THE MOST INSPIRING

Union Assurance strives to be the most inspiring in every aspect of our journey. Through inspiring leadership, inspiring craftsmanship, and inspiring relationships, we continue to set benchmarks in delivering holistic protection to every Sri Lankan committed to delivering long-term value.
With steadfast assurance towards innovation, excellence, and care, we forge ahead with the purpose of empowering our customers to protect what matters most, with confidence.

SNAPSHOT OF FY 2025

Financial Value Created

19%
GWP Growth
2024 - 15%

13%
Surplus Growth
2024 - 7%

Rs. 92.8 Bn
Life Fund
2024 - Rs. 77.5 Bn

Rs. 108.3 Bn
AUM
2024 - Rs. 95.6 Bn

Rs. 8.8 Bn
Claims Paid
2024 - Rs. 7.7 Bn

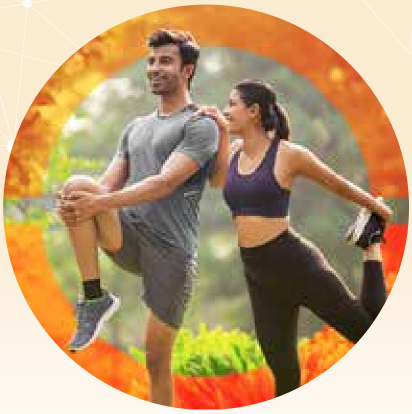
215%
Capital Adequacy Ratio
2024 - 264%

Digital-First Insurer

- First-ever Full Digitisation of Advisor Life Cycle Management
- Industry First Seamless Bancassurance 2.0 Digital Integration with Sampath Bank's Core Banking System
- Industry First to Offer Digital Health Services via Clicklife App
- First Life Insurer in Sri Lanka to Achieve ISO/IEC 27001:2022 Certification
- Union Assurance Expands Industry-First e-MER Initiative with Medihelp Hospitals

Environment & Sustainability Value Created

Embarked on a long-term mission to develop a transition plan to lower carbon emissions with the implementation of ESG framework and adoption of Sustainability standards SLFRS S1 & S2.



Launch of

UNION ASSURANCE

Flex Life

An Exclusive and Innovative Life Insurance Solution

Entering into an **Exclusive Partnership** with Sampath Bank PLC

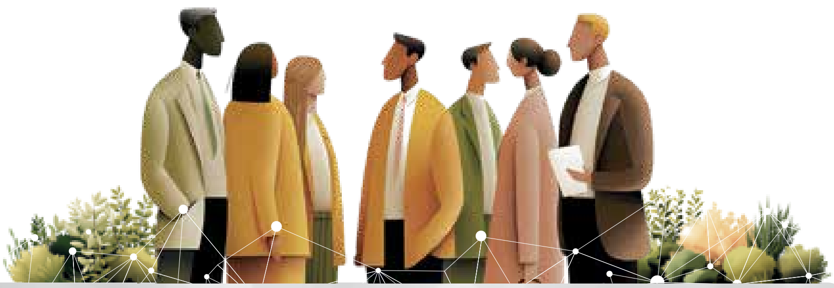
Union Assurance Ranked Within the Top

50

Most Valuable Brands in Sri Lanka

GROW BEYOND LIMITS

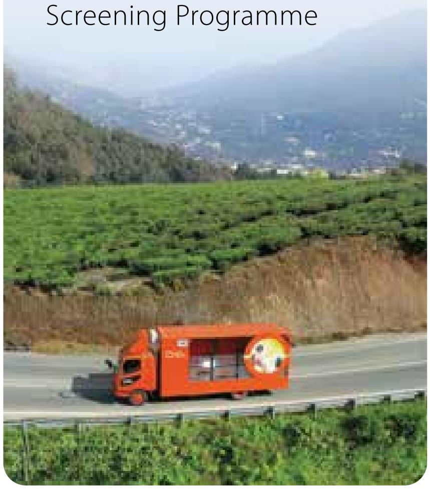
Unveiled our **Employee Value Proposition (EVP)** Initiative with the Theme **"GROW Beyond Limits"**



First Insurer to Earn the YouTube Silver Play button

23,000+

Lives Impacted by Our Flagship CSR Initiative **'Suwamaga'** Diabetes Early Screening Programme



ABOUT THE REPORT

Our Integrated Annual Report

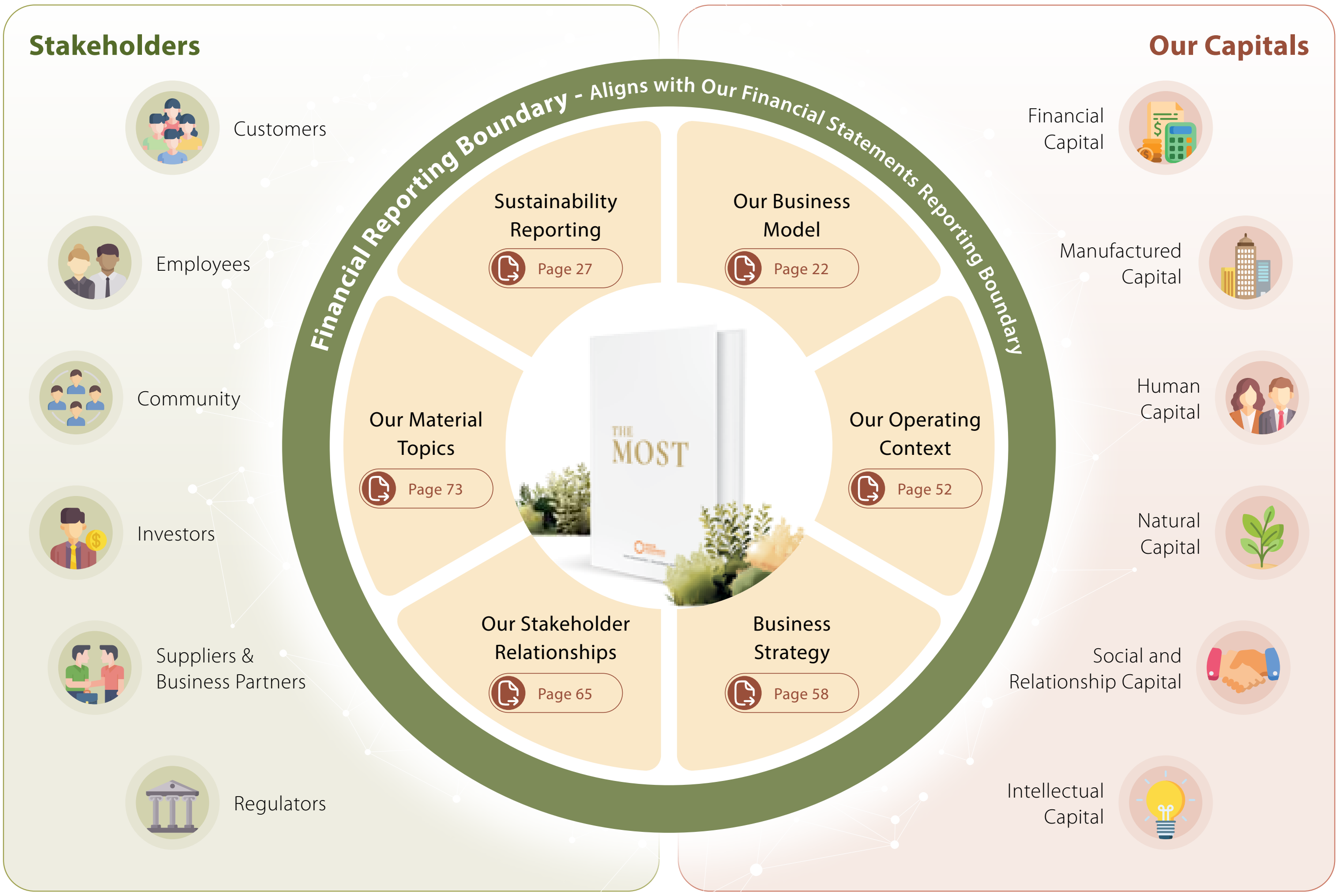
We are pleased to present the Integrated Annual Report of Union Assurance PLC ("Company") for the financial year ended 31 December 2025. This Report offers a balanced and concise account of how we navigated the challenging operating conditions that prevailed during the year to deliver value across financial, social, environmental and governance aspects. Furthermore, we offer our forward-looking perspective and future aspirations, acknowledging that these could be shaped by the economic realities of the year ahead.

To reflect our organisation-wide commitment towards sustainability, we have disclosed climate-related disclosures, with the permitted transition reliefs aligned with the SLFRS S1 and S2 Standards.

There were no restatements or non-financial changes regarding the Company's ownership or supply chain during the year. Additionally, no significant restatements were made in non-financial reporting, including sustainability reporting, compared to the previous year.

Scope and Boundary

Detailing the Company's operations, this Annual Report builds on our most recent report for the year ended 31 December 2024, for which comparatives are presented where applicable. The boundary of this Report covers the assessment and management of risks and opportunities stemming from our business strategy and engagement with diverse stakeholders. We prioritise the efficient management of these relationships by focusing on the material matters that determine our success.



Reporting Frameworks

We are committed to high-quality disclosure that moves beyond mandatory regulatory compliance by integrating international best practices into our reporting processes. Our report is developed in adherence to the Sri Lanka Financial Reporting Standards (SLFRS) and the Insurance Industry Act No. 43 of 2000 and its subsequent amendments. This mandatory foundation is supplemented by global sustainability and integrated reporting benchmarks, including the IFRS Foundation's International Integrated Reporting <IR> Framework, the Global Reporting Initiative (GRI) Standards, and the standards of the Sustainability Accounting Standards Board (SASB).

Given below is a full list of frameworks and guidelines adopted in preparing this Report.

The Regulation	Internal Assurance	External Assurance
Financial Reporting, Governance, Risk Management and Operations		
• Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) • Listing Requirements of the Colombo Stock Exchange (CSE) and subsequent revisions to date • Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka (SEC) • Corporate Governance Framework for Insurers Issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) • Articles of Association • Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto • Anti-Corruption Act No 09 of 2023 • The Shop and Office Employees Act No. 19 of 1954 and subsequent amendments thereto • Laws and regulations of the Companies Act No. 7 of 2007 (as amended) • Insurance Industry Act No. 43 of 2000 and subsequent amendments to date • Guidelines, Determinations, Circulations, Rules and Regulations issued by the IRCSL • Personal Data Protection Act No. 09 of 2022 (as amended) • Acts, Rules, Directions, Regulations, Circulations, Guidelines issued by the Financial Intelligence Unit of Sri Lanka. • Code of Best Practice on Related Party Transactions (2013) advocated by the SEC	Reporting to Board Audit and Compliance Committee (BACC) Internal Audit The internal control mechanisms Strong governance framework and compliance with regulatory guidelines	An Independent Auditor confirming the accuracy of the Annual Financial Statements Refer pages 248 An Independent Actuary confirming the Life Fund Valuation and Liability Adequacy Refer pages 246
Integrated Reporting		
• IFRS Foundation's International Integrated Reporting <IR> Framework • The guidelines for presentation of Annual Reports 2026 issued by the CA Sri Lanka • A Preparer's Guide to Integrated Corporate Reporting - issued by the CA Sri Lanka • Handbook on Integrated Corporate Reporting issued by the CA Sri Lanka	Internal assessment based on the IFRS Foundation's International Integrated Reporting <IR> Framework	Limited Assurance on the Content Elements of the Integrated Report Refer pages 354
Sustainability Reporting		
• Global Reporting Initiative (GRI) Sustainability Reporting Standards • United Nations Sustainable Development Goals • Environmental, Social and Governance (ESG) disclosures through the framework and operations in conformity with the Principles of the United Nations Global Compact • Disclosure on Gender Parity Reporting issued by the CA Sri Lanka • Sustainability Accounting Standards Board (SASB) Standards • SLFRS S1 and S2 Standard	Sustainability reporting Assessment by the group Sustainability Reporting System Carbon footprint assessment	Limited Assurance on selected sustainability related indicators **LA:** *Assured Sustainability Information* Refer pages 357

ABOUT THE REPORT

Improvements to the Report 2025

Adoption of SLFRS S1 and S2 with allowable transition reliefs, ensuring transparency and alignment with evolving reporting requirements

Interconnections between Sustainability Related Risks and Opportunities (SRROs) across various sections of the report

Comprehensive GRI and SASB disclosures are appropriately tagged for efficient identification and tracking

The business model section is redesigned with a comprehensive, context-rich view, aligned with the value chain of the Company considered under SLFRS S1/S2

The report provides clarity on the ESG adoption and integration strategies, reflecting our commitment to sustainable practices

QR codes introduced to facilitate seamless access to supplementary materials

Strengthened cross-referencing across the report to avoid duplication

Embedded hyperlinks to enable smooth navigation and elevate the user experience

A dedicated online microsite offering expanded content and improved accessibility, available via QR code

A concise highlight video giving stakeholders a quick overview of the year's performance, which will be shared through our social media channels

Approval by the Board

The Board acknowledges its responsibility of confirming the integrity of this integrated report.

The Board has critically evaluated the assurances obtained and is satisfied that there is an adequate and effective control environment to ensure the completeness of the information.

The Board is also of the view that, to the best of its knowledge and belief, the integrated report addresses all issues material to the stakeholder decision making as explained by the Company value creation process. This report was approved by the Board of Directors of Union Assurance PLC on 27 February 2026.

K N J Balendra
Chairperson

D P Gamlath
Director

Keells Consultants (Pvt) Ltd
Secretaries

27 February 2026

Feedback & Inquiries

We are committed to improving our reporting practices continuously and welcome any feedback that will enhance the value of our future reports. Please forward your suggestions and comments to:

Himani Weerasekera
Chief Financial Officer,
Union Assurance PLC,
No. 20, St. Michael's Road,
Colombo 03
Sri Lanka

Disclaimer for the Publication of Forward - Looking Statements & Data

This report includes forward-looking statements concerning the Company's potential future performance and prospects. These statements are not guarantees of future results. All forward-looking statements are subject to risks and inherent uncertainties. Actual results may differ significantly from projected outcomes due to unforeseen events, volatile economic and political conditions, regulatory shifts, and various factors outside of our control. Readers are advised to seek independent professional advice concerning all financial, legal, and investment aspects related to this report.

This Annual Report is available on our Website ***www.unionassurance.com***. Scan the QR code to connect instantly on your smartphone.

Our interactive microsite is available at ***www.unionassurance.com/DigitalAnnualReport2025/*** or scan the QR code to access.

Visit our social media pages to view the 2025 financial highlights.

facebook.com/unionassurance | *instagram.com/unionassuranceplc* | *linkedin.com/company/unionassurance-plc* | *youtube.com/UnionAssurance*

ABOUT US

Established in 1987 as Sri Lanka's first private sector insurer, we proudly stand today as the nation's longest-serving private Life Insurer. For nearly four decades, we have been deeply embedded into Sri Lanka's economic and social DNA, supporting individuals, families, and communities through times of challenge and celebration alike. Our journey has been one of resilience, trust, and unwavering commitment to the people we serve.

Guided by our vision to empower the progress of all Sri Lankans, we believe that national advancement begins with individual well-being, financial, emotional, and physical. We bring this belief to life by making life insurance accessible across the island, offering comprehensive and personalised solutions for every stage of life. From protection and retirement planning to health, education, and investment needs, we enable our customers to build their futures with confidence.

95
Branches Island Wide

821
Employees

90%
Ownership by John Keells Holdings

** In 2025, 22% of our stake in Fairfirst was divested*

340,000+
Lives Protected

3,000+
Field Staff

Our Vision

Empowering Human Progress by Protecting What Matters

Our Purpose

Protecting Lives and Enriching Well-being

Our Values

Excellence

Strive for excellence in everything we do to be the best we can be

Caring

Fostering a great place to work by supporting each other to reach our full potential

Innovation

Improving constantly, reinventing and evolving

Trust

Building strong relationships based on transparency and convenience with internal and external customers

Integrity & Ethics

Doing the right thing always

ABOUT US

OUR PRODUCT SUITE

We deliver a comprehensive suite of products designed to meet customers' evolving needs.

Union Assurance FlexLife: Where Flexibility Meets Comprehensive Protection

Union Assurance FlexLife is a Life Insurance product designed to offer flexibility and personalisation for evolving financial needs. Introduced in 2025 as the newest addition to the product portfolio, Union Assurance FlexLife brings together five key pillars; retirement, protection, investment, education, and health into one flexible solution. It empowers customers to tailor their coverage to their unique life goals, ensuring both security and adaptability in financial planning.

Health Products

We provide comprehensive health insurance solutions for individuals and families, including coverage for critical illness and hospital cash benefits, ensuring strong financial protection.

Our plans are designed to safeguard you against unexpected health challenges, giving you timely access to the care you need, while offering peace of mind and supporting better overall well-being.

- Union Assurance FlexLife
- Union Health360
- Union Smart Health Premier
- Hospital Cash Benefit
- Hospital Cash Child Benefit
- Comprehensive Surgery Benefit
- Child Health Benefit
- Suwamaga Critical Illness Benefit

Education Solutions

Empowering the next generation of leaders to drive collective progress.

We help customers build a strong foundation for their children's education and future success, creating opportunities that last a lifetime.

- Union Assurance FlexLife
- Union Sisumaga Plus

Retirement Products

Supporting steady progress toward a lifetime of comfort, enabling customers to enjoy the rewards of their hard work.

We help build a strong foundation for a secure retirement, giving customers the confidence to embrace the future and live life to the fullest.

- Union Assurance FlexLife
- Union Pension Advantage

UNION ASSURANCE
FlexLife
Your Progress, Your Way

Protection Solutions

We offer strong financial protection during life's most challenging moments, empowering customers to face uncertainties with confidence.

- Union Loan Protector
- Union Advantage Starter
- Clicklife
  (Life Cover and Cancer Care Cover, available exclusively through the Clicklife App)
- Union Assurance FlexLife
- Union Life Plus
- Union Smart Life
- Union Ultra Protect

Investment Solutions

Helping customers grow wealth with competitive returns and the financial protection they need when life takes an unexpected turn.

- Union Advantage Premier
- Union Smart Investor
- Union Smart Wealth Builder
- Union Assurance FlexLife
- Union Smart Life
- Union Super Investor
- Union Single Premium Advantage

Group Life Products

Empowering organisations to create a culture of care and prioritise employee well-being. We support corporates to become supportive and nurturing, building workplaces where health, happiness, and productivity thrive.

- Group Health Plus/Group Life

ABOUT US

Our Driving Forces

Agency

Launched Industry-First Advisor Welfare Scheme designed to empower and support its advisor network and their families, offering vital financial assistance during times of need

14%
ANBP growth

17%
FYP growth

16%
GWP growth

12%
LIMRA 13-month persistency growth

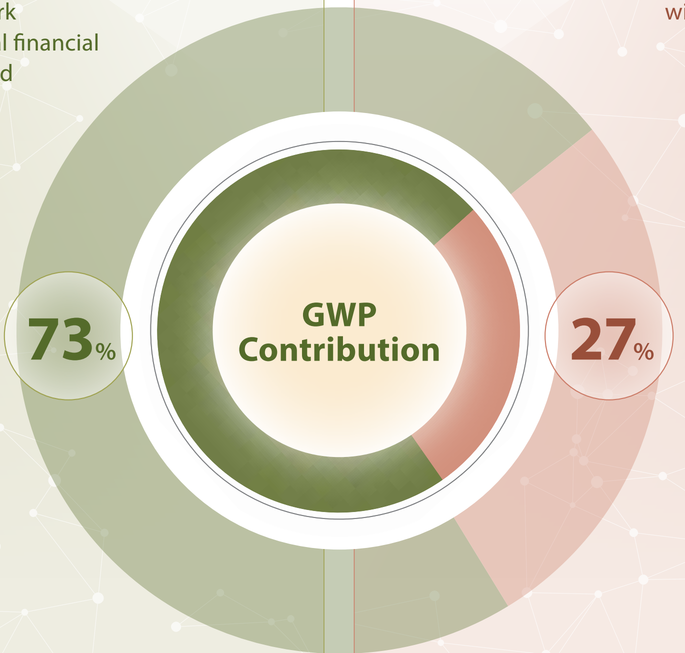
152
MDRT qualifiers

12%
Case size growth

6
TOT qualifiers

95
Branches

24
COT qualifiers



Bancassurance

Launched Industry-First Core Banking Integration with Sampath Bank PLC for real time lead management

80%
ANBP growth

59%
FYP growth

33%
GWP growth

70
MDRT qualifiers

10%
LIMRA 13-month persistency growth

5
TOT qualifiers

35%
Case size growth

26
COT qualifiers

5
Bank partnerships

ORGANISATIONAL STRUCTURE

Board of Directors

Krishan Balendra
Chairperson/
Non-Executive Director

Dumith Fernando
Independent
Non-Executive Director

Stephen Anthony Appleyard
Independent
Non-Executive Director

Daminda Gamlath
Non-Executive Director

Pasan Wanigasekara
Independent
Non-Executive Director

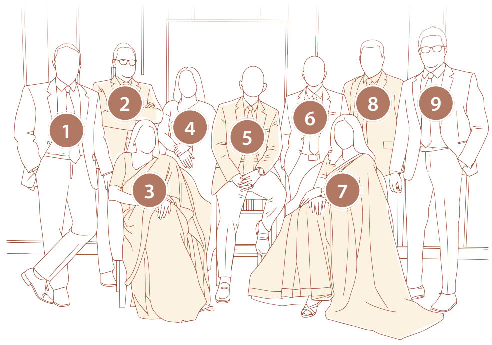
Christine Dias Bandaranaike
Independent
Non-Executive Director

Senath Jayatilake
Executive Director

Executive Committee

Left to right

1. **Mahen Gunarathna**
Chief Marketing Officer
2. **Harsha Senanayake**
Chief Information Officer
3. **Himani Weerasekera**
Chief Financial Officer
4. **Nisansala Paranayapa**
Chief People Officer
5. **Senath Jayatilake**
Chief Executive Officer
6. **Malaka Mihindukulasuriya**
Chief Actuarial Officer
7. **Wathsala Aluthgedara**
Chief Partnership Distribution Officer
8. **Imtiyaz Aniff**
Chief Agency Officer
9. **Rumesh Modarage**
Chief Operating Officer



THE YEAR AT A GLANCE

January

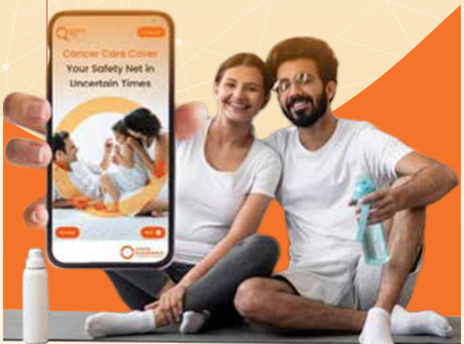
Union Assurance Partners with the University of Sabaragamuwa to empower future leaders through knowledge-sharing and skills development initiatives.

February

Launched Mobile App-Enabled Life Insurance Solutions via the Clicklife App, allowing customers to purchase policies digitally for the first time in Sri Lanka.

March

Partnered with SLASSCOM for FitHit 2025 for the second consecutive year, inspiring fitness and fostering community engagement.



July

Hosted a **10 km Cycling Event** to enrich employee well-being and promote healthy lifestyles.

August

Conducted **'Paint to Express' Art Therapy Event,** reaffirming our commitment to employee mental health and well-being.

September

Launched Union Assurance FlexLife, a game-changing life insurance solution designed for every stage of life.

April

Organised the **First-Ever Blog IT Symposium 2025,** featuring literary experts and interactive workshops to promote financial literacy

May

Introduced the 'Diabeater' Movement, inviting the public to take the 'Diabeater Pledge' uniting the nation in the fight against diabetes through education, action, and community support.

June

Represented Sri Lanka at the IDF World Diabetes Congress 2025 in Bangkok, showcasing the Suwamaga CSR initiative on a global platform.

October

Opened Clicklife App to Non-policyholders, enabling access to fitness challenges and tools for a healthier lifestyle.

November

Achieved a milestone as the first insurer to earn the **YouTube Silver Play Button,** recognising our digital engagement excellence.

December

Extended Support to Cyclone-affected Communities through essential donations and volunteer initiatives, reinforcing our commitment to social responsibility.

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

AWARDS AND RECOGNITION

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

Joint winner of 'Best Life Insurance Company of the Year' for the second consecutive year, also recognised as joint winner for 'Best Strategies for Insurance Coverage for the Year' and 'Women in Insurance Leadership'

Union Assurance Wins Silver at SAFA BPA Awards 2024

Union Assurance earned the Silver Award in the Life Insurance category at the prestigious SAFA Best Presented Annual Report Awards 2024, recognising excellence in financial reporting, corporate governance, and integrated disclosure across South Asia. Our Annual Report 2024, themed "Folds of Value", reflects our commitment to transparency, accountability, and adherence to global best practices in reporting.

Union Assurance Becomes First Insurer to Earn the YouTube Silver Play Button

We became Sri Lanka's first insurer to surpass 100,000 YouTube subscribers, earning the prestigious Silver Play Button. This milestone underscores our leadership in digital engagement and our commitment to making life insurance more accessible through innovative, customer-focused content strategies.

Union Assurance Wins John Keells Chairperson's Award for Disruptive Innovation

Was honoured by the John Keells Group for pioneering Sri Lanka's first Core Banking Integration with Sampath Bank PLC. This groundbreaking initiative streamlined lead management, enabled real-time performance tracking, and strengthened collaboration through data-driven insights, setting a new benchmark for digital innovation in the insurance industry.

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

Ranked among Sri Lanka's Top 50 brands by Brand Finance, we have retained our position, reflecting our resilience, customer-centric approach, and commitment to innovation and purpose-driven initiatives.

Union Assurance Wins Bronze at TAGS Awards 2025

Union Assurance earned the Bronze Award in the Insurance sector (Gross premium above Rs. 10 Bn) at the prestigious TAGS Awards 2025 hosted by the Institute of Chartered Accountants of Sri Lanka, recognising our commitment to transparency, accountability, and excellence in reporting.

Union Assurance Strengthens Industry Leadership with Multiple Wins at SLIM NSA 2025

Secured five awards at the SLIM National Sales Awards, recognising outstanding achievements across Agency and Partnership Distribution channels. These accolades underscore our commitment to sales excellence, customer engagement, and driving growth through high-performing teams.

Company with Great Managers for the 4th Consecutive Year

Recognised at the Great Managers Awards 2024 for our commitment to fostering exceptional leadership and empowering employees to excel. This fourth consecutive win underscores our strong people strategy and dedication to driving growth through authentic, purpose-driven leadership.

Union Assurance Wins Gold at Dragons of Sri Lanka 2025

Union Assurance won Gold for its transformative campaign "Exit Insurance. Enter Progress." at the Dragons of Sri Lanka Awards. This recognition celebrates bold creativity and strategic insight in challenging industry norms and delivering measurable impact.

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

Achieving ISO/IEC 27001:2022 certification reinforces our commitment to world-class information security standards. This globally recognised accreditation highlights our proactive approach to safeguarding customer data through advanced cybersecurity measures and robust governance frameworks, ensuring trust and resilience in a digital-first environment.

BUSINESS MODEL

Our integrated business model demonstrates how we allocate key resources to create stakeholder value through defined outputs and outcomes. These resources are categorised according to the six capitals outlined in the Integrated Reporting Framework.

Operating Environment

Leveraging our resources, relationships and activities

Capital Inputs

Financial Capital

- Equity Rs. 23 Bn
- Life fund Rs. 93 Bn
- Financial investments Rs. 108 Bn
- Total assets Rs. 127 Bn

Refer to pages 78 to 95

Manufactured Capital

- Investment in property, plant and equipment of Rs. 339 Mn
- 95 branches
- Digital infrastructure

Refer to pages 96 to 101

Human Capital

- Committed team of 821 employees
- Rs. 49 Mn investment in training and development
- Employee benefits
- Competitive remuneration

Refer to pages 102 to 117

Natural Capital

- Energy consumption 7,180 GJ
- Water consumption 18.57 ML
- Waste management

Refer to pages 118 to 125

Social and Relationship Capital

- 340,000+ Customer relationships
- Rs. 39 Mn investment in CSR
- Strong supplier relationships
- 3,000+ sales force
- Bancassurance relationships

Refer to pages 126 to 141

Intellectual Capital

- Systems and processes
- Global best practices
- 215 employees with over 10 years of experience

Refer to pages 142 to 152

Our Vision, Mission and Values

Risks & Opportunities

Refer Pages 78 to 152 – Capitals | Refer Pages 30 to 39 – Climate Related Risks & Opportunities

Our Strategic Pillars

- Sales Channel Optimisation
- Operational Transformation
- People First
- Purpose-Driven Brand
- Value-Accretive Products

Corporate Governance and Risk Management

The value creation process reflects our vision of "Empowering human progress by protecting what matters", executed through our business verticals, guided by five strategic pillars.

To achieve tangible outputs		And deliver purpose-led outcomes	To generate long-term stakeholder value outcomes
Outputs		**Outcomes**	
14% Return on equity (ROE) **Rs. 5.72** Earning per share (EPS) **215%** Capital Adequacy Ratio (CAR)	**Rs. 3.4 Bn** Surplus **Rs. 3.4 Bn** Profit after tax **Rs. 77.3** Share price	• Enhanced Returns for Policyholders • Strengthened Financial Stability • Greater Financial Resilience • Accelerated Wealth Creation	
5 New branches		• Greater Customer Accessibility • Improved Operational Efficiency through Automation	
20+ Training hours per employee **Rs. 2.2 Bn** Salaries and benefits	**17%** Female employees in decision making roles **52 : 48** Female : Male Gender diversity ratio	• Committed and Engaged Workforce • Higher Female Workforce Participation • Enhanced Workforce Diversity • Expanded Employment Opportunities	
1.70 ML Water treated **1,859 tCO_2e** Carbon footprint	**2.10 tonnes** Waste recycled **36** Fully grown trees saved	• Commitment to Environmental Protection • Sustainable Utilisation of Natural Resources	
Rs. 6.9 Bn Paid to suppliers **222** MDRT achievers **94%** One day claims settlement ratio	**1** New Bancassurance partnership **32,000+** New policies issued **87%** Complaints resolution rate	• Enhanced Customer Experience • Thriving and Sustainable Communities • Resilient and Efficient Supply Chain • Strong, Collaborative Supplier Partnerships	
Top 50 Most Valuable Brands in Sri Lanka by LMD **69%** Non-Medical Straight Through Processing (STP) Rate	First Life Insurer in Sri Lanka to achieve **ISO/IEC 27001:2022** Certification **AI-driven** New features added to Clicklife App	• Strengthened Brand Visibility and Reputation • Positioned as an Industry Disruptor through Market-Leading Innovation • Agility to Meet Evolving Customer Needs	

ESG AT UNION ASSURANCE

Sustainability is integral to the life insurance business, where long-term financial protection and trust form the foundation of value creation. As custodians of policyholder protection, we are committed to operating responsibly, managing risks prudently, and strengthening resilience across our stakeholders.

Our ESG practices in alignment with the John Keells Group, ensure that we uphold the highest standards of governance, advance social well-being, and minimise environmental impact as we continue to deliver enduring protection for the communities we serve.

G Governance

Linked section:

Refer Corporate Governance on page 154

S Social

Linked section:

Refer Social & Relationship Capital on page 126

Impacted capitals:

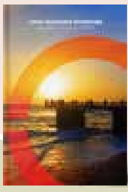
Our Approach

We strive to make life insurance more accessible and empower people with greater confidence and security at every stage of life, enhancing financial, emotional, and physical well being and, in turn, strengthening national progress.

Key Initiatives & Progress

Community Health & Well being

- **Suwamaga (flagship CSR):** committed to enhancing community well-being by proactively addressing the growing prevalence of diabetes, one of the major Non-Communicable Disease (NCD) in Sri Lanka.
- Launched "Diabeater", a nationwide pledge movement in 2025.



Scan to download the Suwamaga impact report

- **Global advocacy:** Presented Suwamaga at the IDF World Diabetes Congress 2025 (Bangkok), engaging a global audience on prevention and community-based care.

23,000+ Beneficiaries

52 : 48 Female : Male ratio

Launched **'Diabeater' pledge** uniting communities to combat diabetes

263 Locations screening programs

71% of beneficiaries reported positive behavioural change

E Environment

Linked section:

Refer Natural Capital on page 118

Impacted capitals:

Our Approach

As a service sector business with a relatively light direct footprint, we still commit to the global climate agenda by promoting resource efficiency (energy and water), responsible waste management, and effective emissions control within our operations and value chain. We maintained full compliance with environmental requirements during the year, with no fines or penalties recorded.

Key Initiatives & Progress

Energy & Emissions

- **Renewables:** Initiated a solar project at the Kurunegala premises to accelerate renewable adoption and cut emissions (investment value of Rs. 6.3 Mn).
- **Fleet decarbonisation:** Transitioned 100% of our vehicle fleet to electric and hybrid vehicles to reduce Scope 1 emissions.
- **Digitalisation to avoid emissions:** Expanded paperless workflows and promoted e MER/digital medical records; 100% digital submission of insurance quotations eliminates paper and printer usage.

Impacted capitals:

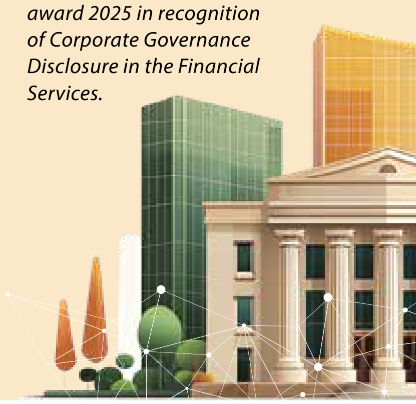
Our Approach

Effective governance is the foundation of our long term resilience, stakeholder trust, and ethical value creation. Our governance framework ensures that decisions are made responsibly, risks are managed proactively, and the interests of policyholders and stakeholders remain central to everything we do. Anchored in the governance principles of the John Keells Group, we uphold a culture of integrity, accountability, and transparency across all operations.

Key Initiatives & Progress

- **Oversight:** Company established the Governance Framework for SLFRS S1 and SLFRS S2, demonstrating our commitment to transparent, consistent, and high-quality sustainability reporting in alignment with emerging global and local requirements.
- **Risk & compliance:** Strengthened data protection and responsible marketing in line with IRCSL guidance.
- **Ethics:** Robust anti corruption and Code of Conduct frameworks; zero incidents of corruption reported in 2025.

We were awarded the TAGS award 2025 in recognition of Corporate Governance Disclosure in the Financial Services.



- **Mental health in schools:** "Piripun Parapurak, Surakina Mehewarak" interactive expert led sessions that build resilience and address exam stress and screen dependency among schoolchildren.

05
Sessions held

1,200+
Beneficiaries

Inclusive, Supportive Workplaces

- **DEI (ONEJKH aligned):** Commitment to empowerment, inclusion, zero tolerance for discrimination, equal opportunity, and diverse value chains.
- **Women empowerment:** Leading Liyo leadership programme to develop female professionals.
- Installation of sanitary napkin dispensers at the Head Office to support employees' health and hygiene needs.
- **Family friendly policy:** Equal 100 Days paid maternal & paternal leave.

52%
Female representation in workforce

100% : 86%
Male : Female Return to work and retention rates of employees that took parental leave, by gender

Zero
tolerance towards discrimination

Community Support in Disasters

- Contributed (with John Keells Holdings) to the Government's "Rebuilding Sri Lanka" fund for Cyclone Ditwah relief.
- Supported the flood relief initiative by providing essential aid to affected communities, with employees volunteering to distribute supplies and contributing one day's salary toward recovery efforts.

Rs. 50 Mn
Donation to disaster relief fund

Donation of
1,000
Water bottles
2,500+
Sanitary napkins

Water

- Installed and operated a wastewater treatment system at Kurunegala, ensuring effluent meets standards before safe discharge to ecosystems

Waste

- **Paper & Plastic recycling:** Recycling paper and plastic waste in collaboration with Neptune Recyclers as the recycling partner.

Climate Risk Integration

- Climate risks (physical & transition) are incorporated into the enterprise risk management framework to safeguard operational continuity and financial resilience.

ESG Way Forward

Over the years we have established short, medium- and long-term targets in line with John Keells Group, considering the need to minimise impact from business operations on society and the environment. These areas include topics such as carbon emissions, water, waste and plastic utilisation, where such targets were established considering a bottom-up approach.

With the advent of new disclosure requirements of climate change adaptation and transition, together with the growing need for targets to be established based on the science-based targets (SBTI), the Group intends to establish fresh targets in the ensuing years and has already commenced setting these targets, with the conceptualising of Group level ambitions on various sustainability topics encompassing GHG Emissions and Energy Management, Waste Management and Packaging, Diversity and Equal Opportunity, Community Empowerment and Stakeholder Management. UA will align our targets with each of these Group ambitions and reflect this alignment in our future disclosures and reporting.

SLFRS SUSTAINABILITY RELATED DISCLOSURES

BASIS OF PREPARATION

1. Reporting entity, organisation boundary, and value chain

This report covers the sustainability-related disclosures of Union Assurance PLC (UA), including all operations covering head office and island-wide branch network. Value chain considerations extend to upstream operations, internal processes and downstream operations that have material sustainability-related impacts to the business model.

2. Sources of Guidance

Disclosures are prepared in accordance with:

- **SLFRS S1 –** General Requirements for Disclosure of Sustainability Related Financial Information
- **SLFRS S2 –** Climate Related Disclosures

Both standards are issued by the Institute of Chartered Accountants of Sri Lanka and are aligned with IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB).

3. Reporting period

This report covers the financial year from 01 January 2025 to 31 December 2025, consistent with the company's financial reporting period.

4. Time Horizon

UA adopts time horizons consistent with the definitions used by John Keells Holdings PLC, the ultimate Parent Company of UA:

- Short term: < 1 year
- Medium term: 3-5 years
- Long term: > 5 years

5. Transition Reliefs

UA has applied the following permitted transition reliefs as the reporting period being the first year of adoption of SLFRS S1 and S2 Standards:

- **Climate first reporting:** UA will disclose information on Climate-Related Risks and Opportunities (CRROs).
- **Comparative disclosures:** Comparative information is not required to be disclosed for the current year. Prior year comparisons will be provided for climate related disclosures from Year 2 onwards.
- **Scope 03 GHG emissions:** Scope 3 emissions disclosure is not mandatory in the first year. However, UA has voluntarily disclosed a limited subset using a partial scope.
- **Anticipated financial effects on SRROs & CRROs:** UA has applied the transition relief permitting entities to defer qualitative disclosures on anticipated climate related financial effects for the first two reporting periods.
- **Climate Resilience (Scenario analysis):** UA has applied the transitional relief issued by CA Sri Lanka on mandatory application to fully comply with climate resilience disclosure requirements, during the first two years of reporting.

6. Judgements and Measurement uncertainties

Judgements

The preparation and presentation of the sustainability report involve applying judgement to determine what information is relevant, reliable, and useful to disclose. This includes reporting requirements and making informed decisions in areas where the standards allow flexibility. The table below summarises key judgements applied.

Topic	Description
Materiality assessment	Judgement was applied when assessing impacts and dependencies across the value chain to determine sustainability related risks, opportunities, and material information that could reasonably influence strategy, the business model, or financial outcomes.
GHG emissions (Scope 1,2 and 3)	Judgement was exercised by the third party service provider in selecting appropriate emission factors and using proxy activity data for Scope 3 sources where actual data was unavailable.

Measurement uncertainties

Measurement uncertainty arises due to data gaps, reliance on proxy information, external factors, and forward looking assumptions.

Topic	Description
GHG emissions (Scope 1,2 and 3)	Estimates depend on third party emission factors, especially for Scope 3 categories such as transmission and distribution losses, waste transportation, and business travel.

GOVERNANCE

1 Sustainability Governance

The Board of Directors (the "Board") of Union Assurance PLC (UA) holds ultimate responsibility for oversight of sustainability impacts on the economy, environment and people as well as sustainability and climate-related risks and opportunities (SRROs/CRROs) that could reasonably be expected to affect UA's financial position, performance and resilience over the short, medium and long term.

Board oversight is supported by the Board Audit and Compliance Committee (BACC). The governance architecture aligns with the principles of SLFRS S1/S2, ensuring robust processes, controls and procedures for monitoring and managing sustainability and climate-related matters.

Board of Directors	Overall responsibility for ESG oversight
Board Audit Committee	Board-level Subcommittee responsible for oversight of SRROs and CRROs
Sustainability/ ESG Management Committee	Responsible for monitoring, managing, and overseeing SRROs and CRROs

2 Governance: Roles, Mandates, Procedures

Responsibility of overall ESG governance and implementation will be with the Board of Directors and responsibilities for Sustainability Related Risks and Opportunities (SRROs), Climate-Related Risks and Opportunities (CRROs), and broader impact management are embedded in UA's governance framework. This is formalised through Board Audit and Compliance Committee Terms of Reference, and Sustainability/ ESG Management Committee (the "ESG Management Committee") Terms of References and relevant policy documents.

Aligned with UA's corporate governance framework, the Board has delegated primary responsibility for the implementation and management of UA's impacts, CRROs/SRROs to the BACC.

This structure ensures broader impacts on the environment, society and economy as well as SRROs/CRROs are embedded in operational decision-making, resource allocation and UA performance management, while maintaining appropriate Board-level oversight.

2.1 The Board

The Board is responsible for overall governance of UA's sustainability topics that have an impact on the broader stakeholder groups as well as the ESG matters as set out in the Board Charter. The Board's role includes:

- Overseeing material sustainability impact topics, SRROs/CRROs and their implications for long-term value creation and approving related governance actions.
- Assessing sustainability impacts, strategies for impact mitigation and management, SRROs/CRROs during Board Meetings which are held quarterly, or as frequently required, ensuring alignment with UA's strategic direction and evolving external expectations.
- Ensuring UA maintains systems, controls, policies and skills to bring decision-useful SRROs/impact information to the Board on a timely basis.

2.1.1 Information flow and frequency

The Board receives (via BACC unless otherwise noted):

- Quarterly reports on sustainability disclosures, internal controls and assurance outcomes
- Consolidated Sustainability and ESG reports from the Management Committee and BACCs
- ERM reports integrating climate risks in the Group risk register
- Dashboards, sector summaries and ad hoc briefings on significant regulatory developments or ESG incidents

Historically, the Board has guided impact management via JKH Group and company policies, impact-based KPIs and oversight of capital allocation and operational initiatives. As climate ambitions are developed, the Board's current focus includes emerging climate risks and the incorporation of climate considerations into long-term planning. The Board will review and approve UA's climate ambitions and transition plan upon completion.

2.1.2 Skills and expertise

The Board's diverse expertise (finance, strategy, risk, governance, operations, technology and regulation), supported by structured BACC briefings, targeted training and engagement with external specialists involved in global sustainability standard-setting, ensures robust oversight of the company's impact management and SRROs/CRROs.

Refer the Board Profiles section of this Report for further details, page175

2.2 Board Audit and Compliance Committee

In line with UA's Operating Model, the BACC is the Company's primary governance body for sustainability and climate-related matters. It operationalises and coordinates UA's sustainability agenda, oversees ESG frameworks, and reviews strategy alignment with the John Keells Group's overarching sustainability direction.

The BACC acts as the structured conduit to the Board, coordinating and operationalising UA's sustainability and climate agenda. Accordingly, all matters relating to the Company's ESG framework, including strategy development aligned with the John Keells Group's overarching framework and strategy, implementation oversight, risk management, performance monitoring, and sustainability related disclosures, will be channelled through the Board Audit and Compliance Committee, which will receive management reports and progress updates in the first instance and thereafter provide its observations to the Board in the course of management's formal presentations to the Board

2.2.1 Information flow and frequency

The BACC receives:

- Quarterly structured updates on sustainability impacts, SRROs/CRROs, mitigation and KPIs
- Annual updates on materiality assessments, assurance needs, and stakeholder insights

The Committee's oversight is strengthened by members' expertise in governance, financial oversight, and risk.

2.3 Sustainability/ ESG Management Committee

The Sustainability/ ESG Management Committee is headed by the Chief Financial Officer. The ESG Management Committee comprises of Financial Controller, ESG champion, and divisional leads comprising Finance, Risk & Governance, Actuarial, IT/ Systems, Compliance, Life Operations, ERM, HR, Branding/ CSR, Logistics, sales channels, Investment and eight representatives from JKH Financial Services Sector -Steering Committee.

2.3.1 ESG Management Committee Responsibilities and Role

The ESG Management Committee is responsible for operationalising UA's sustainability topics, ESG and climate ambitions set by the Board, guided by BACC oversight, into actionable strategies.

The ESG Management Committee responsibilities include:

- Strategic integration - Translate Board approved sustainability priorities into actionable plans, roadmaps with appropriate resources
- Risk and Opportunities management - Identify SRROs/CRROs across UA's value chain; assess their potential impacts; define practical responses and assign accountable owners for mitigation, adaptation or opportunity capture.
- Monitoring and ensure readiness - Monitor emerging regulatory, market and technology developments; assess sector implications; and strengthen readiness by capacity-building through training.
- Goals and Performance Management - Propose company goals, targets and KPIs for Board approval; establish baselines, measurement methodologies and ensure assurance ready reporting.
- Investment Oversight - Ensure sustainability impacts and SRROs/ CRROs are explicitly considered in material investments, including implications for asset and supply-chain resilience, operating costs, value creation, transition alignment, and key implementation dependencies.
- Reporting and escalation: reviewing sustainability reporting inputs and escalating material issues - including significant impacts and incidents, emerging risks or material deviations - through established reporting lines.

2.2.2 Information flow and frequency

The ESG Management Committee convenes at least quarterly. The responsibilities outlined above are a standing agenda item.

2.3.2 Controls and procedures

Sustainability impacts, and Sustainability-related and Climate related information is captured by the ESG Management Committee at the company level and is channelled through a defined pathway to the BACC and ultimately to the Board. Material issues considering both impact materiality and financial materiality are escalated in accordance with UA's sustainability and risk management framework. The ESG Management Committee uses formal controls and procedures to support climate oversight, including the Sustainability Management Framework, integrated ESG data systems, internal audit processes, and standardised risk identification and reporting processes.

3 Integration into strategy and decisions

The Board considers sustainability impacts, CRROs and SRROs as part of its oversight of UA's overall strategy, major decisions and UA's risk management framework and impact mitigation activities. In doing so, the Board considers how these matters may influence UA's business model, its corporate responsibility efforts ensuring that impacts on the economy, environment and society are managed, ensuring organisational resilience and long-term value creation, and ensures they are addressed through appropriate governance, policies and management actions.

In practice, the BACC supports strategy by:

- Ensuring plans and key initiatives are aligned to Group Sustainability and ESG priorities and identifying delivery gaps.
- Assessing emerging SRROs and CRROs and translating these into clear implications for business plans; and
- Ensuring material investments include decision-useful sustainability inputs.

4 Targets, monitoring, and remuneration

The Board of Directors oversees the development of targets related to the company's sustainability impact topics, SRROs and CRROs and monitors progress toward those targets as they are established. The Board has delegated responsibility for the formulation and operationalisation of such targets to the BACC in collaboration with the ESG Management Committee, who are currently leading the development of UA's sustainability impact targets including its climate ambitions and associated performance indicators.

During the 2025 reporting cycle and going forward, the BACC will focus, through the ESG Management Committee, on validating baseline metrics and assessing the feasibility of future targets, with periodic updates provided to the Board to support oversight and decision-making.

UA has not yet introduced climate-related targets or linked remuneration metrics; however, the Board and the Human Resources & Compensation Committee (HRCC) intend to evaluate how future sustainability-related performance measures can be incorporated into executive remuneration frameworks once targets are finalised.

The Board, through the HRCC, will review and approve the integration of such metrics into remuneration policies when UA's climate ambitions, and transition pathways are developed by the ESG Management Committee and approved as per UA's approval matrix.

STRATEGY

STRATEGY DISCLOSURES

UA presents a concise, investor-focused disclosure of its strategy and risk management approach. The disclosure is designed to be clear, decision-useful, and outcome-oriented, providing investors with a transparent line of sight from governance and strategic priorities through to operational execution, resilience, and financial performance. By connecting these perspectives, UA ensures that stakeholders can understand not only the company's long term vision but also how risks are managed, strategies are implemented, and performance outcomes are achieved.

Business Model and Value Chain – Overview

UA's business model is designed to deliver long-term financial security for policyholders while creating sustainable value for shareholders. The value chain begins with product design and development, where customer needs, regulatory requirements, actuarial insights, and risk considerations are translated into life, health, and protection products.

These products are distributed through a multi-channel sales network comprising branches, agents, bancassurance partners, and expanding digital platforms to reach diverse customer segments. Underwriting and risk assessment are supported by strong actuarial oversight, reinsurance, and capital management, ensuring solvency and resilience.

Once policies are issued, policy administration and premium collection ensure efficient onboarding, accurate record keeping, and stable cash inflows. Fund management plays a critical role by investing collected premiums to meet long-term obligations within defined risk and regulatory boundaries. Supporting this are physical and digital infrastructure functions that maintain seamless organisational operations.

The value chain concludes with claims management and customer servicing, where timely, fair settlements reinforce trust and strengthen brand credibility. These core activities are enabled by governance, technology, compliance, human capital, and finance, ensuring operational efficiency, regulatory adherence, and long-term sustainability.

Refer Our Business Model on page 22

Climate and Sustainability-related risks and opportunities

The table below summarises the relevant SRROs that could affect the UA over the short, medium, and long term.

	Risk/opportunity [SLFRS S1.30, SLFRS S2.10(a)–(c)]	Time horizon	Affected area [SLFRS S1.32(b), SLFRS S2.13(b)]
CR1	**Physical - Acute risk: Physical climate risks disrupting branch operations causing impact to new business and premium collection:** Extreme weather events (floods, tsunamis, severe storms) may interrupt branch operations, affecting customer servicing, new business generation, and premium collection	● ● ●	• Branch network • Customer service operations • New business acquisitions • Premium collections
CR2	**Physical – Acute risk: Disaster Related Claim Surges** Natural disasters can trigger sudden increases in mortality/health claims, policy surrenders, and operational strain.	● ●	• High risk regions (flood, cyclone, drought zones) • Branches in disaster prone areas • Underwriting and claims operations

	Risk/opportunity [SLFRS S1.30, SLFRS S2.10(a)–(c)]	Time horizon	Affected area [SLFRS S1.32(b), SLFRS S2.13(b)]
CR3	**Physical – Chronic risk: Chronic climate impacts on health and life expectancy:** Rising temperatures, disease spread, and respiratory issues may increase life and health claims and impact pricing accuracy.	Medium term, Long term	• Climate sensitive regions • Branch networks • High density customer areas
CR4	**Physical – Acute risk: Climate linked interest rate volatility:** Climate driven economic instability may cause interest rate fluctuations, affecting investment returns, asset/liability valuations, and capital adequacy.	Short term, Medium term, Long term	• Investment portfolios • Asset-Liability Management (ALM) • Long term liabilities • Treasury and capital management
CR5	**Transitional risk : Challenges in transitioning to low carbon operations** Required investments in new technologies, processes, and supply chains may create cost pressures and operational challenges.	Short term, Medium term, Long term	• Support functions • Environmental footprint • Investor relations • Brand reputation
CO1	**Climate related Opportunity: Build resilience as a digital-first insurer** Climate disruptions present an opportunity to accelerate digitalisation, enabling remote servicing, automated claims, and digital premium collection.	Short term, Medium term, Long term	• Customer onboarding & servicing • Digital distribution & premium collection • Claims automation & support • Business continuity & operational resilience
CO2	**Climate-related Opportunity: Increased demand for protection products** Rising climate-linked health and mortality risks may increase demand for life, health, and critical illness products..	Medium term, Long term	• Product development & innovation

Time horizons: Short term: < 1 year   Medium term: 3-5 years   Long term: > 5 years

UA provides connected information by linking sustainability related risks, metrics, and governance processes. Interdependencies across environmental, operational, and financial factors are clearly identified to support integrated decision making.

STRATEGY

Key climate and Sustainability-related risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR1 - Physical climate risks disrupting branch operations causing impact to new business and premium collection	Climate related disruptions reduce operational efficiency, delaying onboarding, premium collection, and servicing. More frequent events cause prolonged interruptions, revenue volatility, and pressure on distribution channels, affecting the entire value chain and requiring greater business continuity investment to protect service delivery and long term growth.	The risk is concentrated within the branch network, particularly in geographically vulnerable branches, operational facilities dependent on physical mobility, and any customer servicing nodes located in disaster prone areas. These physical locations are critical points in both the business model and value chain.	Shift to lesser dependence on physical branch for new business and premium collections. UA will also take into consideration the risk-prone areas when selecting the strategic locations for expansion.	In response, the organisation is shifting from branch centric operations to a more digitally resilient model by expanding online sales, mobile app usage (such as Clicklife), and call centre support. This digital transition enables continuity when physical branches are inaccessible, reduces exposure to climate related disruptions, and enhances flexibility in how customers engage with the business.	Delays in premium collection increase premium receivables and temporarily weaken liquidity, raising short term working capital needs. However, the overall balance sheet impact remains limited, as these receivables are expected to be recovered once branch access is restored.
CR2 - Disaster-Related Claim Surges	Claims surges strain processing capacity, slow settlements, pressure profitability, capital buffers, and reinsurance. As extreme weather intensifies, larger and more frequent spikes will heighten financial volatility and require added resources, impacting underwriting, reinsurance, claims, customer servicing, and capital management across the value chain.	The risk is highest in disaster prone regions, affecting claims units, underwriting portfolios exposed to high risk geographies, and reinsurance programmes. Customer servicing and back office teams also face heavy pressure. Life and Health portfolios with concentrated exposure in vulnerable areas are particularly at risk during catastrophic events.	Immediate strain on claims processing capacity, increase cash outflows, and creates short term pressure on profitability and capital buffers. Elevated lapses and surrenders may also occur during or after catastrophic events, further contributing to financial volatility.	Strengthening risk transfer measures, especially reinsurance by adjusting structures, expanding catastrophe cover, and integrating climate driven claim surge scenarios into planning. These actions enhance resilience, reduce exposure to liquidity shocks, and ensure core operations and customer commitments remain protected during disaster related events.	Decrease in policyholder liabilities due to higher levels of lapses and surrenders during and after catastrophic events. At the same time, there is a decrease in assets resulting from significant cash payouts linked to increased mortality and health claims. This may influence short term balance sheet strength.

Financial position, financial performance, and cash flows						
Current Impacts				Anticipated impacts		
	Impact on Financial Performance	**Impact on Cash Flows**	**Impact on Cost of Capital**	**Impact on Financial Position**	**Impact on Financial Performance**	**Impact on Cash Flows**
	Disruptions to branch accessibility reduce new business generation and renewal premium collections, leading to lower Gross Written Premium (GWP) for the period. These declines in inflows, along with delays in renewals, also diminish fee based income and near term revenue generating capacity, putting downward pressure on reported earnings.	Reduce operating cash inflows during climate related branch disruptions. This may result in short-term cash flow volatility and may require temporary liquidity adjustments until premium collection channels are restored or shifted to alternative digital platforms.	Minimal to no impact on the company's cost of capital, as disruptions are short term in nature and do not materially affect long term solvency performance or investor perceived risk. The organisation's capital structure and funding costs remain largely unaffected.	In the short-term, delays in premium collection during climate driven branch disruptions may increase premium receivables. Over the medium and long term, repeated disruptions may slow the growth of Assets Under Management (AUM) as reduced cash collections persist in affected regions.	Short-term and medium-term financial performance may be affected by reduced GWP due to lost new business and delayed renewals. In the long term, continued disruptions may constrain overall business growth and reduce investment income resulting from lower premium inflows.	Operating cash flows may weaken in the short-term as new business and renewal collections are interrupted. Medium and long-term cash flows may experience continued pressure if branch level disruptions persist during severe climate events.
	Negatively affected by an increase in surrenders and a surge in claim payouts, leading to higher operating expenses and reduced profitability. Elevated claims incidence during disaster periods increases claims ratios and places short term pressure on earnings.	Cash flows experience immediate strain due to increased claims payouts and higher surrender payments. These outflows reduce operating cash flow during the period and may require short-term liquidity support, depending on the scale of the catastrophic event.	This risk has minimal to no impact on the organisation's cost of capital, as claim surges are typically cushioned through reinsurance and capital buffers. The company's long-term funding profile and perceived risk level remain broadly stable despite short-term cash flow pressures.	In the short term, large claim payouts and increased surrenders may reduce asset balances while lowering policyholder liabilities. Over the medium and long term, the ongoing need for higher liquidity to meet rapid claim payments may result in more short-term investments and consequently lower AUM growth.	Financial performance may be affected in the short term by increased surrenders and elevated claims. Medium - and long-term profitability may be further pressured by higher reinsurance premiums due to increased risk exposure and reduced investment income from a shift to short term instruments.	Short term cash flows may experience strain from higher claim payments. Over the medium and long term, cash outflows are likely to rise due to elevated reinsurance premium payments and continued claims volatility following major disaster events.

STRATEGY

Key climate and Sustainability-related risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR3 - Chronic climate changes impacting health and life expectancy	At present, we do not experience a significant volume of climate-related claims. While we do note a few incidents each year that may be linked to climate factors, they have not been material enough to warrant separate reinsurance arrangements specifically for climate driven exposures. Therefore, our current RI structure remains unchanged in this regard.	This risk is highest in regions facing chronic climate conditions, affecting Life and Health portfolios, underwriting, pricing, and claims operations. It also impacts frontline servicing, medical assessments, and workforce dependent operations due to increased illness, absenteeism, and rising claim frequencies.	Climate driven health trends strain profitability, challenge pricing, and underwriting, and increase pressure on claims and servicing. UA is integrating long term climate health data into pricing and product design, enhancing reinsurance, and strengthening risk transfer and actuarial frameworks to improve financial resilience.	To manage rising climate related health exposures, the organisation is increasing reinsurance coverage, strengthening quota share to reduce volatility, protect profitability, and stabilise long term liabilities. These measures enhance liquidity and solvency, ensuring the organisation can meet customer obligations even during periods of elevated chronic disease related claims.	There is currently no material impact on the organisation's financial position from chronic climate-related health trends. Although morbidity patterns are gradually shifting, the effect on asset or liability values within the reporting period remains negligible.
CR4 - Climate linked interest rate volatility	Climate driven interest rate volatility threatens solvency by affecting capital buffers, asset valuations, and liability discount rates, causing short term capital strain. Continued instability may limit asset growth, increase ALM mismatches, and constrain dividends, impacting investment management, ALM, capital management, pricing, and long term financial planning.	This risk is greatest in investment portfolios, long duration liabilities, and ALM operations. Investment, capital, treasury, and pricing teams face heightened exposure, with guaranteed return and long term savings products particularly vulnerable	To respond to these pressures, the organisation is strengthening its ALM framework and will integrate climate-sensitive financial scenarios into capital and investment planning. The business model is gradually shifting toward a more diversified investment strategy subject to regulatory restrictions, reducing concentration in interest-sensitive assets and increasing resilience to climate driven market shocks.	To mitigate these risks, the organisation is strengthening its ALM processes and diversifying its investment exposure across asset classes, sectors, and geographies. This includes adjusting portfolio duration, increasing the use of stress testing and scenario modelling, and implementing diversified risk strategies to reduce sensitivity to climate driven interest rate shocks.	Climate driven interest rate volatility affects solvency by altering asset values and increasing the present value of long term liabilities. These combined effects create short term pressure on solvency ratios and capital buffers.

Financial position, financial performance, and cash flows						
Current Impacts				Anticipated impacts		
	Impact on Financial Performance	Impact on Cash Flows	Impact on Cost of Capital	Impact on Financial Position	Impact on Financial Performance	Impact on Cash Flows
	Financial performance is affected by an increase in claims payouts resulting from higher incidence of climate linked health conditions. Rising morbidity leads to elevated health and life insurance claim ratios, putting pressure on underwriting performance and potentially affecting annual profitability.	Cash flows are impacted by higher claims outflows, as increased claim frequencies and severities directly reduce operating cash inflows relative to outflows. This may create short term cash flow strain during periods of heightened illness or widespread health related events driven by chronic climate conditions.	There is minimum to no impact on the organisation's cost of capital, as the effects of chronic climate-related morbidity trends are gradual and predictable. These patterns are typically incorporated into pricing and eventually into actuarial assumptions, limiting their impact on long term capital structure or investor perceived risk.	While short - and medium-term impacts remain limited, long-term exposure to increased morbidity and mortality from climate driven health conditions may reduce policyholder liabilities and asset balances as payouts rise and collections slow.	An increase in claims may affect short-term financial performance. Medium - and long-term profitability may be impacted by higher reinsurance premiums and potentially lower investment income if greater liquidity is required to manage fluctuating claims.	Claims payouts are expected to increase across all future horizons, with medium - and long-term periods also experiencing higher reinsurance premium outflows that may exert sustained pressure on operating cash flows.
	Falling interest rates reduce investment income and reinvestment yields, compressing margins and weakening profitability. Pressure increases when liability valuations rise faster than asset returns	Higher surrenders, as policyholders seek better returns elsewhere, create cash outflows and reduce future premium inflows	This risk has minimal impact on the organisation's cost of capital, as short term interest rate fluctuations do not materially affect long term capital structure or investor perceived risk, especially with prudent ALM and diversified investment strategies	Short term solvency may fluctuate due to changes in asset valuations and long term liability values. Over time, reinvestment risk, slower asset growth, and ALM mismatches may increase pressure on solvency and capital adequacy.	Short-term declines in interest rates may reduce investment income. Medium term pricing impacts may lower the Value of New Business (VNB). Over the long term, persistent low yield environments may reduce overall shareholder/ policyholder returns	Short term cash flows may be affected by increased surrenders as policyholders move to higher yield alternatives. In the medium and long term, declining investment income may reduce recurring cash flows.

STRATEGY

Key climate and Sustainability-related risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR5 - Challenges in transitioning to low carbon operations	Transitioning to low carbon operations raises operating costs due to limited low carbon infrastructure and technologies, affecting energy use, facilities, and processes. It will require significant future investment in facilities and technology, reshape capital allocation, increase long term expenses, and influence strategic priorities across procurement, facilities, technology, and corporate strategy.	This risk affects the entire organisation, with highest exposure in operations dependent on traditional energy, carbon intensive suppliers, and legacy technology. Facilities, procurement, supply chains, and operational units needing major upgrades are most vulnerable, alongside strategic planning, finance, and investment teams managing transition related costs across the full value chain.	To respond to these transition challenges, the organisation is integrating climate aligned investments and operational changes into its long-term strategy.	To mitigate transition risks, the organisation is investing in efficient, sustainable technologies, promoting low carbon mobility through EV/hybrid loan incentives, expanding solar energy use, and adopting carbon offset strategies. These measures enhance adaptability, lower long term operating costs, and support alignment with national low carbon goals.	There is no current material impact on the organisation's financial position from challenges in transitioning to low carbon operations. Existing asset marginally increased during the year with the purchase of electric vehicle fleet. Liabilities are not significantly affected within the reporting period.

Key climate and Sustainability-related risks	Business Model and Value Chain		Strategy and Decision Making	
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts
CO1 – Build resilience as a Digital-first Insurer	UA's digital investments reduce dependence on branches, streamline processes, and cut paper use. Strengthened digital capabilities ensure uninterrupted service during climate disruptions, enabling seamless onboarding, electronic premium collection, automated claims, and improved customer access regardless of physical constraints.	This opportunity is driven by organisation wide digital enablement rather than being tied to specific assets or facilities. The digitisation will positively impact across the entire value chain.	Customer onboarding; distribution; claims automation; operations will be more digital centric to reduce reliance on physical infrastructure and contact.	Invest in robust digital platforms and remote service capabilities to ensure uninterrupted sales and customer access during climate disruptions.

Financial position, financial performance, and cash flows					
Current Impacts			**Anticipated impacts**		
Impact on Financial Performance	**Impact on Cash Flows**	**Impact on Cost of Capital**	**Impact on Financial Position**	**Impact on Financial Performance**	**Impact on Cash Flows**
There is no significant impact on financial performance, as transition-related costs or operational changes have not yet materially influenced profitability, expenses, or revenue.	The purchase of electric /hybrid vehicle fleet during the year had an impact on the operational outflows.	This risk currently has minimum to no impact on the organisation's cost of capital, as transition risk have not affected capital structure, investor sentiment, or borrowing costs.	No significant effects are expected on the company's financial position across the short, medium, or long term at this stage.	Although there is no immediate impact, medium term exposure to carbon pricing or investments in adaptation efforts may increase operating expenses. Over the long term, broader structural costs may arise if transition expectations accelerate and require significant adaptation.	Over the long term, regulatory requirements may lead to capital expenditure to meet low carbon operational expectations.

Financial position, financial performance, and cash flows				
Current Impacts and anticipated impacts				
Impact on Financial Position	**Impact on Financial Performance**	**Impact on Cash Flows**	**Impact on Cost of Capital**	**Time Horizon**
Investments in software and digital platforms will increase the intangible assets over time in the Company.	Initial digital expenses may cause rise in IT maintenance expenses, third party vendor costs and higher amortisation of intangible assets. However, overtime the greater cost savings will be materialised thus bringing in operational cost savings.	Initial outflow on software investments, IT maintenance expenses.	Having minimum to no impact on the organisation's cost of capital, this would not affect capital structure or borrowing costs.	Immediate to medium

STRATEGY

Key climate and Sustainability-related risks	Business Model and Value Chain		Strategy and Decision Making	
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts
CO2- Higher Demand for Life Insurance Driven by Increasing Acute and Chronic Climate Risks	While UA has not yet seen major climate driven shifts in customer behaviour, rising health and mortality risks are expected to increase demand for protection products. This creates growth opportunities in health riders, critical illness cover, and other protection solutions across climate affected regions.	This opportunity is market wide and arises from evolving customer needs rather than any specific facility or physical asset location.	This would require significant changes to the product development, distribution channels, actuarial pricing, and marketing of products.	Develop needs-based products by anticipating evolving customer requirements backed by climate related data in collaboration with local institutions.

Summary of Strategy

	Risk/Opportunity	Impacted Value Chain Stage	Strategy	Adaptation/ Mitigation
Physical Risks	Physical climate risks disrupting branch operations causing impact to new business and premium collection.	2 5 6 8	Strengthen online sales, Clicklife app and call centre capabilities to reduce reliance on physical branches	Adaptation
			Promoting digital platforms for premium collections	Adaptation
	Disaster-Related claim surges.	7	Transfer part of disaster-related risk to reinsurers to protect liquidity	Mitigation
	Chronic climate impacts on health and life expectancy.	1 3 6 7	Increase reinsurance coverage to cap exposure to spikes in claims due to chronic climate-related events	Mitigation
	Climate-linked interest rate volatility.	5	Asset-Liability Management (ALM) and diversifying risks	Mitigation
Transition Risk	Challenges in transitioning to low carbon operations.	6	Investment in technology • Consider the possibility of incentivising loan facilities for EVs/hybrids • Solar powered investments Adaptation of Carbon off-setting strategies	Mitigation
Opportunities	Build resilience as a digital-first insurer.	1 2 4 5 7 8	Invest in robust digital platforms and remote service capabilities	Adaptation
	Increased demand for protection products.	1 3	Develop needs-based products by anticipating evolving customer requirements	Adaptation

1 Product design and development
2 Marketing & selling of insurance products
3 Underwriting and risk assessment
4 Policy issuance and customer onboarding
5 Premium collection and fund management
6 Maintenance and Support Functions
7 Claims management & payouts
8 Customer service & retention

Upstream — Internal Process — Downstream

Financial position, financial performance, and cash flows				
Current Impacts and anticipated impacts				
Impact on Financial Position	**Impact on Financial Performance**	**Impact on Cash Flows**	**Impact on Cost of Capital**	**Time Horizon**
In medium to long term, the growth in new business would increase the investment assets of the Company. This will also lead to high liability reserving to manage the future potential outflows from acute and chronic climate risks.	Growth in new business premiums will improve long-term business. Simultaneously the premiums ceded to reinsurers may also rise as a result of higher climate risk transfer.	New business premiums will increase the operating cash inflows of the business. This will also result in cash outflows in the form of payments to reinsurers.	Having minimum to no impact on the organisation's cost of capital, this would not affect capital structure or borrowing costs.	Medium to long

Climate Transition Planning

UA does not currently have a formal climate transition plan in place. However, the company acknowledges that regulatory requirements on greenhouse gas emission reporting and reductions are expected to become increasingly stringent in the years ahead. At the same time, customer expectations for sustainable and environmentally responsible business practices will continue to grow. In response, UA is actively evaluating the development of a structured climate transition plan considering local and international studies/research to guide its future commitments and actions.

Resilience of the Strategy

UA's strategy remains resilient to climate related risks through diversified distribution channels, strengthened digital capabilities, enhanced reinsurance programmes, and robust asset–liability management, all of which reduce exposure to physical disruptions, claims volatility, and financial instability. Although formal climate specific scenario analysis has not yet been conducted, climate related stresses are already incorporated into capital, reserving, and liquidity assessments. UA is evaluating the integration of more explicit climate scenarios into strategic planning and risk assessment to further strengthen long term resilience

RISK MANAGEMENT

Risk Management Structure

UA operates a comprehensive Enterprise Risk Management (ERM) framework that supports structured risk identification, assessment, and mitigation across the organisation. Climate related risks and opportunities deemed material are now formally included in the quarterly Risk Committee agenda and reviewed with the same rigour as operational, financial, and compliance risks. Through a detailed value chain assessment, UA has examined each stage of operations, engaging relevant stakeholders to identify sustainability and climate related risks and opportunities across upstream, operational, and downstream activities.

Refer Business Model on page 22

Integrated ERM Inputs & Value Chain Risk Framework

(a) Process for Climate Related Risks

UA identifies, assesses, prioritises, and monitors sustainability and climate related risks and opportunities through an integrated Enterprise Risk Management Framework (ERMF) applied consistently across the organisation. This framework is aligned with the JKH Group's risk assessment methodology and governance standards.

Refer Risk Management Report on page 226

Inputs and Parameters

Key inputs - Financial & operational data, internal risk registers, industry & market trends, regulatory & compliance updates, stakeholder feedback and sustainability performance metrics.

ERM Headline Risk Categories

- External environment
- Business strategy and policies
- Business Processes
- Organisation & people
- Analysis and reporting
- Technology and data
- Sustainability and CSR

The Company's headline risk categories form the basis for identifying, assessing, and managing risks across the organisation.

Key Data Inputs Supporting Risk Assessment

- Financial and operational data
- Risk registers & asset-level assessments
- Market & industry trends
- Regulatory & compliance updates
- Stakeholder feedback
- Sustainability metrics

The Committee considers key inputs as the foundation for identifying the principal risks faced by the Company.

Value Chain Climate Risk Assessment (ESG Committee)

Upstream > Operational > Downstream

(Evaluation of Physical + Transition risks)

The Sustainability/ESG Management Committee conducted assessments across each stage of the value chain, working with relevant stakeholders to evaluate how physical and transition risks impact upstream, operational, and downstream activities.

Governance & Oversight

Dedicated team ensures climate/ sustainability risks are fully integrated across ERM processes

These risk areas are overseen by a dedicated team with regular updates to the Board, ensuring that sustainability and climate related risks are consistently reviewed and fully integrated into the broader risk management process.

(i) Climate – Related Scenario Analysis

UA does not currently carryout climate-related scenario analysis to inform the identification of climate-related risks. However, the company recognises the importance of such tools in strengthening its risk management framework and is actively evaluating the adoption of scenario analysis methodologies.

(ii) Nature, Likelihood and Magnitude

UA evaluates climate related risks using a structured qualitative risk assessment methodology.

- Nature of each risk is defined through detailed descriptions that link the event to specific operational exposures and non financial dependencies.
- Likelihood is assessed using a scoring scale aligned with the ERM framework and informed by expert judgement, historical incidents, climate considerations, and the effectiveness of existing controls.
- Magnitude is estimated qualitatively, considering potential impacts on financial performance, financial position, and cash flows across short-, medium-, and long term horizons, as well as the degree of controllability UA has over each risk.

A net risk rating is then calculated by combining likelihood and impact scores, enabling comparability and effective prioritisation across the enterprise risk framework.

(iii) Prioritisation of Climate – Related Risks

The ESG Management Committee convened on three occasions during the year and used the value chain mapping process to identify climate related risks and opportunities at each stage of the business value chain.

- Acute physical risks are prioritised due to their potential to cause service delays, physical damage to assets, spikes in health claims and lapses.
- Chronic climate-related risks are prioritised considering their impact on health and life expectancy of customers, causing increase in claims.

- Transitional risks are prioritised considering the impact on environmental footprint and brand reputation.

(iv) Monitoring Climate – Related Risks

UA monitors climate related risks through continuous tracking of key operational, regulatory, and environmental indicators. This includes regular reviews of energy consumption, emissions, resource efficiency, and market or stakeholder expectations related to sustainability. These insights are reported through established governance structures with oversight from the BACC and the ESG Management Committee. While current monitoring focuses on operational and compliance based metrics, UA is strengthening its approach by developing forward looking tools, such as scenario analysis and climate impact assessments to enhance its ability to anticipate and respond to emerging climate related risks.

(v) Changes in processes

Continuing with the previous reporting period, the entity has maintained the core processes it uses to identify, assess, prioritise, and manage climate related risks and opportunities. The existing Enterprise Risk Management (ERM) framework continues to provide the foundation for risk identification and assessment activities across the company.

Although the core processes remain unchanged, the company has strengthened several aspects of its climate related risk and opportunity approach to improve governance and alignment with emerging sustainability standards. Key enhancements include:

- Strengthened governance structures, including formal oversight by the Board and BACC and deeper integration driven by the ESG Management Committee.
- Improved value chain mapping, enabling a more detailed assessment of climate related physical, transition, and opportunity related impacts across business activities.
- Integration of climate related opportunities into business planning
- Determining appropriate time horizons for climate related risk assessment.
- Scanning the regulatory horizon to anticipate changes in legislation, regulations, standards, and frameworks.

(b) Processes for Climate- Related Opportunities

The company used the same processes that apply to climate related risks to identify climate related opportunities, ensuring consistency and alignment across the framework.

Potential opportunities are identified through;

- monitoring market developments
- regulatory changes

It is then assessed for viability and commercial potential by the ESG Management Committee and BACC, with consideration given to any new risks they may introduce. Relevant opportunities are to be incorporated into the Company's strategy and embedded into the broader five-year business plan.

These include opportunities in sustainable finance and investment, relevant to insurance risk profiles, and renewable energy transition projects that lower operational emissions.

(c) Integration into Overall Risk Management

UA is in the early stages of its SLFRS S1 and S2 reporting journey. As its risk management processes continue to mature, UA expects to undertake more detailed assessments of climate related risks and opportunities and to strengthen their integration into strategic decision making.

Way Forward

In future reporting periods, UA plans to enhance the depth and transparency of its climate related disclosures by providing more detailed analysis of consolidated climate risks and opportunities, including their potential financial impacts and the specific value chain stages most exposed to climate related effects.

UA also intends to progressively strengthen the integration of sustainability related risks and opportunities within the Enterprise Risk Management Framework (ERMF), while updating risk policies and tolerance statements as necessary, ensuring deeper alignment with evolving sustainability standards and improved incorporation into strategic decision making processes.

METRICS AND TARGETS

GHG Emissions

Measurement Approach

Scope 1

UA measures Scope 1 greenhouse gas (GHG) emissions based on direct emissions arising from sources owned or controlled by the company. The methodology includes tracking generator and vehicle fuel consumption across operations, which represent the primary contributors within the organisational boundary.

Scope 2

UA calculates Scope 2 GHG emissions based on electricity consumption across all operational locations applying the location-based method to quantify indirect emissions from purchased electricity.

Scope 3

UA measured Scope 3 emissions using activity data related to assets not owned or controlled by the organisation,but indirectly consumes in the value chain. During the year, UA has adopted a selective scope 3 disclosure under the permitted transition reliefs covering categories 3, 5, 6 and 7 of the Greenhouse Gas Protocol. These categories were prioritised based on Industry relevance and data availability. Looking ahead, UA will monitor all material scope 3 categories, including Category 15 (Investments), and Purchased Goods and Services (Category 1) and Capital Goods (Category 2) as applicable to life insurance operations of UA.

Inputs

- **Scope 1:** Generator and vehicle fuel consumption
- **Scope 2:** Electricity consumption
- **Scope 3:** Waste disposal volumes, water usage, business travel (local and foreign), employee commuting patterns

[1] *We have partially disclosed scope 3 emissions. Categories considered are electricity consumption, employee commuting, business travel, waste disposal volumes and water consumption.*

Carbon footprint by Scope and category (tCO2e)		
Scope of GHG emissions	**2025**	**2024**
Scope 1 [SLFRS S2.29(a)(i)(1)]	66.34	53.30
Scope 2 (location-based) [SLFRS S2.29(a)(i)(2)]	830.91	744.37
Scope 3[1] [SLFRS S2.29(a)(i)(3)]	961.47	842.03
Total GHG emissions	1,858.72	1,639.70

Assumptions

UA uses reasonable and supportable assumptions related to fuel-use conversion factors, grid emission factors, waste emission factors and estimated commuting distances where direct measurements are unavailable.

Reasoning for the Selected Measurement Approach, Inputs & Assumptions

The chosen assumptions and inputs capture UA's most material emission sources and support reliable quantification based on available operational data.

Metrics

Risk Type	Amount / Percentage of Assets or Activities	Capital Deployment
Transition Risk	GHG Emissions from Scope 1,2,3	-
Physical Risk	Claims paid under the specific risk category as a proportion of the total claims (Net of reinsurance)	-
Physical Risk-Chronic	Absolute gross financed emissions FN-IN-410c.1 Gross exposure for each industry by asset class. FN-IN-410c.2 Percentage of gross exposure included in the financed emissions FN-IN-410c.3 Description of the methodology used to calculate financed emissions FN-IN-410c.4	-

UA continues to evaluate climate related risks and anticipates enhancing quantitative disclosures as more comprehensive datasets become available.

Internal Carbon Pricing

- **Application of Carbon Pricing in Decision Making:** As of 2025, UA has not implemented an internal carbon pricing mechanism and does not apply a carbon price in decision making, investment evaluation, or scenario analysis.
- **Price per Metric Ton of GHG Emissions:** Not applicable, as UA has not yet been implemented an internal carbon pricing mechanism.

Remuneration

How Climate Related Considerations Are Factored:

UA has not yet integrated ESG or climate related key performance indicators (KPIs) into executive performance evaluation or remuneration frameworks. However, UA will consider the potential of incorporating such KPIs into future remuneration structures.

Climate Linked Executive Remuneration (%):

Not currently linked to climate related considerations. Future integration will be evaluated as part of broader ESG governance enhancements.

Targets

As data availability, systems and internal capabilities mature, UA intends to progressively expand its climate related metrics and introduce science aligned targets consistent with John Keells Group objectives, thereby supporting a more resilient and sustainable operating model.