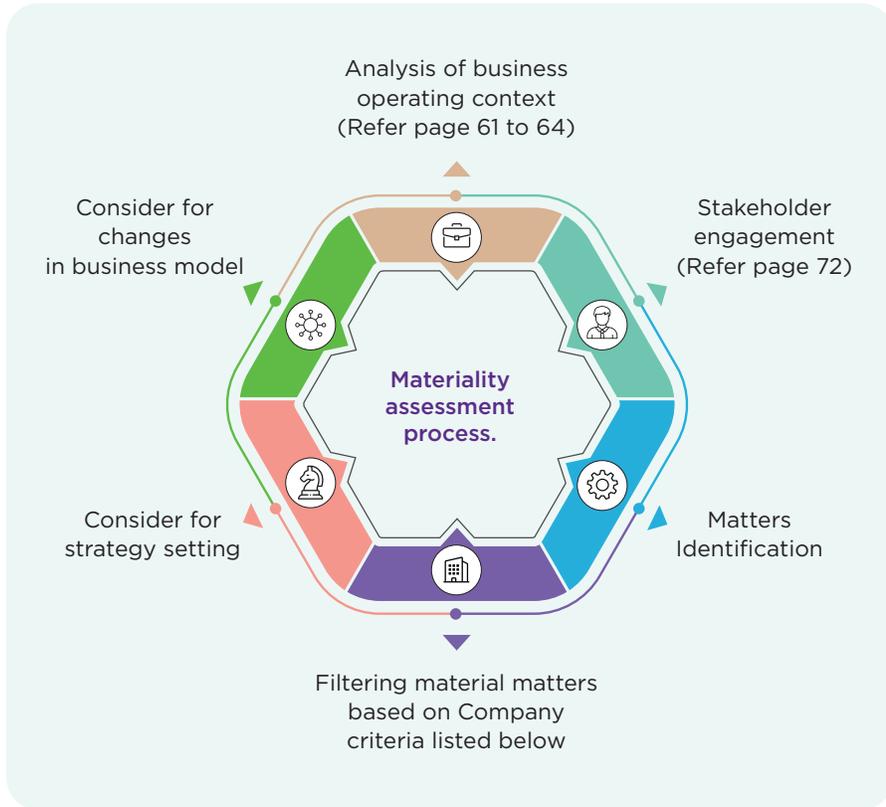


MATERIALITY IN FOCUS, OUR STRATEGIC IMPERATIVES

Our commitment to addressing significant concerns with a **Bolder** strategic vision

GRI 3-1 3-2 <IR> 4H

SLI conducts an annual assessment of material matters that may impact the value we generate over time and our capacity to fulfil our purpose. We adhere to a structured process outlined below to identify matters of significance to us. The results of this procedure inform the content of our integrated report.



to stakeholder prioritization and their impact on our value creation.

Secondly, we assess the results of our analysis of the operating environment, both internal and external. These could represent risks or opportunities that might have significantly influenced our journey of value creation.

THE BOARD CONTRIBUTION

The executive management team, including Managing Directors, identifies issues that affect our business and provides regular reports to the Board. The Board then approves strategic directions based on evaluations of these matters, prioritizing those that are most significant within the given context.

PRIORITISING MATERIAL MATTERS

Below heat map prioritises material matters based on the impact and probability of occurrence.

CHANGING MATERIALITY

The operating environment of the Company in 2023 crowded impact from the economic collapse. Accordingly, the importance of material matters was shifted compared to previous year.

FUTURE FOCUS

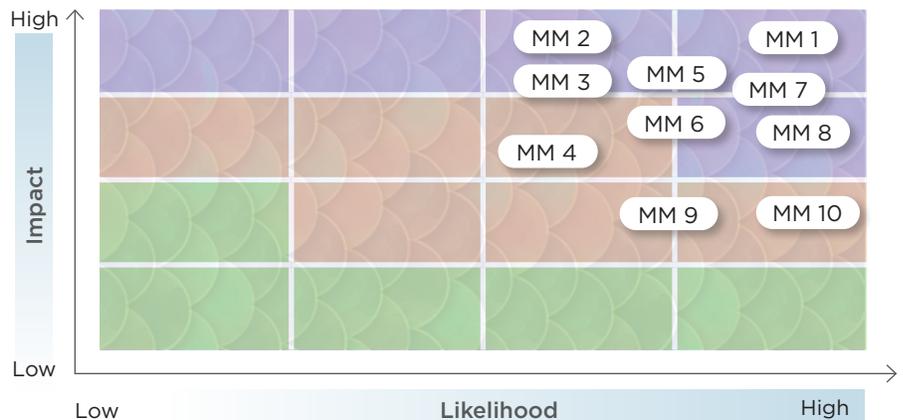
Material matters discussed below are futuristic which we considered for medium term strategy setting.

We recognize a matter as material if :

- It has a significant impact on our strategic direction
- It has a significant impact on our value creation process
- It is recognised as a significant risk as per the Company's risk management framework
- It is a concern of the stakeholder based on the priority of the stakeholder

TWO WAY METHOD TO IDENTIFY MATERIAL MATTERS

Initially, we detect issues stemming from our stakeholder engagement process. These issues are evaluated for strategic consideration according



DELIVER SUSTAINABLE RETURN		MM 1
<p>WHY IT IS MATERIAL: The Company faces significant challenges in generating sustainable financial results amidst volatile market conditions. Factors such as high inflation and shrinking disposable income contribute to heightened uncertainty in achieving consistent outcomes.</p>	<p>2023 EXPERIENCE : Challenging environment persist throughout the year. Refer operational review on page 43 to 59</p>	<p>STRATEGIC ALIGNMENT : Phenomenal Sales </p>
	<p>FUTURE EXPECTATION : Expected intensive pressure due to competitor action and economic conditions. (Refer financial capital on page 92)</p>	<p>UNSDG :  </p>
	<p>GRI : 201-1</p>	<p>CAPITAL WILL BE IMPACTED :  </p>

TALENT RETENTION AND NEW TALENT ACQUISITION		MM 2
<p>WHY IT IS MATERIAL: The life insurance business in Sri Lanka heavily relies on human interaction. Thus, maintaining high-quality staff, including field staff, is crucial for our business success. We are witnessing a trend of increasing migration among professionals and others, directly impacting the retention of quality human capital within the company.</p>	<p>2023 EXPERIENCE : Experienced highest level of migration in the history Refer human capital on page 48 to 111.</p>	<p>STRATEGIC ALIGNMENT : Phenomenal Sales  Most caring life insurer </p>
	<p>FUTURE EXPECTATION : Expect to continue same trend in 2024. (Refer human capital on page 98)</p>	<p>UNSDG :  </p>
	<p>GRI : 401-1/ 401-2/ 401-3/ 404-1/ 404-2/ 404-3</p>	<p>CAPITAL WILL BE IMPACTED :  </p>

SALES STAFF INCOME, RECOGNITION AND CAREER GROWTH		MM 3
<p>WHY IT IS MATERIAL: The sales staff are at the forefront, driving revenue for the company. Our growth hinges on their efforts. In return, the company ensures their income levels, provides appropriate recognition, and supports career advancement.</p>	<p>2023 EXPERIENCE : Income level partially impacted due to low new business production. Refer business partners section on page 121.</p>	<p>STRATEGIC ALIGNMENT : Phenomenal Sales </p>
	<p>FUTURE EXPECTATION : Expect to continue same trend in 2024. (Refer human capital on page 98)</p>	<p>UNSDG :  </p>
	<p>GRI : 404-1/ 404-2/404-3</p>	<p>CAPITAL WILL BE IMPACTED :  </p>

MATERIALITY IN FOCUS, OUR STRATEGIC IMPERATIVES

EMPLOYEE COMPENSATION, CAREER GROWTH AND JOB SECURITY		MM 4
<p>WHY IT IS MATERIAL: The economic conditions in Sri Lanka, characterized by high inflation, have had an impact on our employees. They anticipate compensation adjustments to keep pace with inflation and express significant concerns regarding job security given the current economic outlook.</p>	<p>2023 EXPERIENCE : Additional increment was given in end of 2022. (Refer human capital section on page 98)</p>	<p>STRATEGIC ALIGNMENT : Lean and Fast </p>
	<p>FUTURE EXPECTATION : We anticipate that these pressures will normalize over time. (Refer human capital on page 98)</p>	<p>UNSDG :  </p>
	<p>GRI : 401-2/ 404-1/ 404-2</p>	<p>CAPITAL WILL BE IMPACTED :  </p>

PROVIDING SUPERIOR CUSTOMER SERVICE		MM 5
<p>WHY IT IS MATERIAL: Customer service plays a pivotal role as the primary differentiator in the life insurance business, as customers frequently engage with us for reasons such as claims, benefit enhancements, and more. Consequently, ensuring exceptional customer service remains a top priority on our agenda.</p>	<p>2023 EXPERIENCE : We had highest net promoter score in the industry (Refer intellectual capital section on page 130)</p>	<p>STRATEGIC ALIGNMENT : Most caring life insurer Smart IT digitalization</p>
	<p>FUTURE EXPECTATION : We continue to focus on developing this area. (Refer Customer section on page 113)</p>	<p>UNSDG :   </p>
	<p>GRI : 416-1/ 416-2/ 417-1/ 417-2 / 418-1</p>	<p>CAPITAL WILL BE IMPACTED :   </p>

HIGH MEDICAL INFLATION AND TREND OF EPIDEMIC		MM 6
<p>WHY IT IS MATERIAL: Medical inflation was notably higher during 2023, while individuals compelled to purchase medication due to shortages in hospitals. There were many epidemics persistent for most of the months during the year. This directly contributed to increased claims outflows.</p>	<p>2023 EXPERIENCE : We experienced higher claim outgo (Refer operational review on page 43)</p>	<p>STRATEGIC ALIGNMENT : Most caring life insurer King of Data  </p>
	<p>FUTURE EXPECTATION : Trend will continue to foreseeable future. (Refer MD's statement on page 40)</p>	<p>UNSDG :  </p>
	<p>GRI : 201-1</p>	<p>CAPITAL WILL BE IMPACTED :</p>

ADOPTING NEW TECHNOLOGY		MM 7
<p>WHY IT IS MATERIAL: As a company with an innovation-driven culture, embracing new technology is essential for achieving excellence in our performance.</p> <p>UNSDG : </p>	<p>2023 EXPERIENCE : SLI implemented many new developments within the business (Refer intellectual capital on page 130)</p>	<p>STRATEGIC ALIGNMENT : Most caring life insurer Smart IT digitalization  </p>
	<p>FUTURE EXPECTATION : Keep focusing on new development as this will be a key differentiator for SLI (Refer Customer section on page 113)</p>	<p>CAPITAL WILL BE IMPACTED :</p>    

CYBERSECURITY		MM 8
<p>WHY IT IS MATERIAL: Our strategic move to digitalization, innovation and used of AI naturally bring high risk of cyber threats. Accordingly we cyber security is key concern of our business process</p> <p>UNSDG : </p>	<p>2023 EXPERIENCE : There were no significant cyber threat is reported (Refer intellectual capital on page 130)</p>	<p>STRATEGIC ALIGNMENT : Most caring life insurer Smart IT digitalization  </p>
	<p>FUTURE EXPECTATION : Keep updating our internal security measures in terms of cyber threats</p>	<p>CAPITAL WILL BE IMPACTED :</p>   

EXCELLENCE GOVERNANCE FRAMEWORK AND REGULATORY ENGAGEMENTS		MM 9
<p>WHY IT IS MATERIAL: Corporate governance and risk management are critical activities in the life insurance industry, given our responsibility for managing customers' risks and finances through long-term contracts. Failure to adhere to these best practices can lead to a loss of customer trust and failure to compete effectively in the industry.</p>	<p>2023 EXPERIENCE : Maintain good governance (Refer page 24 for awards received in recognition of CG practices)</p>	<p>STRATEGIC ALIGNMENT : </p> <p>Governance</p>
	<p>FUTURE EXPECTATION : Further improve governance practices</p>	<p>UNSDG : </p>
	<p>GRI : 2-9/ 2-10/ 2-11/ 2-12/ 2-13/ 2-14</p>	<p>CAPITAL WILL BE IMPACTED :</p>  

IMPLEMENTATION OF SLFRS 17		MM 10
<p>WHY IT IS MATERIAL: SLFRS 17 has a significant impact on how we measure and report our performance. Aligning our business processes with SLFRS 17 requires additional effort from all key stakeholders.</p> <p>GRI : 2-9/ 2-10/ 2-11/ 2-12/ 2-13/ 2-14</p>	<p>2023 EXPERIENCE : We are working on implementation plan (Refer IFRS 17 update on page 398)</p>	<p>STRATEGIC ALIGNMENT : </p> <p>Risk Management</p>
	<p>FUTURE EXPECTATION : Comply requirements on due dates as per the standards</p>	<p>CAPITAL WILL BE IMPACTED :</p>  