ESG Management Committee	• The Sustainability/ ESG Management Committee focuses on driving the Company's ESG strategy and roadmap. The Sustainability/ESG Management Committee also works to enhance the Company's ESG disclosures, ensuring transparent communication of its sustainability commitment to stakeholders.

1.19 Company Secretary

All Directors have access to the advice and services of the Company Secretary; Keells Consultants (Private) Limited. The Shareholders may contact the Company Secretary, Keells Consultants (Private) Limited on +94112306245 during working hours from 8.30 a.m. to 4.30 p.m., for any Company related information requirements.

Key responsibilities include:

- Guiding the Board and all individual Directors in the proper discharge of their duties and responsibilities.
- Acting as a central source of guidance on matters of ethics and governance.
- Ensuring Board compliance with relevant rules and regulations.
- Retaining and maintaining minutes, registers and similar records of the Company.
- Assisting the Chairperson and the CEO in determining the Annual Board plan.
- Making necessary disclosures on RPT, as required by laws and regulations.
- Acting as a channel of communication with Shareholders, to ensure a robust relationship with Shareholders.

(B) Integrity of Operations

2.0 Guideline, Audit & Assurance

Stakeholders rely on the integrity of underlying operations for the presentation of credible information to make decisions. At Union Assurance PLC, Audit and Assurance practices and activities are monitored by the Board Audit & Compliance Committee (BACC), supported by the Risk and Compliance division of Union Assurance PLC, ensuring the integrity of operations. These include compliance with applicable laws and regulations (explained under External Governance Structure – page 172), adoption of appropriate internal policies, implementation of sound systems of internal control, adherence to a Code of Conduct, management of conflicts of interest, Internal Audit reviews and restrictive assurance by Independent External Auditors.

2.1 Charters and Policies

Combined with laws and regulations, our internally formulated charters and policies define how we operate. Details of key policy framework are provided on page 170.

2.2 Systems, Controls & Assurance

Corporate Management together with the guidance of the BACC, the Risk and Compliance division and through Internal Audits, periodically reviews the adequacy of internal controls for process optimisation and efficacy. During the year, the internal assurance process was reviewed and further strengthened.

Key areas of process controls at Union Assurance PLC, include the following:

- i Compliance Assurance
- ii Employee Participation
- iii Financial Resource Management
- iv Fraud Risk Assessment and Internal Audits
- v IT Governance

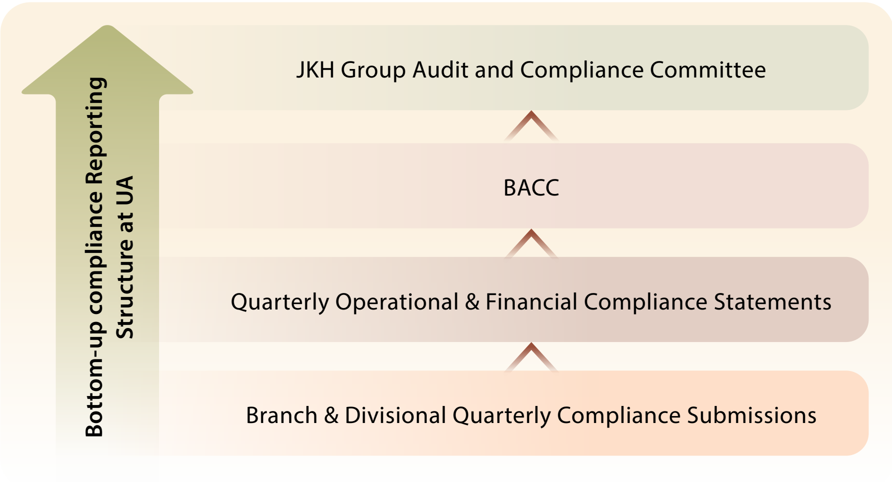
i. Compliance Assurance

Compliance assurance within the Company is established through a structured bottom up sign off process. Compliance checklists at both branch and divisional levels are developed based on the Company's internal policies and procedure manuals, encompassing financial controls, regulatory compliance, and operational compliance requirements.

The Company submits financial and operational compliance statements to the Board Audit and Compliance Committee (BACC) on a quarterly basis. These submissions are subsequently reported to the JKH Group Audit and Compliance Committee.

The Risk and Compliance division closely oversees the bottom-up compliance process of the Company and reports on the same to the BACC. Further, the susceptibility of business processes to misappropriation and fraud is reviewed as part of the Internal Audit scope. The External Auditors too perform an evaluation of the Company's processes, to assess the possibility of manipulation, falsification and alteration of accounting records.

The Company upholds a strict Zero Tolerance Policy with respect to fraud and misappropriation, reinforcing its commitment to maintaining robust governance, transparency, and ethical conduct across all operations.



ii. Employee Participation

While an Open-Door Policy is maintained, formal channels such as exit interviews, employee surveys, skip level meetings and a Whistleblower Policy provide opportunities to employees to report in good faith, any genuine suspicions of wrongdoing or other improprieties. The policies and practices provide for and protection of the reporting employee.

iii. Financial Resource Management

The Board has delegated certain Financial Authority to the CEO and Divisional Heads, through a comprehensively documented Manual of Financial Authority (MOFA). The MOFA indicates clearly the authority and responsibilities of employees who enter into financial transactions and commitments on behalf of the Company, including persons responsible for recommendation, approval and payment. MOFA is updated periodically in line with changes in the organisation structure and operating environment.

iv. Fraud Risk Assessment and Internal Audits

The Company has set up a separate unit to manage customer complaints channelled through the Customer Complaints Management System. A well-structured process has been set up to handle customer complaints, as well as to detect fraud risks related to customer premiums. A summary of all complaints and their resolution status is reported to the BACC each quarter.

v. IT Governance

IT Governance is a subset discipline of Corporate Governance, focused on Information Technology (IT), its performance, resilience and risk management. It involves everyone across the organisation and plays a key role in a sustainable business model.

2.3 Code of Conduct & Ethics and Policies related to Anti-Bribery & Corruption, Anti-Fraud and Whistleblowing

Code of Conduct and Ethics

Our evolving culture is governed by the Code of Conduct and Ethical Frameworks of the Company, which articulate the impeccable standards and conduct expected of the Directors and Employees in discharging their official duties. The Code of Conduct is regularly reviewed and updated to ensure that it remains relevant to the rapidly evolving business environment. Further, no waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions were granted during the period under review.

As a responsible corporate citizen, we govern our interactions with business partners by enforcing stringent guidelines outlined in the selection criteria, dispute resolution mechanisms, and compliance Criteria.

The Company has also enacted a Code of Conduct for the Insurance Agents who function as independent contractors, outlining their responsibility, commitment, and the required to serve our customers. The Code of Conduct entails conformance to all policies, including policies on gifts, entertainment, and facilitation payments, among others;

- Anti-bribery controls to prevent payments and contributions from being made with the intent of obtaining an improper business benefit from any party, including, but not limited to, clients, service providers, customers, business associates, and political parties.
- Controls on gifting and offering favours. Giving or accepting gifts or offering favours in any form, including from clients, service providers, customers, business associates, political parties, and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if a 'reasonable person' could conclude that such gifts or favours could directly or indirectly affect one's independence in decision-making and conduct as an employee, and/or if it could be seen by others as a conflict of interest. The 'reasonable person' test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made in decision making and conduct as an employee, and/or if it could be seen by others as a conflict of interest.

Anti-Fraud, Anti-Corruption and Anti-Bribery

The Company always endeavours to ensure that ethical business practices are in place, from all employees within each business unit, and has promulgated a zero-tolerance policy for corruption and bribery in its transactions, as well as any

CORPORATE GOVERNANCE

form of harassment or discrimination, and fosters transparency throughout the Company while adhering to core areas of the governance framework. The Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, amongst many others, outlines the principles to which the Company is committed in terms of preventing, reporting, and managing fraud and corruption.

Anti-fraud Policy - It is our policy to consider all forms of fraud, misconduct, and irregularity to be extremely serious and violate the Values of the Company. It includes inter-alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing ones self to be placed in situations Conflicts of Interest, and making dishonest and reckless statements (financial or non-financial) contrary to the factual position. All suspected, alleged, and proven frauds will be thoroughly investigated, and any proven fraud will be subjected to appropriate disciplinary and legal actions. All cases of fraud will be reported to the Board Audit and Compliance Committee of the Company.

Anti-corruption & Bribery Policy - Employees are required to sign off on the policy and code of conduct periodically, ensuring that all employees are well versed and updated on new developments pertaining to ethical behaviour. The Anti-Corruption Policy and procedures are based on the following guidelines.

- Each member of Union Assurance PLC is individually responsible for establishing and maintaining a high standard of business conduct in compliance with the practices specified by applicable laws and regulations.
- Each member has a thorough understanding of the content, scope, and importance of the policy.

In alignment with the requirements of the Anti Corruption Act, 2023, the Company implemented a strengthened Gift and Entertainment Procedure to reinforce ethical conduct and ensure full compliance with national anti-corruption standards. The procedure establishes clear guidelines on the acceptance, offering, and reporting of gifts, hospitality, and entertainment, with the objective of preventing inappropriate influence, conflicts of interest, and any perception of undue advantage.

Whistleblowing Speak–Up Policy

A comprehensive Speak-Up (Whistleblowing) Policy is in place, allowing employees to report on concerns of illegal or dishonest fraudulent activity. The policy entails procedures to ensure confidentiality and is reviewed on an ongoing basis. The Company maintains anonymity and protects employees who raise concerns about malpractices or unethical behaviour. Such communication and feedback from employees are recorded by the Management, irrespective of the level of anonymity, and are then discussed and followed up on. The respective outcomes are duly recorded. In this regard, the Company aims to promote a healthy workplace that practices good governance at all levels of the organisation. We will continue to foster an environment in which employees are engaged and involved in decision making by ensuring transparent communication. While an Open-Door Policy is maintained, formal channels such as exit interviews, employee surveys, impartial grievance management, skip-level meetings, and the Speak Up Policy enable employees to report any genuine suspicions of wrongdoing or other improprieties in good faith. The Company prohibits any form of retaliation against employees who raise concerns in good faith.

2.4 Related Party Transactions and Conflicts of Interest

All Directors are expected to act in the best interests of the Company at all times and to avoid situations that may give rise to conflicts of interest. Directors are required to declare their business interests at the time of appointment, at the beginning of each financial year, and in the Company's Financial Statements. These disclosures are recorded in the Register of Interests, which is maintained by the Company Secretary and subsequently tabled at the next Board meeting. In accordance with the Companies Act, this Register is available for inspection.

Where a Director has a conflict of interest relating to a matter under consideration by the Board—and the Board determines such conflict to be material—the interest is formally disclosed. The matter is then discussed at a Board meeting attended by Independent Non Executive Directors who do not hold any material interest in the transaction.

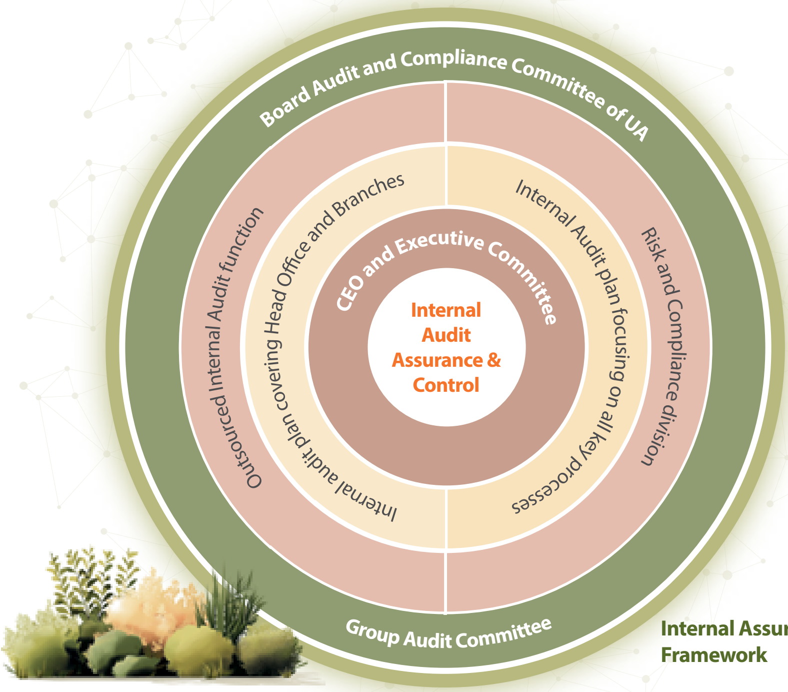
Directors with a material conflict of interest abstain from participating in deliberations and decision-making on such matters. In addition, potential conflicts of interest are reviewed by the Group Related Party Transactions Review Committee to ensure that the independence of the Board is preserved and that no Related Party receives preferential or favourable treatment. This process supports the Company's commitment to transparency, accountability, and sound corporate governance.

2.5 Assurance by the Internal Auditors

The Internal Audit function of the Company has been outsourced to Messrs. Deloitte Partners. There are clear processes for monitoring and following up on corrective actions for weaknesses in internal controls or failures reported. These audit findings together with the Management responses are reviewed by the BACC and the Board. The reports are provided to the Group Finance Director and reviewed by the Group Audit Committee as well.

2.6 Assurance by the External Auditors

Messrs. KPMG, Charted Accountants, the Company's External Auditors, performed an audit at the year end. This audit covered IT security and data assurance as well. The Board of Directors and Management do not have any relationship with KPMG, apart from their engagement as the Independent External Auditor of the Company.



Internal Assurance Framework

(C) Sustainable Business Model

3.0 Strategy and Performance

Union Assurance PLC's continued success is underpinned by its unique business model, characterised by factors including a passion for innovation, a robust risk management system and inspired employees who actively exploit business opportunities while avoiding related threats. The Company integrates economic, social and environmental performance in creating stakeholder value.

3.1 Risk Management & Internal Control

The Board is responsible for safeguarding Shareholder investments and assets of the Company and therefore formulates and implements appropriate Risk Management Processes and Internal Control Systems. A detailed overview of the process is outlined on pages 226 - 236 of this report, under the Enterprise Risk Management section. Through the BACC, the Board assesses the adequacy and effectiveness of Internal Control Systems at Union Assurance PLC and is satisfied that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded. Refer pages 184 - 186 for the BACC report.

3.2 Environmental, Social and Governance Factors (ESG)

ESG factors are the central factors that set out the standard for operations at UA. We constantly measure and monitor the changes in our operating environment, which will have an impact on the ESG factors to ensure they are properly managed. ESG factors are explained in detail under Capital Management Review on pages 78 - 142.

Environmental Sustainability

The Company is aware of its obligations to environmental sustainability and has taken several measures to reduce its impact and avert detrimental effects on the environment. Further details are available under Natural Capital on pages 118 - 125.

Social Sustainability

The Company considers the social impact of its activities on all its stakeholders, to be socially responsible and sustainable. The diagram below entails the aspects of Social Sustainability addressed by the Company, together with references to relevant Annual Report sections in this regard.

Impact on Employees

- Ensuring equality and safety for employees, while creating a conducive work environment for all staff

Refer to pages 102 - 117

Impact on Suppliers & Service Providers

- Ensuring that required standards are met by Suppliers and Service Providers, including standards from a sustainability perspective

Refer to pages 126 - 141

Impact on Customers

- Establishing robust relationships & customer engagement

Refer to pages 126 - 141

- Having a responsible assortment of product offerings

Refer to pages 126 - 141

Impact on the Community

- Impacting and engaging with the Community

Refer to pages 126 - 141

- Sustainable Development

Refer to pages 126 - 141

- Uplifting Fair Competition

Refer to pages 126 - 141

CORPORATE GOVERNANCE

3.3 Succession Planning

Building a robust talent bench is crucial for establishing effective succession plans, driving internal mobility, and investing in targeted development opportunities for both groups and individuals. As a talent-resilient organisation, we prioritise identifying and nurturing internal key talents to develop as successors for critical roles. Our commitment to talent development ensures that all key talents undergo a comprehensive and unique development process, utilising globally recognised practices.

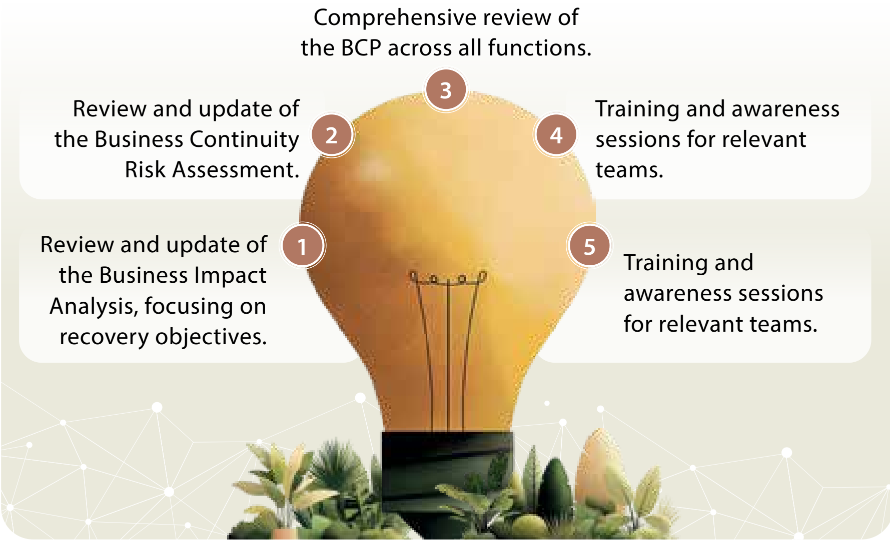
3.4 Business Continuity Planning

Business Continuity Plan (BCP) of Union Assurance PLC is built on the principles of strategic resilience and operational agility. It is designed to proactively strengthen organisational resilience and enable teams to respond swiftly and effectively to disruptions. This commitment is implemented through a structured framework encompassing risk assessments, scenario planning, and targeted recovery strategies.

The BCP identifies time-critical business functions, defines clear recovery objectives, and establishes incident command protocols and continuity arrangements to ensure rapid response and adaptability during crises. Regular training, cross-functional drills, and continuous improvement initiatives equip teams to maintain essential operations and restore normalcy efficiently in the face of diverse threats.

Developed and maintained under the guidance of a Master Business Continuity Planner certified by the Disaster Recovery Institute International (DRII), USA, the BCP is a cornerstone of Union Assurance PLC's resilience strategy. It details how the organisation will sustain operations during extreme events, recover after incidents, and return to near-normal conditions promptly.

The plan aligns with DRII professional practices, ISO 22301:2019 standards, and the Business Continuity Guidelines of the IRCSL. To uphold these standards, several key interventions were carried out during the year, including:



The Disaster Recovery Location was assessed for adequacy, followed by a simulated drill to confirm readiness for day-zero operations. Additional exercises included call tree activation, desktop simulations, and IT recovery drills. Desktop exercises focused on testing decision-making, coordination, and response protocols during prolonged disruptions, while simulated drills validated the practical implementation of recovery strategies for business units and IT platforms during extended outages, ensuring team preparedness and effectiveness. Furthermore, multiple training sessions were conducted to update the Incident Command Team, Staff Support Team, IT Recovery Team, and other support groups, including Crisis Communications.

3.5 IT Governance and Cyber Security

Information Technology Governance remains fundamental to sustaining a resilient and secure business environment at Union Assurance PLC. The governance framework ensures the confidentiality, integrity, and availability of information while supporting organisational objectives. Key components of the IT governance structure are outlined below.

Alignment with Business Strategy

Continuous evaluation ensures that IT objectives are fully aligned with corporate goals. IT policies were strengthened and updated in accordance with the Centre for Internet Security (CIS) Critical Security Controls, the ISO 27001 Information Security Management System (ISMS) controls, and Zero Trust principles. These enhancements provide a robust foundation for safeguarding information assets and supporting long-term value creation.

IT Risk Management

The IT risk management framework prioritises risks based on impact and likelihood. Structured processes are in place to identify, analyse, evaluate, and mitigate risks. Responsibilities for managing information security risks are embedded across functions, ensuring a proactive and resilient organisational posture.

Resource and Performance Management

Performance monitoring covers strategic IT initiatives, project delivery, resource utilisation, and the outcomes of Disaster Recovery (DR) and BCP tests. Continuous oversight of operational performance and technology service delivery is supported by security dashboards and tracking mechanisms that provide visibility into security-related events.

Value Delivery

IT investments are governed through defined policies, controls, and Key Result Areas (KRAs), ensuring optimal utilisation of resources in alignment with corporate priorities. This structured approach supports effective management of critical technology assets and enhances service delivery across the enterprise.

Integration and Assurance

All relevant corporate stakeholders are involved in IT-related decision-making processes, ensuring alignment with assurance functions. Integrated end-to-end processes reduce hidden risks, improve operational consistency, and reinforce organisational governance.

Regulatory Compliance

Compliance requirements are embedded within the organisation's IT policies and continuously assessed through periodic reviews. This ensures adherence to regulatory obligations and maintains the effectiveness of internal IT controls. The organisation maintains formal incident response and escalation governance, with comprehensive cyber security reports presented quarterly to the Board Audit and Compliance Committee, ensuring oversight of all security incidents, threat management, and control effectiveness.

Union Assurance PLC became the first life insurance company in Sri Lanka to achieve ISO/IEC 27001:2022 certification, demonstrating the maturity and resilience of the organisation's Information Security Management System (ISMS). During 2025, the organisation successfully underwent the ISO/IEC 27001:2022 surveillance audit process, supporting the continued maintenance of the certification. Furthermore, ISMS policies and procedures were aligned with the Centre for Internet Security (CIS) Critical Security Controls, strengthening the IT control environment through the adoption of prescriptive cybersecurity controls to enhance cyber resilience and governance.

This globally recognised certification validates the organisation's commitment to protecting critical information assets; such as customer data, financial records, intellectual property, employee information, and data entrusted by third parties and reinforces Union Assurance PLC's leadership position and benchmark-setting role in information security within the insurance industry.

Cyber Security

Cyber Security remains a priority within the IT governance framework due to the increasing complexity of global cyber threats. The Board maintains strong oversight of cyber security readiness, and cyber risk considerations form a key part of the Board Audit and Compliance Committee (BACC) agenda.

A comprehensive Cyber Security Policy, aligned with Group standards, is in place. Operations are supported by a managed Security Operations Centre (SOC) equipped with advanced security intelligence platforms to enhance threat detection, monitoring, and response capabilities.

The organisation maintains a modern Zero Trust–based security architecture, comprising Secure Web Gateway, Advanced Threat Protection, Data Loss Prevention (DLP), and Zero Trust Network Access (ZTNA). These controls support the prevention of unauthorised access and enable secure hybrid and remote working across the enterprise.

These capabilities provide strong protection against unauthorised access and support secure hybrid and remote working environments.

The organisation continues to maintain alignment with the CIS Controls at Implementation Group 2 (IG2), reinforcing a mature, risk-based approach to cyber resilience.

The organisation continued to maintain its ISO/IEC 27001:2022 certification during 2025, with Information Security Management System (ISMS) policies and procedures aligned to the Centre for Internet Security (CIS) Controls. This alignment strengthened the IT control environment through the implementation of prescriptive and prioritised cybersecurity controls, enhancing data protection, operational resilience, cybersecurity maturity, and overall information security governance.

During the year, the Company strengthened its privacy and data protection framework in alignment with the PDPA (as amended).

As part of the process a lot of key initiatives have been conducted and the Company is progressing with the closure of gaps identified through the PDPA gap assessment and evaluating the possibility of aligning its processes to be certified with ISO 27701 Privacy Information Management System (PIMS).

3.6 IT Controls Over Financial Reporting

The reliability of financial reporting is heavily dependent on a well-controlled IT environment. Therefore, the following IT controls over financial reporting are in place to ensure the quality of information used for financial reporting.

Data centre operation controls such as job setup and scheduling, operator actions and data backup/recovery procedures.

System software controls over the effective acquisition, implementation and maintenance of system software, security software and utility software.

The 'System Development Life Cycle' document defines processes that should be followed in application system development. The 'Software Change Management' document defines change processes.

Access security controls that prevent inappropriate and unauthorised use of the system.

3.7 Innovation

Operating in a dynamic business landscape characterised by digital technology that shapes customer experiences, challenging market conditions and increasing regulations, Union Assurance PLC continues to adapt and innovate to remain ahead of the competition. Please refer pages 142 - 152 under Intellectual Capital, for corporate initiatives on driving innovation.

3.8 Inspired Employees

Our employees play a pivotal role in achieving the goals, objectives and long-term strategies of the business. Pages 102 - 117 Human Capital on Capital Management Review describe UA's systems and practices that inspire our employees to reach greater heights.

CORPORATE GOVERNANCE

(D) Balancing Stakeholder Interests

4.0 Stakeholder Relations

Union Assurance PLC's governance framework ensures that the Company pursues its strategic goals, while balancing stakeholder interests.

4.1 Stakeholder and Investor Engagement

The Company has robust procedures in place to engage with various stakeholders.

Corporate Disclosure and matters related to shareholders and investors of the Group are handled in accordance with the Policy shown below, covering:

The Policy ensures that the Company makes timely, accurate, and comprehensive disclosures of material information to shareholders and the public, in accordance with regulatory requirements.

Basic principles regarding the disclosure of material information

Transparency

Disclose information in a clear and factual manner.

Timeliness

Subject to materially and sensitivity, disclose information promptly to all stakeholders and without delay.

Equality

Providing equal access to information for all stakeholders.

Continuity

Discloses information in a steady, continuous manner.

Confidentiality

Does not provide information to third persons before information has officially been announced by the Company.

Accuracy

Guaranteeing all shared information is correct and verified.

The Policy covers financial and non-financial disclosures, including annual reports, press releases, and updates on the corporate website, and outlines the Company's approach to shareholder relations, such as annual general meetings and investor engagement.

4.2 Communication Channels

Employee Communications

Union Assurance PLC adopts several effective communications channels to ensure every employee is aware of its strategic direction, policies and procedures, high standards expected, and the corporate values each must display in their interactions with external and internal stakeholders.

- Town hall meetings
- Connect with CEO
- Direct to CEO
- Union Assurance PLC Internal Portal
- Employee Surveys including 360
- Union Assurance PLC Corporate Communication
- Management and Departmental meetings

Shareholder Communications

Union Assurance PLC uses the following communication channels to disseminate timely information during the year;

- Shareholder meetings including the Annual General Meeting (AGM)
- Integrated Annual Report
- Financial and other notices, as and when required through the Colombo Stock Exchange
- Corporate website - www.unionassurance.com
- Press notices
- Shareholders may also contact;

  The Chief Executive Officer, Union Assurance Centre, 20, St. Michael's Road, Colombo 3, Sri Lanka.

  The Chairperson, Union Assurance PLC, 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

  Investor relations Hotline on +9411-2990314 or email to investorrelations@unionassurance.com

4.3 The Annual General Meeting (AGM) and Extraordinary General Meetings (EGM)

The Board of Directors are available at the AGM and the Chairperson assures that the relevant senior managers are also available at the AGM to address specific queries. The general meetings may be held virtually or in-person. Annual Reports are made available to shareholders by electronic form. Shareholders may at any time elect to receive an Annual Report in printed form, which is provided free of charge.

An EGM will be convened to address significant matters requiring timely shareholder input outside the regular AGM cycle. The Company meticulously organises EGMs to facilitate focused engagements between shareholders and the Company's leadership on urgent or critical issues affecting the Company's strategy, operations, or governance structure. This setting enables shareholders to vote on agenda items, pose questions and provide feedback.

The Company will seek shareholder approval, either via Special or Ordinary Resolution, as permitted under applicable law, when transactions and events which are material in the context of Group and Company occur or are undertaken in line with all applicable rules and regulations. The Company is maintaining records of all resolutions passed at General meetings, including the information required under section 9.4.1 of the Listing Rules. Further, in line with section 9.4.2 of the Listing Rules, the policy on effective communication and relations with shareholders and investors is available and published on the Company's website. Additionally, a contact person for such communication has been appointed, and a process to make Directors aware of major issues and concerns of shareholders has been established by the Company.

Highlights of the 38th Annual General Meeting Held on 28 March 2025

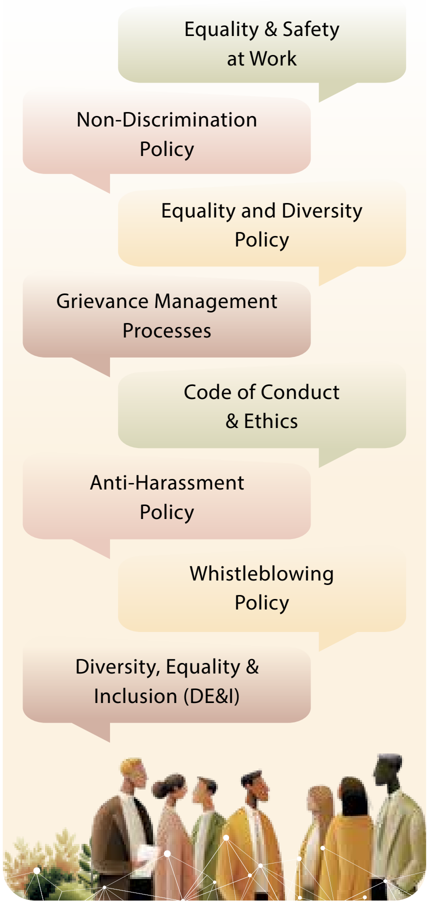
- Mr. S. A. Appleyard and Mr. D. P. Gamlath who retired in terms of Article 84 of the Articles of Association of the Company were re-elected as Directors of the Company.
- Re-appointment of Auditors Messrs. KPMG, Chartered Accountants, as the External Auditors of the Company.

4.4 Annual and Interim Reports

These comprehensive reports contain sufficient information for investors and other stakeholders to carry out their own analysis and make informed judgements regarding the performance and position of the Company. The Board of Directors take reasonable steps in ensuring that all Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by CA Sri Lanka, the requirements of the CSE and other applicable authorities. The information contained in the Financial Statements of this Annual Report is supplemented by a detailed discussion and analysis, which explains to stakeholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and is likely to influence future results.

4.5 Gender Parity

Union Assurance PLC appreciates the positive impact on productivity and competitiveness in engaging a gender diverse workforce. The Company has adopted policies that ensure equal opportunity, a safe workplace and has implemented practices that support female employees to fulfil their career aspirations. The success of these initiatives is demonstrated in the female representation of 52% of the workforce. Please refer the Human Capital report on pages 102 - 117 for policies, practices and gender representative data. Furthermore, female representation on the Executive Committee stands at 33%. Our HR policies and processes seek to provide equal opportunity and a safe environment in the workplace.



CORPORATE GOVERNANCE

External Governance Structure

External mechanisms are often imposed on the Company by external stakeholders in the form of relevant laws, contracts, regulatory guidelines or best practices. The Company is governed by mandatory rules and regulations, and voluntary adoption of Codes of Best Practice.

(E) Compliance

5.0 Regulatory Framework

The Company is compliant with all relevant statutory and regulatory requirements. Union Assurance PLC has checks and controls in place to ensure it complies with all laws, rules and regulations that govern the Company.

5.1 Compliance Framework and Self-Regulation Checklists

Compliance statements are signed off on a quarterly basis to ensure compliance with regulatory requirements and internal policies. Changes to regulations are updated in the checklists on a regular basis, with relevant evidence of compliance.

5.2 Statutory and Regulatory Compliance

Requirement	Compliance
As required by the IRCSL, the Company submits compliance Certificates (A) and (B) to IRCSL on a quarterly basis signed off by the Chief Executive Officer (in his capacity as the Company's Principal Officer (PO) and the CFO on behalf of the Board of Directors of the Company.	Compliance Certificate A - Certifies that the Company has; • Complied with all provisions in the Regulation of Insurance Industry (RII) Act No.43 of 2000, Rules, Regulations, Determinations, Directions issued by IRCSL; Complied with all orders made by the Ministry of Finance and Planning under RII Act No. 43 of 2000. • Complied with terms and conditions pertaining to re-insurance placements issued by IRCSL in terms of Section 31(1) of the RII Act No. 43 of 2000. • Complied with conditions pertaining to co-insurance issued by IRCSL and complied with all applicable circulars issued by IRCSL. Compliance Certificate B - Certifies that the Company has; • Complied with all applicable provisions in the Financial Transactions Reporting Act No 6 of 2006. • Complied with Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act No. 6 of 2006. • Complied with guidelines on the Anti-Money Laundering Program for Insurers issued by IRCSL.
Compliance with Regulations governing Investments	The Life Fund is adequately backed by 'approved investments' as per Section 25 (1) of the RII Act and subsequent determinations.
Ability to Meet Policyholder Obligations	An Insurance Company's ability to meet its obligations to policyholders is measured by the Capital Adequacy Ratio (CAR). CAR reflects Union Assurance PLC's Total Available Capital (TAC) as against Risk Capital required at a particular date. The CAR as of 31 December 2025 is 215% and the minimum regulatory requirement is 120%.
Actuarial Valuation of Insurance Liabilities	Life Insurance liabilities have been valued by an independent External Actuary in accordance with the RII Act. Refer Actuarial Report on page 246.
Re-Insurance Arrangements	The IRCSL has specified that insurance companies must establish Re-insurance Agreements with companies that, at a minimum, have both a Financial and Credit rating of BBB, in accordance with the Terms and Conditions on placement of re-insurance issued under section 31(1) of the Regulation of Insurance Industry Act, No. 43 of 2000. All of our Re-Insurance Agreements are with companies that have received strong Financial and Credit ratings from reputable International Rating Agencies.
Capital Structure	As of 31 December 2025, the Company's stated capital of Rs. 1,000 Mn exceeds the minimum share capital requirement set by the IRCSL for a Life Insurance Company of Rs. 500 Mn.

Compliance Summary

Corporate governance framework for insurers issued by Insurance Regulatory Commission of Sri Lanka (IRCSL) under Section 96 (A) of the regulation of Insurance Industry Act No 43 of 2000.

		Requirement	Compliance	Reference	Pages
A		Recommended to adhere to the Code of Best Practice on Corporate Governance, 2017 (the Code), issued by the Institute of Chartered Accountants of Sri Lanka	Compliant with the Code, to the extent of business exigency.	Corporate Governance Report	222 - 223
B	1.	The Board must comprise a minimum of two (2) Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	Yes	Board of Directors	176
	2.	The total period of service of a Director other than an Executive Director, shall not exceed nine (9) years (except major Shareholder Director and Technical Director), and such period in office shall be inclusive of the total period of service served by such Director.	Yes	Corporate Governance Report	176
	3. (i)	The age of a person who serves as Director shall not exceed seventy-five (75) years.	Yes	Corporate Governance Report	176
	(ii)	Notwithstanding the above, a person who serves as a Director and is seventy-five (75) years or above as of 1 July 2019, such Director may continue to serve as a Director only until 30 June 2022, and shall be deemed to have vacated office on 30 June 2022	N/A	N/A	N/A
	4.	The Board must adhere to Section 7.10 of the Listing Rules of the CSE (or any amendments thereto), pertaining to Corporate Governance	Yes	Corporate Governance Report	211 - 220
	5.	A person shall be disqualified to be a Director of an Insurer if such person is a Director of more than twenty (20) companies inclusive of subsidiaries or associate companies of the Insurer. Of such twenty (20) companies, not more than ten (10) companies shall be those classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.	Yes	Corporate Governance Report	180
	6.	Insurers are required to demonstrate compliance with the IRCSL Direction No. 17 on Corporate Governance Framework for Insurers by way of disclosure in their Annual Reports including the disclosure requirements stated in 7.10 of the Listing Rules of the CSE.	Yes. Compliant with the disclosure requirement set out in the revised Listing Rules.	Corporate Governance Report	211 - 220
	7.	The Insurer shall rectify its non-compliance in respect of items B1 to 6 above within three (3) months from the date of non-compliance and inform IRCSL immediately after three (3) months.	N/A	N/A	N/A
	8. a)	The Insurer should provide a certification from the Company Secretary to the IRCSL that continuation of the relevant Director/s beyond the age of seventy (70) years, has been duly approved by passing a Resolution at a General Meeting in terms of Section 211 of the Companies act No.7 of 2007.	N/A	N/A	N/A
	b)	The Insurer shall also provide a written confirmation from the Secretary to the IRCSL, that the continuation of a Director beyond the age of seventy (70) years is not prohibited by the Articles of Association of the relevant Insurer and that such Insurer complies with the provisions of the Companies Act.	N/A	N/A	N/A

CORPORATE GOVERNANCE

Statement of compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures.

Requirement		Compliance	Reference	Pages
(i)	Names of persons who during the Financial Year were Directors of the entity.	Yes	Board of Directors	154 - 156
(ii)	Principle activities of the entity during the year and any changes therein.	Yes	Notes to the Financial Statements - Note 1 and Annual Report of the Board of Directors	260 - 350 & 239
(iii)	The names and the number of shares held by the twenty (20) largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held.	Yes	Share Information	95
(iv)	(a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Share Information	94
	The public holding percentage in respect of non-voting shares (where applicable).	N/A	N/A	N/A
	(b) The public holding percentage in respect of foreign currency denominated shares.	N/A	N/A	N/A
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	Yes	Share Information	94
(vi)	Information pertaining to material foreseeable risk factors of the company.	Yes	Enterprise Risk Management	226 - 236
(vii)	Details of material issues pertaining to employees and industrial relations of the entity	Yes	Human Capital	102 - 117
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Notes to the Financial Statements – Note 27.6	313
(ix)	Number of shares representing the entity's Stated Capital.	Yes	Notes to the Financial Statements - Note 36 and Annual Report of the Board of Directors.	330 & 239 - 244
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	93
(xi)	List of ratios and market price information.	Yes	Share Information	91 - 95
(xii)	Significant changes in the Company's or its Subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value as at end of the year.	Yes	Notes to the Financial Statements – Note 27.7	313 - 314
(xiii)	Detail of funds raised either through a Public Issue, Rights Issue, and Private Placement during the year.	N/A	N/A	N/A
(xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	Yes	Notes to the Financial Statements – Note 40.3	332
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules of the CSE	Yes	Corporate Governance Section	154 - 225
(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per audited Financial Statements, whichever is lower.	Yes	Notes to the Financial Statements - Note 48	343
(xvii to xxii)	Disclosures pertaining to Foreign Currency denominated Securities to GSS+ Bonds, Perpetual debt Securities, Infrastructure Bonds, Shariah Compliant Debt Securities and High Yield Corporate Debt Securities listed on the CSE.	N/A	N/A	N/A

Statement of compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

Section	Requirement	Complied	Reference	Pages
9.1. Corporate Governance Rules				
9.1.3	A statement confirming the extent of compliance with the Corporate Governance Rules.	Yes	Corporate Governance Section	170
9.2. Policies				
9.2.1	A specified set of Policies to be maintained together with the details relating to the implementation of such Policies by the Company to be mentioned on the Company website.	Yes	Corporate Governance Section	170
9.2.2	Any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the Company shall be fully disclosed in the Annual Report.	No waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions were granted during the period under review.	Corporate Governance Section	201
9.2.3 (i) and (ii)	Company to disclose in its Annual Report the list of Policies that are in place in conformity with Rule 9.2.1, with reference to its website. Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Yes	Corporate Governance Section	170
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Yes	Corporate Governance Section	170 and 200
9.3. Board Committees				
9.3.1 (a), (b), (c) and (d)	Maintenance of minimum required Board Committees	Yes	Corporate Governance Section	174
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the mentioned Board committees.	Yes	Corporate Governance Section	184 - 193
9.3.3	The Chairperson of the Board do not serve as the Chairperson of the Board Committees referred to in Rule 9.3.1.	Yes	Corporate Governance Section	176
9.4. Meeting Procedures and the Conduct of all General Meetings with Shareholders				
9.4.1 (a), (b), (c), (d)	Maintenance of records relating to all Resolutions considered at any General Meeting including requisite information. Making available copies of the same on request, to the CSE and/or SEC	Yes	Corporate Governance Section	207
9.4.2 (a) to (d)	Communication and relations with shareholders and investors	Yes	Corporate Governance Section	206

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.5. Policy on Matters Relating to the Board of Directors				
9.5.1 (a)	Balanced representation between Executive Directors and Non-Executive Directors, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance.	Yes	Corporate Governance Section	174
9.5.1 (b)	Rationale for combining the roles of Chairperson and CEO, terms of reference of Senior Independent Director (SID) and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined.	Chairperson and CEO roles held by separate individuals	Corporate Governance Section	177
9.5.1 (c)	Require diversity in Board composition for Board effectiveness.	Yes	Corporate Governance Section	175 - 176
9.5.1 (d)	The maximum number of Directors with the rationale for the same.	Yes	Corporate Governance Section	176
9.5.1 (e)	The frequency of Board meetings.	Yes	Corporate Governance Section	178
9.5.1 (f)	Establish mechanisms to keep Directors informed of the Listing Rules and the Company's status of compliance.	Yes	Corporate Governance Section	182
9.5.1 (g)	The minimum number of meetings (numbers and percentages), that a Director must attend.	Yes	Corporate Governance Section	178
9.5.1 (h)	Requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements	Yes	Corporate Governance Section	180
9.5.1 (i)	Maximum number of directorships in Listed Entities that may be held by Directors.	Yes	Corporate Governance Section	180
9.5.1 (j)	Recognise the right to participate at meetings of the Board and Board Committees by audio-visual means and for such participation to be taken into account when deciding on the quorum.	Yes	Corporate Governance Section	178
9.5.2	Confirmation of compliance with Policy in the Annual Report, with reasons for non-compliance and proposed remedial action.	Yes	Corporate Governance Section	174
9.6. Chairperson and CEO				
9.6.1	Requirement of a SID if the positions of Chairperson and CEO are held by the same individual.	N/A	N/A	N/A
9.6.2	Market Announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale.	N/A	N/A	N/A
9.6.3. (a) to (e)	Requirement for a Senior Independent Director (SID).	N/A	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A	N/A

Section	Requirement	Complied	Reference	Pages
9.7. Fitness of Directors and CEO				
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the rules.	Yes	Corporate Governance Section	180
9.7.2	Company to ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before the shareholders' meeting or appointments are made.	Yes	Corporate Governance Section	180
9.73 (a) to (c)	Fit and Proper Assessment criteria: (a) Honesty, Integrity and Reputation (b) Competence and Capability (c) Financial Soundness	Yes	Corporate Governance Section	180
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with fit and proper assessment criteria	Yes	Corporate Governance Section	180
9.7.5	Disclosures in the Annual Report	Yes	Corporate Governance Section	180
9.8. Board Composition				
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance Section	180
9.8.2	At least two (2) Members of the Board or one-third (1/3) of the Board, whichever is higher to be Independent.	Yes	Corporate Governance Section	175
9.8.3 (i) to (ix)	Meeting the criteria for determining independence.	Yes	Corporate Governance Section	179
9.8.5 (a)	Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed.	Yes	Corporate Governance Section	179
9.8.5 (b)	Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and to set out the names of Directors determined to be 'independent' in the Annual Report.	Yes	Corporate Governance Section	179
9.8.5 (c)	If the Board of Directors to determine and make a Market Announcement if the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3.	N/A	N/A	N/A
9.9. Alternate Directors				
9.9 (a) to (e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	Corporate Governance Section	175

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.10. Disclosures Relating to Directors				
9.10.1	Disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1.	Yes	Corporate Governance Section	180
9.10.2	Market announcement upon the appointment of a new director	Yes	Corporate Governance Section	179
9.10.3	Market Announcement regarding any changes to the composition of the Board and Board Committees including necessary details.	Yes	Corporate Governance Section	179
9.10.4 (a)	Disclosure of name, qualifications and brief profile of the Directors.	Yes	Board of Directors	154 - 156
9.10.4 (b)	Disclosure of the nature of his/her expertise in relevant functional areas of the Directors	Yes	Board of Directors and Board Composition	154 - 156 & 175
9.10.4 (c)	Disclosure of whether either the Director or Close Family Members have any material business relationships with other Directors of the Listed Entity;	Yes	RPT report	189
9.10.4 (d)	Disclosure of whether the Directors are Executive, Non-Executive and/or independent Directors.	Yes	Board of Directors	154 - 156
9.10.4 (e)	Disclosure of the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies.	Yes	Board of Directors and Directorships in Listed and Unlisted Companies as at 31 December 2025	154 - 156 & 181
9.10.4 (f)	Disclosure of the number of Board meetings of the Company attended during the year.	Yes	Board Meetings	178
9.10.4 (g)	Names of Board Committees in which the Director serves as Chairperson or a member.	Yes	Board of Directors and Board Composition	176
9.10.4 (h)	Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details to include the number of meetings held and the number attended by each member.	Yes	Sub-committee reports	183 - 193
9.10.4 (i)	The terms of reference and powers of the SID (where applicable).	N/A	N/A	N/A

Section	Requirement	Complied	Reference	Pages
9.11. Nominations and Governance Committee				
9.11.1	Establishment of a Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	187
9.11.2	Formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	187
9.11.3	The Nominations and Governance Committee to have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	Nominations and Governance Committee Report	187
9.11.4. (1) (a) and (b)	The Nominations and Governance Committee to; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Yes	Nominations and Governance Committee Commentary	187
9.11.4 (2)	Chairperson of the Nominations and Governance Committee to be an Independent Director.	Yes	Nominations and Governance Committee Commentary	187
9.11.4 (3)	The Chairperson and the members of the Nominations and Governance Committee to be identified in the Annual Report.	Yes	Nominations and Governance Committee Commentary	187
9.11.5 (i) to (x)	The functions of the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	187
9.11.6 (a)	Disclosure of the names of the Chairperson of Nominations and Governance Committee and members of the Committee and the nature of directorships held by such members.	Yes	Nominations and Governance Committee Commentary	187
9.11.6 (b)	The date of appointment to the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Commentary	187
9.11.6 (c)	Whether a documented policy and processes are in place when nominating Directors.	Yes	Nominations and Governance Committee Report	187
9.11.6 (d)	Whether all Directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years.	Yes	Nominations and Governance Committee Report	187

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.11.6 (e)	A disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance.	Yes	Nominations and Governance Committee Report	187
9.11.6 (f)	Details to demonstrate effective implementation of policies and process relating to appointment and re-appointment of Directors.	Yes	Nominations and Governance Committee Report	187
9.11.6 (g)	The following information regarding directors who are re-elected or being proposed for re-election during the year: • Board Committees served on (as a member or Chairperson), • Date of first appointment as a Director, • Date of last re-appointment as a Director, • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, • Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.	Yes	Nominations and Governance Committee Report	187
9.11.6 (h)	Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO.	Yes	Nominations and Governance Committee Report	187
9.11.6 (i)	Processes adopted by the Company to inform the Independent Directors of major issues relating to the Company.	Yes	Nominations and Governance Committee Report	187
9.11.6 (j)	Induction programs/orientation programs conducted for newly appointed Directors on Corporate Governance, Listing Rules, Securities Market regulations and other applicable laws and regulations, or an appropriate negative statement.	Yes	Nominations and Governance Committee Report	187
9.11.6 (k)	Annual update given to existing Directors on Corporate Governance, Listing Rules, Securities Market regulation and other applicable laws and regulations, or an appropriate negative statement.	Yes	Nominations and Governance Committee Report	187
9.11.6 (l)	A statement that the Directors meet the criteria for determining independence.	Yes	Nominations and Governance Committee Report	187
9.11.6 (m)	A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met.	Yes	Nominations and Governance Committee Report	187

Section	Requirement	Complied	Reference	Pages
9.12. Remuneration Committee				
9.12.2	Establishment of a Remuneration Committee.	Yes, Human Resources Compensation Committee has been established, which is equivalent to the Remuneration Committee.	HRCC Report	191
9.12.3	The Remuneration Committee to establish and maintain a formal and transparent procedure for developing policy on Executive Directors and Individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes	HRCC Report	191
9.12.4	Remuneration for Non-executive Directors shall be based on a Policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Yes	Annual Report of the Board of Directors	241
9.12.5	Remuneration Committee to have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	HRCC Report	191
9.12.6 (1) (a) and (b)	The Remuneration Committee to; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Yes	HRCC Commentary	191
9.12.6. (2)	Chairperson of the Remuneration Committee to be an Independent Director.	Yes	HRCC Commentary	191
9.12.7	Functions of the Remuneration Committee.	Yes	HRCC Report	191
9.12.8 (a)	Disclosure of names of the Chairperson and members of the Remuneration Committee and the nature of directorship held by such members.	Yes	HRCC Commentary	191
9.12.8 (b)	A statement regarding the Remuneration Policy.	Yes	HRCC Report	191
9.12.8 (c)	The aggregate remuneration of the Executive and Non - Executive Directors.	Yes	Notes to the financial statements	241
9.13. Audit Committee				
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk.	Yes	BACC Report	184
9.13.2	The Audit Committee to have a written terms of reference clearly defining its scope, authority, and duties.	Yes	BACC Report	184

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.13.3 (1)	The members of the Audit Committee to; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity.	Yes	BACC Report	184
9.13.3 (2)	The quorum for a meeting of the Audit Committee to require that the majority of those in attendance to be Independent Directors.	Yes	BACC Report	184
9.13.3 (3)	The Audit Committee to meet as often as required, provided that the Audit Committee compulsorily meets on a quarterly basis, at minimum, prior to recommending the financials to be released to the Market.	Yes	BACC Report	184
9.13.3 (4)	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Yes	BACC Report	184
9.13.3 (5)	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Yes	BACC Report	184
9.13.3 (6)	The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Yes	BACC Report	184
9.13.4	Functions of the Audit Committee.	Yes	BACC Report	184 - 186
9.13.5 (1)	The Audit Committee Report to set out the manner in which the Company has complied with the requirements applicable to the Audit Committee during the period for with the requirement applicable to the Audit Committee during the period for which the Annual Report relates.	Yes	BACC Report	184 - 186
9.13.5 (2) (a)	Disclosure of the names of the Chairperson of the Audit Committee and the members of the Audit Committee and the members of the Audit Committee, and the nature of directorships held by such members.	Yes	BACC Report	184 - 186
9.13.5 (2) (b)	The status of risk management and internal control of the Company and as a Group (where applicable).	Yes	BACC Report	184 - 186
9.13.5 (2) (c)	A statement that it has received assurance from the CEO and the CFO of the Company's operations and finances.	Yes	BACC Report	184 - 186
9.13.5 (2) (d)	An opinion on the compliance with financial reporting requirements, information requirements under the Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Yes	BACC Report	184 - 186
9.13.5 (2) (e)	Whether the Company has a formal Audit Charter.	Yes	BACC Report	184 - 186
9.13.5 (2) (f)	The manner in which Internal Audit assurance is achieved and a summary of the work of the Internal Audit function.	Yes	BACC Report	184 - 186
9.13.5 (2) (g)	Details demonstrating the effective discharge of its functions and duties for that financial year of the Company.	Yes	BACC Report	184 - 186
9.13.5 (2) (h)	A statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with terms of all relevant professional and regulatory requirements.	Yes	BACC Report	184 - 186

Section	Requirement	Complied	Reference	Pages
9.13.5 (2) (i)	A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. And to contain details on the number of years that the external auditors provides non-audit services with explanations of how auditors' objectivity and independence are safeguarded taking into consideration fees paid for non- audit service provided by the external auditors and affiliated parties	Yes	BACC Report	184 - 186
9.14. Related Party Transactions Review Committee				
9.14.1	Establishment of a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules of the CSE.	Yes	RPTRC Report	189 - 190
9.14.2	The Related Party Transactions Review Committee to comprise of a minimum of three (3) Directors, out of which two (02) members shall be Independent Directors. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Yes	RPTRC Report	189 - 190
9.14.3 (1) to (4)	Functions of the Related Party Transactions Review Committee.	Yes	RPTRC Report	189 - 190
9.14.4 (1) to (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions, Related Party Transactions Review Committee to request Board to approve Related Party Transactions reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a Related Party Transaction	Yes	RPTRC Report	189 - 190
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
9.14.6	Shareholder approval relating to Related Party Transactions.	There was no requirement to seek shareholder approval during the year under review.	RPTRC Report	189 - 190
9.14.7 (1) (a) and (b)	Immediate Disclosures	Yes	RPTRC Report	189 - 190
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements - Note 48	344
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements - Note 48	344
9.14.8 (3)	Report by the Related Party Transactions Review Committee.	Yes	RPTRC Report	344

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the Rules pertaining to Related Party Transactions or a negative statement otherwise.	Yes	RPTRC Report	344
9.14.9 (1), (2)	Shareholder approval for acquisition and disposal of substantial assets.	There was no acquisition and disposal of substantial assets during the year under review.	N/A	N/A
9.14.9 (4), (5), (6)	Related Party Transactions Review Committee to obtain competent independent advice on acquisition and disposal of substantial assets.		N/A	N/A
9.17. Additional Disclosures				
9.17 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Annual Report of Board of Directors	239
9.17 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	Annual Report of Board of Directors	239
9.17 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable Capital Market provisions.	Yes	Annual Report of Board of Directors	239
9.17 (iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Company operates.	N/A	No Penalties	N/A

Statement of compliance under Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)

Section	Requirement	Complied	Reference	Pages
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Notes to the Financial Statements - Note 48	344
(b)	Details pertaining to Recurrent Related Party Transactions	Yes		
(c)	Report of the Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Yes	Annual Report of the Board of Directors on the affairs of the Company	239

Content of the annual report as per Section 168 of the Companies Act No. 7 of 2007

Section	Requirement	Complied	Reference	Pages
168 (1) (a)	The nature of the business together with any change thereof	Yes	Notes to the Financial Statements Note 1 and Annual Report of the Board of Directors on the affairs of the Company	260 & 239
168 (1) (b)	Signed Financial Statements of the Company	Yes	Financial Statements	260
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report	248
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements and Annual Report of the Board of Directors on the affairs of the Company	260 & 239
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the affairs of the Company	239
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements - Note 21	260
168 (1) (g)	Corporate donations made by the Company	Yes	Annual Report of the Board of Directors on the affairs of the Company	239
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Yes	Board of Directors	154 - 156
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements - Note 21	260
168 (1) (j)	Auditors' relationship or any interest with the Company	Yes	BACC Report	184 - 186
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors on the affairs of the Company	239

CORPORATE GOVERNANCE

Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Section	Requirement	Complied	Reference	Pages
A. Directors				
A.1	Effective Board	Yes	Corporate Governance Report	174
A.1.1	Regular meetings	Yes	Corporate Governance Report	178
A.1.2	Role and responsibilities of the Board	Yes	Corporate Governance Report	176
A.1.3	Act in accordance with laws of the country. Obtain professional advice, when required.	Yes	Corporate Governance Report	179 - 180
A.1.4	Access to advice and services of Company Secretary	Yes	Corporate Governance Report	200
A.1.5	Independent judgement	Yes	Corporate Governance Report	179
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Corporate Governance Report	179
A.1.7	One-third of the Directors can call for a resolution	Yes	Corporate Governance Report	179
A.1.8	Board induction and training	Yes	Corporate Governance Report	182
A.2	Division of responsibilities between Chairperson and CEO	Yes	Corporate Governance Report	177
A.3	Chairperson's role in preserving good Corporate Governance	Yes	Corporate Governance Report	177
A.4	Availability of Financial acumen	Yes	Corporate Governance Report	154 - 156
A.5	Board balance	Yes	Corporate Governance Report	175
A.6	Supply of timely information	Yes	Corporate Governance Report	182
A.7	Appointments to the Board	Yes	Corporate Governance Report	179
A.8	Re-election	Yes	Corporate Governance Report	179
A.9	Appraisal of Board performance	Yes	Corporate Governance Commentary	182
A.10	Disclosure of information in respect of Directors	Yes	Corporate Governance Report	154 - 156
A.11	Appraisal of the Chief Executive Officer (CEO)	Yes	Corporate Governance Report	182
B. Directors' Remuneration				
B.1	Remuneration Procedures	Yes	HRCC Report	191
B.2	The level and make up of remuneration	Yes	HRCC Report and Note to the Financial Statements – Note 21	191 & 260
B.3	Disclosure of remuneration	Yes	Note to the Financial Statements – Note 21	260
C. Relations with Shareholders				
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meeting	Yes	Notice of meeting Corporate Governance Report	208
C.2	Communication with shareholders	Yes	Corporate Governance Report	208
C.3	Major and material transactions	Yes	Notes to the Financial Statements - Note 48	260

Section	Requirement	Complied	Reference	Pages
D. Accountability and Audit				
D.1	Financial and Business Reporting	Yes	Financial and Business Reporting	260
	Management Discussion and Analysis	Yes	Management Discussion and Analysis	51
	Annual Report of the Board of Directors	Yes	Annual Report of the Board of Directors	239
	Statement of Compliance	Yes	Statement of Compliance	208 - 225
	Statement of Directors' Responsibility	Yes	Statement of Directors' Responsibility	247
	Statement of Going Concern of the Company	Yes	Statement of Going Concern of the Company	244
	Statement of Directors' Responsibility	Yes	Directors' Statement on Internal Control over Financial Reporting	197
	Financial Reporting	Yes		
	Independent Auditors' Report	Yes	Independent Auditors' Report	248
	Managing Director's and Chief Financial Officer's Statement of Responsibility	Yes	Managing Director's and Chief Financial Officer's Statement of Responsibility	
	Related Party Transactions disclosure of the Statement of Compliance	Yes	Note 48 in the Financial Statements	344
	Process in place is described in the Report of the Related Party Transaction Review Committee	Yes	RPTRC Report	189 - 190
D.2	Risk Management and Internal Control	Yes	Enterprise Risk Management	226 - 236
			BACC Report	184 - 186
D.3	Audit Committee	Yes	Directors Report on Internal Controls	197
			BACC Report	184 - 186
D.4	Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
D.5	Code of Business Conduct and Ethics	Yes	Corporate Governance Report	201
D.6	Corporate Governance Disclosure	Yes	Corporate Governance Report	208 - 225
E. Institutional Investors				
E.1	Shareholder Voting	Yes	Corporate Governance Report	207
E.2	Evaluation of Governance Disclosure	Yes	Stakeholders Relationship	65
	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weight-age is given to good Corporate Governance	Yes	Corporate Governance Report	207
F. Other Investors				
F.1	Investing/Divesting decisions	Yes	Stakeholder Engagement Communication	206
F.2	Shareholder voting	Yes	Corporate Governance Report	207
G. Internet of Things and Cybersecurity				
G.	Internet of things and Cyber Security	Yes	Corporate Governance Report	204
H. Environment, Society and Governance (ESG)				
H.1	Environment, Social and Governance (ESG) reporting	Yes	Report on ESG	24
			Corporate Governance Report	203

CORPORATE GOVERNANCE

Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

Voluntary Provisions

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors

- The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
- Regular meetings of the Board are held and in the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.
- The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country.
- The roles of Chairperson and the CEO are segregated, and all the Directors are Non-Executive Directors, majority of them are independent.
- The Chairperson, Board of Directors and the CEO are appraised annually.
- Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of CEO and EDs.
- Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.

Relations with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Company has in place multiple channels to reach shareholders as discussed under the Shareholder Communication section of the Annual Report.
- The Company has established a policy on Disclosures & Relations with Shareholders and it ensures that the Company makes timely, accurate, and comprehensive disclosures of material information to shareholders and the public, in accordance with regulatory requirements.

Institutional Investors

- The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.

Other Investors

- Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the Company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Company's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.
- The Internal Audit function and the Board Audit and Compliance Committee functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Company's Code of Conduct and the Code of Business Conduct and Ethics and Corporate Governance rules during the year, which is mentioned under the Chairperson's Review section.

Sustainability

- ESG (environmental, social, and governance) considerations play a pivotal role in the Company's decision-making processes. The Annual Report incorporates disclosures on ESG matters relevant to UAL, guided by the <IR> framework, GRI Standards, and SLFRS S1 and S2. The Company's operations also align with the Principles of the United Nations Global Compact and contribute to the United Nations Sustainable Development Goals.
- The Company has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.

Internet and Cybersecurity

- The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

Special Considerations for Listed Entities

- The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.

ENTERPRISE RISK MANAGEMENT

Our commitment to sustainable growth and resilience is anchored in effective risk management. A proactive approach to identifying, assessing, and mitigating risks enables the Company to navigate an evolving risk environment while safeguarding the interests of our stakeholders.

Introduction

The Company's Enterprise Risk Management (ERM) framework is designed to support the proactive identification, assessment and mitigation of risk events across the business. The risk management framework ensures consistency in risk assessment methodologies across business units and functions and adopts an integrated top down and bottom up approach that is closely aligned with strategic planning and decision making.

The ERM process operates on an annual cycle, with risks identified and reviewed at the business level on a quarterly basis. These risks are subsequently consolidated and reviewed by sector and industry group management committees, while Group level risks are reviewed biannually by the Group Executive Committee. The Group's risk appetite thresholds are established at the Group level and documented in the annual Group Risk Report. This report outlines Group wide risk ratings, the overall risk profile and key risk analysis and is presented to the JKH Audit Committee. Salient aspects of the report are reviewed by the Board, thereby concluding the annual risk management cycle. Any policy level enhancements arising from these discussions are incorporated into the subsequent cycle to ensure continued alignment with the evolving risk environment.

During the year, the Company continued to strengthen its Enterprise Risk Management (ERM) framework to enhance risk identification, assessment and mitigation processes. The framework is designed to support the achievement of strategic objectives while safeguarding stakeholder interests. Recognising that effective risk management requires a proactive and forward looking approach, UA undertook a comprehensive gap assessment to identify climate related risks and opportunities in alignment with the SLFRS S1 and S2 standards. Based on this assessment, climate risks were evaluated and prioritised according to their likelihood and potential impact on business operations and long term sustainability.

In parallel, the Company continued to foster a strong risk ready culture across the organisation, embedding risk aware attitudes, skills and values through ongoing communication, training and engagement initiatives. This holistic approach ensures that both traditional and emerging risks, particularly those related to climate change are managed systematically and integrated into strategic decision making.

Risk Appetite and Tolerance

The Company's risk appetite and tolerance reflect its strategic intent and capacity for value creation, providing a clear framework for risk taking across the business. Risks are continuously monitored within these thresholds to preserve UA's financial strength, performance and reputation.

Accountability

A strong culture of accountability underpins the Company's risk management approach, with all employees responsible for managing risks within their work environment and ensuring compliance with established risk policies.

Governance Structure

1st Line of Defence

Operational Management

This line consists of the front-line employees and operational managers who are directly responsible for identifying and managing risks as part of their responsibilities. They implement and maintain internal controls and are the first to detect and respond to issues or matters of concern.

2nd Line of Defence

Risk Management and Compliance Functions

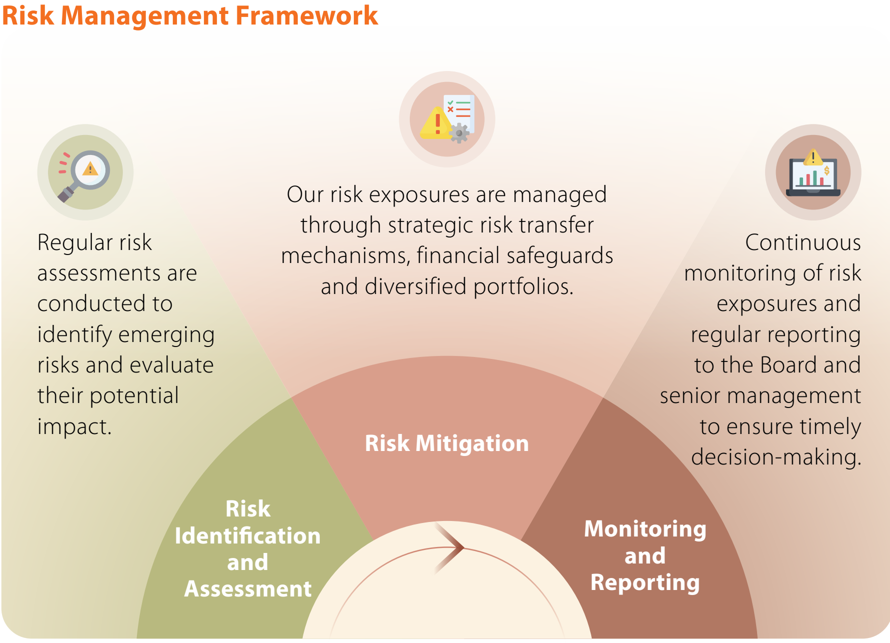
This line includes risk management and compliance teams that provide oversight and support to the first line. They develop policies, conduct risk assessments and ensure that the first line's controls are effective. They also monitor compliance with laws, regulations and internal policies.

3rd Line of Defence

Audit and Assurance

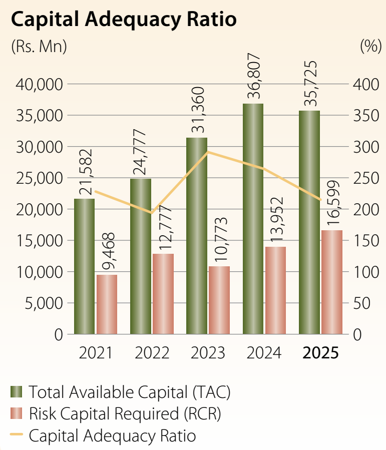
The third line is made up of internal auditors who provide independent assurance on the effectiveness of the first and second lines. They evaluate the overall risk management framework and internal controls, identifying gaps and recommending improvements.

Risk Management Framework



Risk and Solvency Assessment

215%
Capital Adequacy Ratio



The Company remains fully compliant with the capital adequacy requirements stipulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL). In line with regulatory expectations, the Company consistently maintains a Capital Adequacy Ratio (CAR) well above the mandatory minimum of 120%, ensuring a robust buffer to absorb potential adverse financial shocks.

Furthermore, the Company's CAR continues to remain comfortably above IRCSL's supervisory attention level of 160%, thereby avoiding any conditions that would trigger enhanced regulatory scrutiny. This sustained performance reflects the Company's strong capital position and prudent risk management practices.

In addition to maintaining healthy CAR levels, the Company also complies with the IRCSL requirement to uphold a minimum Total Available Capital (TAC) of LKR 500 million. Throughout the year, the Company's TAC remained significantly above this threshold, providing a solid capital foundation to support operations, meet policyholder obligations and ensure long term financial stability.

During the year, the Company's Capital Adequacy Ratio (CAR) remained broadly stable, with no significant market driven fluctuations compared to the previous year. Throughout all reporting periods, Union Assurance maintained a CAR comfortably above the regulatory minimum requirement of 120%, reflecting the Company's strong capital position and disciplined financial management.

The Company continues to employ rigorous capital monitoring practices, including sensitivity analysis and stress testing on key risk exposures. The results of these assessments are evaluated against UA's defined risk appetite and tolerance levels, enabling proactive capital management and ensuring that the Company remains well positioned to withstand adverse economic conditions.

Objectives	Base Case Rs. '000	One percentage point increase in the yield curve 2025 Rs. '000	One percentage points decrease in the yield curve 2025 Rs. '000
Total Available Capital (TAC)	35,725,117	35,588,637	36,264,707
Formula Risk-based Capital Required (FRCR)	16,598,720	16,958,777	16,217,764
Surrender Value Capital Charge (SVCC)	-	-	-
Risk Based Capital requirement (RCR)	16,598,720	16,958,777	16,217,764
Risk-based Capital Adequacy Ratio (CAR)	215%	210%	224%

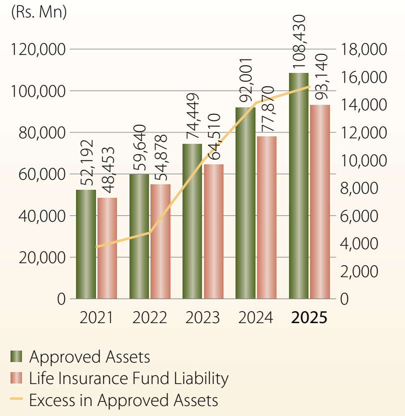
ENTERPRISE RISK MANAGEMENT

Excess in Admissible Assets

In accordance with Section 38 of the Regulation of Insurance Industry Act, No. 43 of 2000, insurers engaged in long term insurance business are required to invest the balance assets of the Long-Term Insurance Fund in approved categories of Admissible Assets, subject to the regulatory limits prescribed by the Insurance Regulatory Commission of Sri Lanka (IRCSL). These assets are characterised by higher credit quality and stability, thereby ensuring that the Life Fund remains secure and capable of meeting long term policyholder obligations.

The Company fully complies with these regulatory investment requirements. As reflected in the accompanying chart, Union Assurance has consistently maintained a substantial excess of Admissible Assets over the years, underscoring the Company's prudent investment strategy, disciplined oversight practices and strong commitment to safeguarding the financial soundness of the Life Fund.

Excess in Approved Assets



Total Risk Capital by Risk type

The chart illustrates the Total Risk Capital as at December 31, 2024 and December 31, 2025, disaggregated by major risk types. A notable shift is observed over the one year period, driven primarily by movements in Market Risk.

In 2025, Market Risk represented the largest proportion of UA's total risk capital requirement, accounting for 72% of the overall risk Capital.

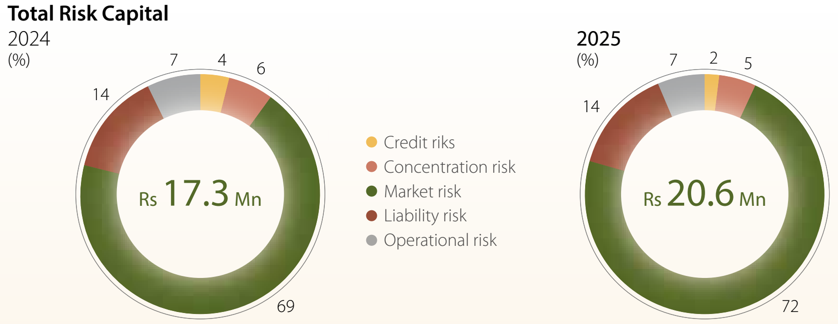
This increase made Market Risk the dominant contributor to the total risk profile. The second largest component was Liability Risk, representing 14% of the total risk capital for the year.

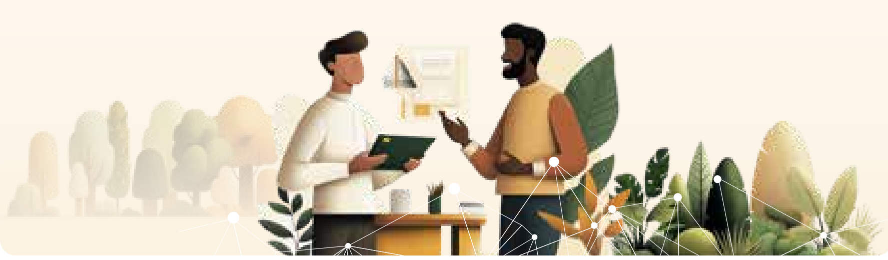
The overall Total Risk Capital increased from 2024 to 2025. This increase was predominantly driven by a rise in the Market Risk capital charge. The growth in Market Risk capital was attributable to:

- Higher interest rate risk capital,
- Increased equity risk capital

These factors collectively contributed to a higher overall Risk Capital requirement in 2025, signalling an environment where market related exposures were more pronounced, resulting in a larger capital allocation to safeguard against potential adverse movements.

Total Risk Capital





Enterprise Risk Management Process

1 Risk Identification

Risk identification is the first step in the Enterprise Risk Management process. A risk event is defined as any uncertain event that, if it occurs, may affect the Company's ability to achieve its objectives. Risks may arise from a variety of internal and external sources. Through effective risk identification, management is able to understand the root causes of risks and introduce appropriate preventive or mitigating measures in the affected areas.

2 Risk Assessment and Rating

The ERM framework enables Union Assurance to assess risks based on their impact and likelihood, supporting informed decision making and the implementation of appropriate mitigation actions. At the Company level, risk assessment is a continuous process, with regular reviews and updates carried out and overseen by the Board.

The impact of a risk is assessed based on the potential financial loss and the extent of harm it may cause, while the likelihood is evaluated considering historical experience and existing preventive controls. Each risk is rated using the following scales:

Likelihood	Remote, Unlikely, Possible, Likely, Almost Certain
Impact	Insignificant, Minor, Moderate, Major, Catastrophic

By combining impact and likelihood, the overall risk rating is determined as Insignificant, Low, Medium, High, or Ultra High. The risks are then plotted on a risk matrix using a traffic light approach to support prioritisation and management focus.

3 Risk Mitigation / Response

Once risks are identified, assessed and prioritised, responsibility lies with the respective departments and senior management to implement appropriate risk responses. Risk mitigation measures generally fall into three categories:

Prevention	Actions taken to avoid or minimise the risk before it occurs
Detection	Measures implemented to identify risks at an early stage
Correction	Corrective actions taken after a risk event to prevent recurrence

Based on the risk rating, management may adopt one of the following responses:

Accept the risk	Where impact and likelihood are low
Transfer the risk	Where impact is high but likelihood is low, by transferring exposure to third parties
Reduce the risk	Where likelihood is high but impact is manageable, through controls, policies and procedures
Avoid the risk	Where both impact and likelihood are high

4 Risk Monitoring and Control

Union Assurance follows a continuous risk monitoring process to ensure the effectiveness and completeness of the ERM framework. After risk responses are implemented, risk owners, together with the second line of defence, review the effectiveness of controls and identify any emerging risks.

The Board provides oversight of strategic and business risks by reviewing and approving business plans and regularly discussing key risk themes, issues and emerging risks that may affect the achievement of strategic objectives.

ENTERPRISE RISK MANAGEMENT

5 Risk Reporting

Risks relating to the Company's operations are identified, assessed and reviewed on a quarterly basis by the Board Audit and Compliance Committee (BACC) using the risk register. This process enables management to focus on high risk areas and ensure that appropriate mitigation actions are identified, implemented and monitored in a timely manner.

Impact / Severity	Rare / Remote to occur (1)	Unlikely to occur (2)	Possible to occur (3)	Likely to occur (4)	Almost certain to occur (5)
5 Catastrophic / Extreme Impact	5	10	15	20	25
4 Major / Very High Impact	4	8	12	16	20
3 Moderate / High Impact	3	6	9	12	15
2 Minor Impact	2	4	6	8	10
1 Low Insignificant Impact	1	2	3	4	5

Occurrence / Likelihood

1-2 Insignificant | 3-6 Low | 7-9 Medium | 10-12 High | 13-25 Ultra High

Risk Landscape

The Company adopts a proactive and structured approach to identifying and managing risks across its operations. The risk directory presented below outlines the key risks and opportunities identified, together with the corresponding response strategies implemented to mitigate potential impacts and support sustainable business performance.

Our enterprise risk landscape encompasses traditional insurance related risks, including mortality, morbidity and underwriting risks, as well as a range of emerging risks. These include rapid technological advancements, data security and privacy risks and climate related risks, which are becoming increasingly significant and dynamic. While the impacts of these emerging risks have not yet materially affected the Company, we remain vigilant to their potential implications. Continuous monitoring of both local and global developments enables us to identify underlying issues early and safeguard long term value creation.

Traditional Risk

- **Insurance Risk**: Mortality; Morbidity; Longevity; Underwriting; Concentration Risk-Product Portfolio; Reinsurance Counterparty
- **Market Risk**: Interest Rate; Equity; Concentration; Liquidity; Credit
- **Operational Risk**: People Related; Misappropriation / Mis-selling; Other Operational Risks
- **Strategic Risk**: Economic and Political

Emerging Risk: Data Breach; Continuous Advancements in New Technology and Information Security; Climate; Money Laundering & Terrorist Financing; SLFRS 17 Adoption

Traditional Risk

Insurance Risk

Insurance risk reflects the potential for adverse outcomes arising from uncertainty in insured events and their timing, frequency and severity, impacting insurance liabilities. This risk is influenced by underwriting quality, product development and pricing and the effectiveness of claims management.

Risk	Rating	Mitigation
Mortality Risk Risk of loss arising due to policy holders' death experience being different from the expected.		• Use of standard mortality tables with necessary adjustments to reflect expected mortality experience, ensuring accurate pricing of products. • Regular stress testing and experience analysis to assess the adequacy and resilience of assumptions.

As at 31 December Assumption	Change %	Impact on liabilities % 2024	Impact on liabilities % 2025	Impact on liabilities Rs. '000 2024	Impact on liabilities Rs. '000 2025
Mortality	10	0.17	0.20	113,190	160,976
	(10)	(0.17)	(0.20)	(113,577)	(161,474)
	10	0.34	0.36	226,854	285,200
	(10)	(0.34)	(0.36)	(227,330)	(285,289)

Risk	Rating	Mitigation
Morbidity Risk Longevity Risk Underwriting Risk		• Assumptions are primarily based on reinsurance tables, with adjustments made where necessary to reflect the Company's own risk experience. Stress analyses are conducted to identify and address any discrepancies. • Defined underwriting authority limits are in place to ensure controlled and consistent decision making. • Insurance risk is transferred through proportional and non proportional reinsurance treaties, as well as facultative placements for single high value risks. • A structured training framework for underwriters ensures continuous skill development and technical competence. • Independent reviews of the underwriting process are carried out to ensure compliance with established standards and to identify improvement opportunities.
Concentration Risk (Product Portfolio)		• Developing an optimal product mix that aligns with the Company's strategic direction and long term objectives. • Leveraging data analytics and big data insights to identify emerging customer needs and tailor products accordingly. • Conducting stress analyses to assess the sensitivity of the product portfolio and evaluate the impact of changes in the business mix.

ENTERPRISE RISK MANAGEMENT

Risk	Rating	Mitigation
Reinsurance Counter Party Risk		• Regularly reviewing and assessing the adequacy of reinsurance arrangements and the overall reinsurance strategy, considering both existing exposures and potential emerging risks. • Selecting reinsurers with strong credit ratings, based on evaluations from reputable international rating agencies, to ensure the Company partners only with financially sound and reliable counterparties across all business segments.

Market Risk

Market risk arises from fluctuations in financial market conditions that may adversely impact the value of financial instruments. The Company is exposed to a range of market risks through both its financial assets and financial liabilities.

Risk	Rating	Mitigation
Interest Rate Risk		• Proactively evaluate and execute forward purchases to lock in future cash flows at favourable interest rates. • Manage volatility in market prices effectively. • Monitoring and reviewing Company's strategic asset allocation, tactical boundaries and Company asset/liability exposure.
Equity Risk		• Managing of Equity portfolio is outsourced to an external firm with expertise to ensure realised gains are capitalised and to protect the equity base from any possible mark to market losses.
Liquidity Risk Refer page 278		• Stringent monitoring of cash flows and maintaining sufficient cash and cash equivalents and high-quality liquid investment portfolio. • Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments when claim events exceed a certain size. • Maintaining sufficient cash balances, overnight investments and other short tenure investments to accommodate expected obligations and commitments of the Company.
Credit Risk • Credit Risk Concentration • Credit Risk Related to Policy Loans and Others		• Sources of credit risks are assessed and monitored and the Company has policies to manage the specific risks within the various sub-categories of credit risks. • Use of ratings assigned by external rating agencies to assess counterparty credit worthiness. • Active use of collateral to support credit risk.
Concentration Risk		• Focus on diversification of Insurance portfolio across regions. • Maintaining a diversified portfolio of Assets Refer page 277

Operational Risk

People related risk

The loss of experienced and critical staff continues to be a key people-related risk, as challenges in retaining and attracting skilled personnel may negatively affect operational efficiency and the Company's competitive advantage.

Risk	Rating	Mitigation
Misappropriation and miss-selling		• Encourage need base selling skills to avoid any miss-selling through proper fact finding. • Introducing alternative premium paying channels & raising awareness on the same. • Welcome Call by customer service team to new customers to promptly identify any issues. • Enforcing a Code of Conduct for sales agents and staff. • Sound internal controls and established disciplinary process for any violations.
Loss of experienced and critical staff		• The Company mitigates this risk by promoting continuous learning and providing relevant training and development opportunities. • Market salary surveys are conducted to benchmark remuneration and ensure competitive compensation for staff.

Other Operational Risks

Risk	Rating	Mitigation
Risk of ambiguity around Tax Assessments and Appeals made		• UA follows the due process with the assistance of the tax consultant and external legal experts. • Advice and guidance are sought from Group Legal and monitoring is continued for the income tax related concerns.
Business Continuity risk		• Regularly backup critical data and have a disaster recovery plan. • Enable remote working and prepare secondary office sites. • Implement emergency communication systems and protocols. • Train employees on continuity plans and ensure cross training. • Conduct drills and scenario planning.
Fraud and Corruption		• Strict controls and segregation of duties over financial transactions • Enforcing a comprehensive whistle blowing policy • Periodic verifications, reconciliations and audits • Supplier due diligence

Emerging Risks

Risk	Rating	Mitigation
Information Security & Cyber Risk		• Procedures and controls have been implemented in line with the ISO 27001:2022 standard. • Regular IT threat assessments are conducted, along with awareness training and timely system patching to identify and manage IT-related threats. • Annual reviews of firewall and network infrastructure are carried out to safeguard against network attacks and antivirus protection is maintained across all computers.

ENTERPRISE RISK MANAGEMENT

Risk	Rating	Mitigation
Data Breach and Privacy Risk		• Development of Policies and Procedures to safeguard personal data. • Training and awareness amongst all staff and insurance advisors • Enforcing Information classification mechanisms such as labelling. • Implementation of Data Leakage Prevention (DLP) alerts. • Access controls, data encryption, data minimisation and secure disposal subsequent to the retention period. • Ensuring data protection clauses are included in contracts / agreements, Data Processor Agreements (DPAs) or Joint Controller Agreements are in place with key data processors. • Maintaining data flow maps and updating the information flow.
Continuous advancements in New Technology		• Frequently evaluate and update risk profiles. • Data Governance through implementing robust data policies, encryption and access controls. • Provide ongoing training and awareness campaigns. • Use monitoring tools and scenario planning. • Assess vendor security and include contractual safeguards. • Develop and regularly test response plans. • Continuously upgrade IT systems and ensure redundancy.
SLFRS 17 Adoption		• A strong governance framework where a SLFRS 17 steering committee overlooks the activities and results carried out. • Ensure adequate project management and governance directed by the Executive Committee with adequate oversight provided by the Board. • Adequate resource allocation and subject related regular training. • Expanded scope with progressive audit consultant to ensure financial requirements are met. • Detailed end- to - end reconciliations within systems and the final output. • Extending consultant's support beyond implementation through the transition to business as usual.
Climate Related Risks		• Test BCP on a regular basis and constantly evaluate test scenarios and attempt to test likely / emerging scenarios. • Strengthening online sales, mobile apps and call centre capabilities to reduce reliance on physical branches. • All data available centrally to service customers with a bi-weekly back up process in place. • Customer Communication Strategy: Prepare proactive communication plans for policyholders during disasters via call centre. • Encourage submission of digital insurance proposals (currently 100%) and promoting digital platforms for customer onboarding and premium collections via standing orders/credit cards and ClickLife App. • Periodic BCP training & awareness for all departments. • Transfer part of disaster-related risk to reinsurers to protect liquidity. • Stress Testing & Scenario Analysis: Model financial impact of natural disasters on claims and investments.

Integration of Climate Related Risks into the Risk Management Framework

Climate change creates both risks and opportunities that affect our business operations, financial performance and long term sustainability. Understanding and managing these impacts are essential to protecting value for our stakeholders and supporting a resilient and sustainable organisation. In line with SLFRS S1 and SLFRS S2, we recognise that climate related risks are closely connected to other key risks such as market risk, insurance risk and natural catastrophe risk which are already embedded within our overall risk landscape.

Sri Lanka is increasingly exposed to physical climate risks, including extreme rainfall and flooding, which can result in significant economic and social impacts. These developments present growing challenges for the insurance industry, particularly due to the existing protection gap, where insurance coverage for climate related losses remains limited.

Industry-wide collaboration may be required to develop credible experience studies that can effectively address this gap.

Our approach to managing climate related risks is fully integrated into the Company's Enterprise Risk Management Framework, in alignment with SLFRS S1 and S2 requirements. Climate related risks are systematically identified, assessed, managed, monitored and reported as part of our regular risk management process. The prioritised climate related risks were identified through value chain mapping exercises carried out in collaboration with the respective departments, operational teams and the external consultants (KPMG), enabling us to assess where climate risks and opportunities are most likely to arise across our activities.

The Company identified several risks and opportunities arising from climate change and these were assessed using the existing risk rating methodology, which evaluates both the potential impact on the business and the likelihood of occurrence. This assessment considered implications for financial performance, business continuity and customer outcomes. This structured evaluation process supports informed decision making and enables the timely implementation of appropriate risk mitigation and adaptation measures. Presented below are the prioritised climate related risks identified by UA.

Refer pages 26 - 42

Risk Category	Description
CRRO - Physical Acute	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)
	Climate linked interest rates volatility affecting investment returns, asset/liability valuations and capital adequacy.
CRRO - Physical Chronic	Chronic climate changes impacting health and life expectancy due to increase in, • Heat stress • Vector-borne diseases • Respiratory issues • Contagious diseases
CRRO - Transitional Risk	Challenges in transitioning to low carbon operations.

Climate change is one of the most significant long term challenges facing businesses today with implications for operational resilience, financial stability and strategic planning. Our commitment to addressing climate-related risks and opportunities will be embedded to our long-term strategy, ensuring that we remain agile and responsive in a changing operating environment, consistent with the principles set out in SLFRS S1 and S2.

From a customer perspective, climate related risks such as air pollution, rising greenhouse gas emissions and the increasing frequency and severity of extreme weather events can have direct and immediate impacts on policyholders' health and well being. Physical risks including floods, cyclones and deteriorating air quality may contribute to higher mortality, morbidity and hospitalisation rates, thereby influencing the Company's insurance risk exposure as well as affecting new business growth.

As a responsible insurer, Union Assurance remains committed to supporting its policyholders by strengthening service resilience and accessibility. This includes enabling fully digital workflows for proposal and claim submissions, enhancing customer convenience and ensuring uninterrupted service delivery. In parallel, the Company continues to implement robust business continuity measures and proactive initiatives to manage and mitigate climate related risks, reinforcing our dedication to safeguarding customer trust and well being.

As part of its long-term commitment to reducing operational emissions, the Company replaced its vehicle fleet to BYD electric vehicles during the year. The Company also continued its investments in green bonds and commenced investments in solar power initiatives, further strengthening its commitment to sustainability.

ENTERPRISE RISK MANAGEMENT

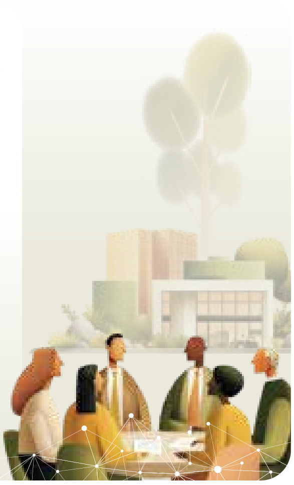
Money Laundering and Terrorist Financing

Money laundering in the insurance industry typically involves the misuse of insurance products to conceal the origin of illicit funds. Both locally and globally, there is growing concern about the vulnerability of certain insurance products to money laundering activities. Some of the most common methods include:

- Purchase of life insurance policies using illicit funds, followed by early surrender or cancellation
- Overpayment of premiums with requests for refunds
- Use of third parties or nominees to purchase or benefit from policies
- Assignment or frequent changes to policy beneficiaries without clear justification
- Use of single premium or high value policies to layer illegal funds

To mitigate these risks, ensure regulatory compliance and safeguard the integrity of the financial system, UA has implemented robust Anti Money Laundering (AML) and Counter Terrorist Financing (CTF) programs, which include the following:

- Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedures
- Risk based customer and product risk assessments
- Ongoing transaction monitoring and periodic reviews
- Suspicious Transaction Reporting (STR) mechanisms
- Conduct sanction screening at the time of onboarding and on an ongoing basis for all Customers/ Beneficiaries, Employees and Agents
- Employee and insurance advisor awareness and training programs
- Strong governance, internal controls and regulatory reporting processes



Personal Data Breach and Privacy Risks

The Personal Data Protection Act No. 9 of 2022 (PDPA), as amended, represents a landmark development as the first comprehensive data protection legislation in South Asia. Modelled on the European Union's General Data Protection Regulation (GDPR), the PDPA seeks to ensure that personal data is processed in a lawful, fair and responsible manner.

The Act has both territorial and extraterritorial applicability covering entities operating within Sri Lanka as well as those outside the country that offer goods or services to or monitor the behaviour of individuals in Sri Lanka. Implementation of the PDPA is being carried out in phases with full enforcement expected by the first quarter of 2026. The Act also establishes the Data Protection Authority (DPA), which is responsible for overseeing compliance and enforcing the obligations of both public and private sector entities.

During the current financial year, the Company identified and segregated personal data breaches involving insurance advisors and employees as an emerging risk, recognising the potentially significant impact on both the organisation and affected individuals. Such risks may result in regulatory and legal exposure, reputational damage, operational disruptions and financial losses, while also posing serious consequences for data subjects including misuse of personal information.

In response the Company continues to enhance its data protection governance framework, including strengthening internal controls, awareness programs and safeguards to mitigate the likelihood and impact of personal data breaches in line with PDPA requirements.

Regulatory and Legal exposure

Non-compliance with data protection regulations can result in significant penalties and legal actions.

Reputational damage

Organisation may suffer reputational harm, leading to loss of customer trust and potential business opportunities.

Operational disruptions

Loss of availability of personal data can disrupt business operations, affecting productivity and service delivery.

Financial losses

Breaches can result in direct financial losses due to fraud or indirect costs such as legal fees, regulatory fines and compensation to affected individuals.