

Board of Directors



Mr. Ashok Pathirage
Chairman



Mr. Iftikar Ahamed
Managing Director



Mr. Haresh Kaimal
Director



Ms. Fernanda Lima
Director



Mr. V. Govindasamy
Director



Mr. Raimund Snyders
Director



Mr. Sanjaya Mohottala
Director



Mr. Lalith Withana
Director

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

Mr. Ashok Pathirage Chairman

Skills and Experience

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure and Automobiles. Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation in Sri Lanka's private healthcare services.

Other Current Appointments

Softlogic Holdings PLC, Softlogic Capital PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC where he serves as Chairman/Managing Director are listed companies in the Colombo Stock Exchange. He is the Chairman of NDB Capital Holdings Ltd. Mr. Pathirage serves as the Chairman of Sri Lankan Airlines Limited, an airline where the Government of Sri Lanka is the principal shareholder and is also the Chairman of Sri Lankan Catering Limited.

Previous Appointments

He also served as the Deputy Chairman of National Development Bank PLC until completion of his full tenure in terms of the regulatory guidelines.

Mr. Iftikar Ahamed Managing Director

Skills and Experience

Mr. Iftikar Ahamed holds over three decades of experience in a wide range of positions within the financial

services industry and has extensive banking experience both in Sri Lanka and overseas. He holds a MBA from the University of Wales, UK.

Other Current Appointments

Mr. Ahamed was appointed as Managing Director of Softlogic Life Insurance PLC in January 2014. He is a Director of Softlogic Stockbrokers (Pvt) Limited, Softlogic Corporate Services (Pvt) Limited, Softlogic Asset Management (Pvt) Limited and Softlogic Australia Pty Limited.

Previous Appointments

Mr. Ahamed has previously held senior management positions as Deputy Chief Executive Officer at Nations Trust Bank PLC, and Senior Associate Director at Deutsche Bank AG.

Mr. Haresh Kaimal Director

Skills and Experience

Mr. Haresh Kaimal is a co-founder of the Softlogic Group and a Director since its inception. With over 3 decades of experience in IT and Operations, he heads the Group IT division which oversees the entire Group requirements in Information Technology, covering all sectors.

Other Current Appointments

He is an Executive Director of Softlogic BPO Service (Pvt) Ltd, Director of Softlogic Holdings PLC, Director of Softlogic Finance PLC, Director of Odel PLC, and many other Group companies.

Ms. Fernanda Lima Director

Skills and Experience

Ms. Fernanda Lima has over 20 years of experience in financial services and private equity investing in emerging markets. She has hands-on experience in growing inclusive financial institutions across Asia and has held a number of Board and senior roles in Investee companies. She holds a Master of Science in

Environment and Development from the London School of Economics and a Master in Business Administration from the University of London and Imperial College. She was a British Chevening Scholar and speaks fluent Portuguese and Spanish.

Other Current Appointments

Ms. Lima is currently based out of Singapore and a Partner for Leapfrog Investments - LeapFrog has raised over US \$2Bn from global institutional investors, including \$500Mn recently committed by Temasek to LeapFrog and future funds. Ms. Lima joined LeapFrog in 2018, after 9 years at US-based Developing World Markets, where she was a Managing Director in Asia. She has extensive portfolio management expertise including portfolio investments in Sri Lanka, Cambodia, China, India, Indonesia and Vietnam.

Previous Appointments

Earlier, Ms. Lima was Vice President for AIG Global Investment Group in London and with venture capital firm AFLA/CVC in Sao Paulo, Brazil having started her career with Brazil-based Unibanco/ITAU, largest financial conglomerate in the southern hemisphere.

Mr. V. Govindasamy Director

Skills and Experience

Mr. V. Govindasamy holds a Bachelor of Science in Electrical Engineering and MBA from the University of Hartford, USA. He is a Fellow Member of the Institute of Certified Professional Managers of Sri Lanka. His international experience coupled with his innate managerial capability and innovative qualities enabled him to transform the plantation business, achieving perceptible improvement in quality, production standards and penetration into new markets.

Other Current Appointments

Mr. V. Govindasamy is the Deputy Chairman of Sunshine Holdings PLC and pioneered the Group's

diversification into newer but key economic sectors such as Consumer Business, Healthcare, Plantations and Dairy. He currently serves as a Member of the Governing Board of the Central Bank of Sri Lanka and previously held the position of the Chairman at the Ceylon Chamber of Commerce (CCC)

Mr. Raimund Snyders
Director

Skills and Experience

Mr. Raimund Snyders holds a Bachelor of Commerce, Bachelor of Laws from Stellenbosch University, as well as Executive Leadership qualifications from the Graduate School of Business, University of Cape Town, and Harvard Business School. He is one of the most seasoned insurance leaders in the industry. His experience in the insurance industry is both vast and deep. Over his career, Raimund has led organic and inorganic expansion, sales, marketing, product development, distribution, bancassurance, investment and wealth management - with responsibilities across retail, institutional and enterprise functions cultivated over 27 years of career with Old Mutual.

Other Current Appointments

Currently, Mr. Snyders sits on the Board of Directors of miLife Insurance Limited and AllCO Limited, both Africa-based insurers.

Previous Appointments

Mr. Snyders served as the CEO of Mutual and Federal, the 185-year-old insurer in the Old Mutual Group, and he led a turnaround of the Company as part of the Old Mutual Group's strategy to establish itself as a leading financial services group across the African continent. Under his leadership, Mutual and Federal was rebranded to become Old Mutual Insure. Prior to this, Mr. Snyders served in executive leadership positions in the Old Mutual Group,

leading large multidisciplinary teams in areas of business such as distribution, bancassurance, investments and wealth management key positions included: COO and Head of Distribution for Old Mutual's African operations; Executive General Manager, Old Mutual Life Assurance Co (South Africa); CEO, Old Mutual Life Assurance Co (Namibia); and Managing Director, Old Mutual Investment Services.

Mr. Sanjaya Mohottala
Director

Skills and Experience

Mr. Sanjaya Mohottala is a Managing Director and Partner at Boston Consulting Group. He has extensive experience in strategy, mergers & acquisitions and investments, restructuring, operational improvement, sales and marketing, digitisation and advanced analytics. Mr. Mohottala has led multiple merger discussions and post-merger integration efforts. He has also worked on largescale global transformation efforts. He received his MBA from the UCLA Anderson School of Management (Fulbright Scholar, USA), holds a BSc (Hons) from the University of Moratuwa, Management Accountant - CIMA, Diploma in Marketing - CIM.

Previous Appointments

Mr. Mohottala was the former BOI Chairman, was a board member at the Export Development Board, Sri Lankan Airlines and the International Chamber of Commerce-Sri Lanka.

Mr. Lalith Withana
Director

Skills and Experience

Mr. Lalith Withana holds a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester Metropolitan, UK. He is a Fellow Member of both Chartered Institute of Management Accountants (FCMA),

UK, and the Institute of Chartered Accountants of Sri Lanka (FCA). He is also a Project Management Professional of the Project Management Institute (PMI), USA.

Other Current Appointments

Mr. Withana is currently serving as the Founder and the Managing Director of Agility Consulting Services (Pvt) Ltd, and as a Director of Serendipity Leisure (Pvt) Ltd. and HNB Finance PLC. He serves currently as a Vice President of the Project Management Institute (PMI), local chapter and as an executive committee member of the National Olympics Committee.

Previous Appointments

Mr. Withana has held management positions in the corporate sector for over 25 years, during which he has held senior management positions in Banking, Manufacturing and Trading for more than 25 years. He has worked with many organisations such as Brandix Group, Ernst & Young, Amsterdam Rotterdam (Amro) Bank, IBM World Trade Corporation & Carson Cumberbatch, Ceylon Tea Services Limited, Yamaha Corporation in (USA), Sri Lankan Airlines and Sri Lankan Catering. He had previously served as an Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka PLC, and Seylan Bank. Mr. Withana had also been a Commissioner of the Telecommunications Regulatory Commission.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

Corporate Management Team



Iftikar Ahamed
Managing Director



Indu Attygala
Deputy Chief Executive
Officer



Thilanka Kiriporuwa
Chief Corporate Services
Officer



Amal Dharmapriya
Chief Information Officer



Suranga Waduge
Chief Actuarial Officer



Nuwan Withanage
Chief Financial Officer



Pranama Perera
Chief Technical Officer



Piyumal Wickramasinghe
Chief Distribution Officer -
Alternate Channel



Indika Bamunusinghe
Chief Human Resources
Officer



Ruwantha Arukwatta
Chief Audit And Compliance
Officer



Saranga Wijayarathne
Chief Digital Innovation
Officer



Rushika Bemunuge
Chief Risk Officer

Iftikar Ahamed
Managing Director

Please refer Profiles of the Board of Directors on page 162.

Indu Attygala
Deputy Chief Executive Officer

MBA University of Northampton, UK

30 years of experience in Insurance.

Thilanka Kiriporuwa
Chief Corporate Services Officer

Master's in Business Studies (UOC), CIM (UK), LLB Hons (UK) Diploma in Human Resources and a Diploma in Information Technology.

22+ years' experience in Human Resources, Customer Service, Logistics, Administration, Facilities Management, Retail, General Operations and Micro Insurance.

Amal Dharmapriya
Chief Information Officer

B.Sc. (Applied Science), M.Sc. (Computer Science), MBA (USJP), CISM (ISACA),

24 years of experience in the IT industry, specialised in delivering FinTech, Insurtech, BPA and DX & CX solutions.

He serves as Chairman of Information Technology Committee of the Insurance Association of Sri Lanka (IASL) and was recognised as one of Top 200 CIOs of the World in 2023 by Global CIO Forum.

Suranga Waduge
Chief Actuarial Officer

BSc (Hons), MSc (Mathematics and Statistics), MSc (Actuarial Management).

19 years of experience in the Actuarial and Life Insurance. President of the Actuarial Association of Sri Lanka.

Nuwana Withanage
Chief Financial Officer

Master of Business Administration (MBA) Post Graduate Institute of Management, (University of Sri Jayewardenepura), a Fellow Member (FCA) of the Institute of Chartered Accountants of Sri Lanka, Associate Member of Association of Chartered Certified Accountants (ACCA) - United Kingdom, Bachelor of Business Management Finance Special, (University of Kelaniya), Member of Certified Management Accountants of Sri Lanka (ACMA).

He serves as member of Open University of Sri Lanka. He also served as member of Governing council (elect) of Institute of Chartered Accountants of Sri Lanka and Chairman of the Finance and Technical Committee (CFO Forum) of the Insurance Association of Sri Lanka for 5 years.

He currently serves in many public Committees such as Chairman of the Professional Accounting in Business Committee (PAIB), member of Standard Interpretation committee, member of SLFRS 17 Implementation task force at the Institute of Chartered Accountant of Sri Lanka and serves as member of the Sustainability Reporting and Assurance committee of South Asian Federation of Accountants (SAFA).

He counts for 19 years of experience in fields of Insurance, Finance, Strategy, Investor Relations, overseas expansion, Audit and General Management.

Pranama Perera
Chief Technical Officer

ACII Chartered Insurer, MBA Manipal University India

27 years of experience in Insurance.

Piyumal Wickramasinghe
Chief Distribution Officer - Alternate Channel

B.A (Hons) in Business Management - Middlesex University, London MBA - Cardiff Metropolitan University, Cardiff.

19 years of experience in Insurance.

Indika Bamunusinghe
Chief Human Resources Officer

B.Bus (Management and HRM) - La Trobe University, Australia

18 years of experience in Human Resource Management in Insurance and Retail Sectors in Sri Lanka, Australia and Hong Kong.

He serves as Chairman HR Committee of the Insurance Association of Sri Lanka

Ruwantha Arukwatta
Chief Audit and Compliance Officer

ACA

18 years of experience in public Accounting Practices and Internal Audit.

Saranga Wijayarathne
Chief Digital Innovation Officer

MBCS, PgISM University of Colombo.

20 years of experience in Information Technology specialised in Artificial Intelligence and Data Science.

Rushika Bemunuge
Chief Risk Officer

Master's in financial economics, University of Colombo, BSc. Economics, London School of Economics.

16 years of experience in Risk Management with specialist focus on Market Risk Management in Banking and Insurance.

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Sales Management Team



Sandamal Hettiarachchi
Senior General Manager -
Agency Transformation



Roshan Peiris
General Manager - National
Distribution



Upul Jayasekara
General Manager



Nishantha Bandara
General Manager



Priyashantha Siriwardena
General Manager



Susil Atapattu
General Manager



Nishan Chaminda
General Manager



Hiran Gunawardena
General Manager - Business
Development



Luxman Peiris
Deputy General Manager



Nihal Perera
Assistant General Manager



Viranga Gunathilaka
Assistant General Manager



Chaminda Weerakkody
Assistant General Manager



Chaminda Dissanayake
Sales Manager

Sandamal Hettiarachchi
Senior General Manager - Agency Transformation

Diploma in Aviation Maintenance, Diploma in Marketing, Diploma in HR, Higher Diploma in Sales Management.

36 years of experience in the Insurance industry and 5 years in Aeronautical Field.

Roshan Peiris
General Manager – National Distribution

Certified Professional Marketer(AMF), Chartered Insurance Agency Manager (LIMRA-USA).

Fellow Life Underwriters Training Council (LIMRA-USA).

Certified Moderator (LIMRA-USA).

29 years in insurance Industry.

Upul Jayasekara
General Manager

BSc (Physical Science) at University of Colombo, Diploma in Business Management at NIBM.

24 years of experience in the Insurance industry.

Nishantha Bandara
General Manager

Master of Business Administration at London Metropolitan University, The Programme of “Middle Level Executives “at National Insurance Academy, Pune, India, The Oriental Life Insurance Seminar 2006 November in Tokyo, OLIS ASIA 2007 - Kuala Lumpur on Marketing at the Malaysian Insurance Institute. The Oriental Life Insurance Seminar 2010 Autumn in Tokyo.

34 years in the Insurance industry.

Priyashantha Siriwardena
General Manager

MBA from Buckinghamshire New University of UK, Chartered Insurance Agency Manager Degree from CIAM - LIMRA, Post Graduate Diploma in Service Marketing from Netherlands - Business School of Maastricht, Diploma in Marketing – Sri Lanka Institute of Marketing, Diploma in Business Management – Institute of Management Specialist (UK).

32 years of experience in the Insurance industry.

Susil Atapattu
General Manager

Doctor of Humanities (American National Business University), Bachelor of Business Administration - BBA (Central American Business University), Master Management Consultant - MMC (American Academy of Project Management), Master of Business Administration - MBA - Azteca University - Chalco, Mexico, AMTC USA.

30 years of experience in the Life Insurance industry.

Nishan Chaminda
General Manager

Certified AMTC – USA, LUCTF.UK. SIM. Singapore Completed AMTC Management Training Course Life Insurance Conduct by International (USA).

29 years in Insurance industry.

Hiran Gunawardena
General Manager - Business Development

BA (Defense Studies) - Kothalawala Defense University, CIAM (USA), CFM (USA) LUTCF (USA) Dip in Life Insurance Marketing (USA), Certified NLP Business Practitioner (India).

11 years of experience in Defence services and 27 years in the Insurance industry.

Luxman Peiris
Deputy General Manager

LUTC & AMTC

23 years in the Insurance industry.

Nihal Perera
Assistant General Manager

Higher National Diploma in Accountancy, LUTCF (USA), LIM “Dip” (USA).

36 years in the Insurance industry.

Viranga Gunathilaka
Assistant General Manager

BA University of Ruhuna.

29 years of experience in the Insurance industry.

Chaminda Weerakkody
Assistant General Manager

BSc (Sp) Hons AGRIC. - University of Peradeniya, Post Graduate Diploma in Business Management- University of Peradeniya, Diploma in Insurance SLII - Sri Lanka Insurance Institute, MBA London Metropolitan University – UK, CPM - Certified Professional Marketer, AWF - CII.UK - Award in Financial Planning - Chartered Insurance Institute UK.

27 years of experience in the Financial Services Industry comprising 6 years in Investment/ Merchant Banking & Finance, 21 years in Insurance.

Chaminda Dissanayake
Sales Manager

Master of Business Administration - Cardiff Metropolitan University (UK), Participated in the insurance Training Program of Indian National Insurance Academy in Pune.

22 years of experience in the Insurance industry.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

Figure: Board Composition



Mr. Ashok Pathirage
Chairman
Age: 59
(Appointed 9 July 2011)



Mr. Iftikar Ahamed
Managing Director
Age: 61
(Appointed 9 July 2011)



Mr. Haresh Kaimal
Director
Age: 58
(Appointed 7 March 2018)



Ms. Fernanda Lima
Director
Age: 51
(Appointed 21 December 2018)

Sub-Committee Membership

H I N

Skills and Experience:
Experience in managing over 50 companies in Retail, Healthcare, Services, Telecommunications, Financial Services, IT, Leisure, Aviation and Automotive Industry.

R I

Skills and Experience:
More than 30 years of experience in Financial Services and Banking industries in Sri Lanka as well as overseas.

R I

Skills and Experience:
Her experience includes Financial Services and investment in emerging markets for over 20 years.

A Audit Committee **R** Risk Committee **H** Human Resource and Remuneration Committee

Power Balance

8 Members



Executive Director



Non-Executive Directors



Independent Non-Executive Director

Board Meeting Attendance

100%

Gender



Male



Female

Skills and Experiences / No. of Directors



Insurance

4



Accounting and Finance

6



Risk Management

5



Economics

2



Banking

6



Corporate and Commercial Law

2



Mr. V. Govindasamy
 Director
 Age: 59
 (Appointed 16 January 2020)

A H I T N

Skills and Experience:
 He has experience in management in the sectors of Plantations, FMCG, Renewable Energy.



Mr. Raimund Snyders
 Director
 Age: 59
 (Appointed 2 May 2020)

A R I T

Skills and Experience:
 He has management experience of over 28 years in Financial Services, Wealth and Investment Management.



Mr. Sanjaya Mohottala
 Director
 Age: 47
 (Appointed 01 July 2021)

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Skills and Experience:
 He has experience in Corporate Finance, Automation, Digitisation, Sales and Marketing.

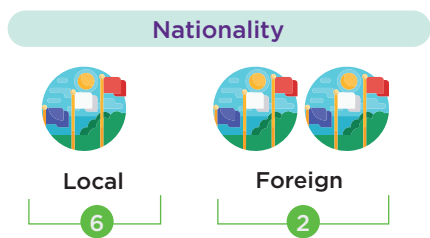
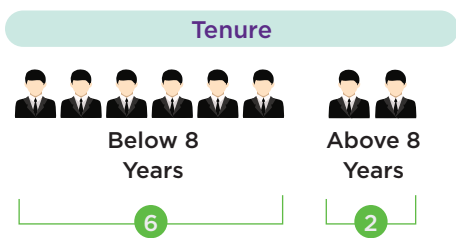
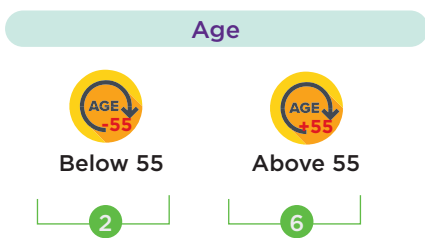


Mr. Lalith Withana
 Director
 Age: 62
 (Appointed 01 July 2021)

A H T N R

Skills and Experience:
 He has management experience of over 25 years in Banking, Manufacturing & Trading sectors.

I Investment Committee T Related Party Transactions Review Committee N Nominations and Governance Committee



4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE



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4.3 POWERS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board has been entrusted with substantial authority by the Company, empowering them to proficiently steer the organisation in alignment with their designated roles, duties, and obligations as outlined in the Articles of Association and the Companies Act No. 7 of 2007. They are granted significant yet measured levels of authority to carry out their assigned responsibilities effectively.

All the Board members have access to the Company Secretary and hold the power to assign or remove the Company Secretary. The Company has obtained a suitable Insurance cover for the Board, Directors and the Key Management Personnel (KMP). Refer pages 205-206 for the Statement of Directors' Responsibility for Financial Reporting.

Roles of the Board

THE ROLE OF CHAIRMAN

The Chairman of the Board:

Mr. Ashok Pathirage

- Provides decisive and impartial leadership to guide the Board effectively.
- Facilitates the effective discharge of the duties pertaining to the Board.
- Maintains order and ensures seamless operation within the Board.
- Presides over Directors' and Shareholders' Meetings to ensure Director participation and proper execution of Board proceedings.
- Initiate self-assessment of the Board to further improve the effectiveness of the Board.
- Promotes and carries out responsibilities in the best interest of good governance.

THE ROLE OF MANAGING DIRECTOR

The Managing Director:

Mr. Iftikar Ahamed

- Takes leadership in the execution of the Strategy outlined by the Board of Directors.
- Oversees day-to-day operations of the Executive Management.
- Reviews and oversees the implementation of key initiatives to meet the objectives of the Company.
- Leads the Executive Management in achieving the corporate objectives set by the Board and included in the corporate plan of the Company.

THE ROLE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

- Serve as a beacon of independence and impartiality within the Board.
- Offer impartial viewpoints in situations potentially influenced by conflicts of interest.
- Contribute valuable insights to shape Company strategy, drawing from diverse experience and expertise.
- Challenge and constructively support the management in evaluating their performance.
- Enhance corporate credibility through extensive leadership experience across diverse organisations.
- Improve governance standards by becoming members of Board Sub-Committees.






THE ROLE OF COMPANY SECRETARY

The Company Secretary: Softlogic Corporate Services (Pvt) Ltd (Former: P. R. Secretarial Services (Pvt) Ltd)

- Assists the Board by maintaining a proper flow of information.
- Ensures that the meetings are conducted in accordance with the Articles of Association, the Board Charter and relevant legislations.
- Formulates meeting agendas with the Chairman, MD and other Directors.
- Coordinates with the management on Board papers, memoranda or presentations for the meetings.
- Ensures that all proceedings of the meetings are duly recorded in the Minutes.
- Maintains statutory registers and files statutory returns.
- Promptly communicates with regulators & shareholders facilitating a healthy relationship with the Company.
- Facilitates access to legal advice in consultation with the Board, where necessary.

Responsibilities of the Board

In order to achieve the strategic objectives of the Company and to properly utilise the input from the Board. The focus areas of the members are set out below:

Focus Area	2023 Update		
Strategic Decision	Setting Strategic Targets	Refer pages 82-87 for the Strategic Targets.	    
	Deciding the risk appetite & risk governance review of the Company	The Company Risk Management Policy was discussed and reviewed by the Board. Details given on pages 215-216.	
	Effective use and discharge the duties of Board Sub-Committees	Refer page 176 for Board Sub-Committee Meetings held and duties discharged in 2023.	
	Integrating sustainable business developments into Company strategy and promoting integrated reporting	Refer pages 174-175 for CSR and sustainability initiatives reviewed by the Board.	
Execution And Operating Governance	Guiding and providing input to the Corporate Management to execute their strategic duties	Guidance was given to the strategies implemented by the Corporate Management based on the Corporate Plan 2023-2025.	
	Succession Planning for MD and Key Management Personnel (KMP)	Refer pages 223-224 for Succession Planning executed by the Nominations and Governance Committee.	
	Reviewing Company's values, standards and encouraging compliance with regulations	Refer page 197 for Company's values and standards that were discussed by the Board.	
	Appointing of MD and evaluation of their strategy of the Corporate Management.	Refer page 180 for details of the MD and KMP's performance evaluation by the Board during 2023.	
	Evaluating of Annual Budget, Major Capital Expenditure, financial delegation, appointment of auditors and other Board reserved duties	The Board reviewed various major capital expenditure and budgets through various resolutions passed in 2023.	
	Considering all stakeholder interests in decision making	Refer pages 72-77 for the Board's analysis of impact on various stakeholders of the Company.	
	Continuous Monitoring	Monitoring execution of the Strategic Plan and risks faced by the Company	The Board evaluated and monitored the execution of the Strategic Plan and risks faced via Board Risk Committee.
Monitoring periodic financial performance report publishing of the Company		Financial Performance, KPI and budget achievements were reviewed at Board meetings during the year 2023.	
Assessing the effectiveness of the Board via Self-evaluation		Refer page 172 for the self-evaluations carried out by the Board in 2023.	
Reporting And Compliance	Complying with laws, governing body (IRCSL) regulations and ethical standards	A compliance and legal review was monitored and discussed through Board Meetings. Refer Audit committee report for more details on pages 211-214.	
	Reporting to shareholders on their stewardship	The Corporate Governance section on pages 152-241 provides a detailed approach to the stewardship activities.	
	Ensuring the integrity of financial information, internal controls, risk management and Business Continuity as well as code of conduct	The Board reviewed the integrity of financial information, effectiveness of control and risk management environment. Refer details of respective areas on pages 211-214.	
	Reviewing & approving interim and annual financial statements for publication.	Declarations of the Annual Report and Financial Statements can be found on page 212.	

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE



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4.4 BOARD COMPETENCY EVALUATION

The Board conducts regular assessments to ensure alignment with the responsibilities outlined in the Board Charter. This assessment process involves a Self-Assessment conducted by the Board of Directors. The Nominations and Governance Committee is tasked with evaluating the self-appraisals of Directors and subsequently presents its recommendations to the Board.

BOARD EVALUATION PROCESS

STEP 1: Self-Evaluations carried out by each Board member.

STEP 2: Evaluations are compiled and presented to the Nominations and Governance Committee by the Company Secretary.

STEP 3: The Nominations and Governance Committee analyses the compiled information.

STEP 4: Nominations and Governance Committee recommends to the Board, the initiatives and actions required to enhance Board effectiveness

Evaluation of the Managing Director

The performance of the Managing Director is appraised by the Board at the end of the year. The Board, with the consultation of the Managing Director, determines the annual targets given to the Managing Director at the beginning of the year. These annual targets are comprised of both financial and non-financial targets that are in line with the short, medium and long-term objectives of the corporate strategy.

Evaluation of Board Sub-Committees

The Company continued the process of evaluating Board Sub-Committees to ensure they function effectively and efficiently while discharging all

their responsibilities as outlined in the Charters. Board Sub-Committee evaluations for year 2023 are available on pages 211- 224.

4.5 BOARD REMUNERATION

The Company has established a robust remuneration procedure which enables the Company to attract and retain valuable insight and input of the Directors, in realising corporate strategic goals. The Company has established a formal and transparent procedure for the remuneration for individual Directors.

The Human Resource and Remuneration Board Sub-Committee was set up to make recommendations to the Board within agreed terms of reference, on the remuneration of Executive Directors and Non-Executive Directors.

The committee consults the Chairman and MD regarding setting remuneration and seeks professional advice as and when deemed necessary with respect to setting the Executive Directors' remuneration.

The committee is chaired by an Independent Non-Executive Director and comprises a majority (2/3) of Independent Directors. This composition retains the independent decision-making power of the committee. More details about the committee are available on pages 217-218.

The remuneration of the members of the Remuneration Committee is determined by the other members of the Board, thereby eliminating any potential for conflict of interest. These processes ensure that no Director is involved in deciding his/her own remuneration.

Level and structure of remuneration

The HR and Remuneration Committee ensure that the remuneration paid is sufficient to attract and retain

high calibre professionals to the Board. They also seek the assistance of professionals in structuring the remuneration and benchmarking with the market on a regular basis.

The remuneration paid to Board members is commensurate with their skills, experience, knowledge and involvement in Board activities. The Company has defined, Directors (including Executive and Non- Executive Directors) as Key Management Personnel of the Company.

Remuneration and benefits of the KMPs are however determined in accordance with the remuneration policies of the Company.

Disclosure of remuneration

The breakdown of remuneration paid to Directors is disclosed among the other disclosures regarding remuneration on page 373 in the Annual Report. For further details regarding the Remuneration Policy and other key aspects relating to the remuneration of the Directors, please refer to the Human Resources and Remuneration Committee Report on pages 217-218.

4.6 MAINTAINING THE INDEPENDENCE OF THE BOARD

Submission of Independence Declaration

The formal declaration of independence which is made annually has been submitted by all Directors in 2023.

The Board evaluates these annual declarations along with the other information at its disposal to ensure compliance with the criteria for determining independence in line with the requirements of the applicable regulations and the Code of Best Practice on Corporate Governance issued in 2023.

Assessment of independence

Directors have been given the duty of self-assessment, to examine any compromises of independence for potential/actual conflict of interest arising from interest in material matters of personal or professional relationships which may impair unbiased judgment.

Availability of Information on Board independence

The shareholders have been given the power to request and inspect details of companies where Board members hold Board positions or hold Board Committee positions, which are maintained as records and available with the Company secretary for inspection by shareholders on request.

Criteria in determining the Independence of the Board of Directors:

1. Has not been employed by the Company during the period of two years immediately preceding appointment as Director.
2. Currently has no material business relationship with the Company directly or indirectly, nor had any during the period of two years.
3. Does not have any close family member/s who is a Director or CEO or Key Management Personnel in the Company.
4. Does not have a significant shareholding in the Company nor associated directly with a significant shareholder of the Company.
5. Has not been served on the Board of the Company continuously for a period exceeding nine years from the date of the first appointment.
6. Self or close family member is not a Director or employee of another Company or a trustee which is materially connected to the Company in terms of shareholding or business relationship.
7. Not a Director of another Company in which majority of the other Directors are employed / Directors or have any significant shareholding.
8. Does not have any material business relationship or significant shareholding in another Company in which majority of the other Directors are employed / Directors or have any significant shareholding.
9. Does not exceed 70 years of age*.

Independence of Directors as at 31st December 2023

Name of the Director	Employment by the Company	Material Business Relationship	Close family member is a KMP	Significant Shareholding	Consecutive service of nine or more years	Business Relationship	Director of another Company	Shareholder in another Company	70 Years of Age*
	1	2	3	4	5	6	7	8	9
Mr. Ashok Pathirage	✓	✓	✓	x	x	x	x	x	✓
Mr. Ifthikar Ahamed	x	✓	✓	✓	x	x	x	✓	✓
Mr. Haresh Kaimal	✓	✓	✓	✓	✓	✓	x	x	✓
Mrs. Fernanda Lima	✓	✓	✓	✓	✓	✓	x	✓	✓
Mr. V. Govindasamy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Raimund Snyders	✓	✓	✓	✓	✓	✓	x	✓	✓
Mr. Sanjaya Mohottala	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lalith Withana	✓	✓	✓	✓	✓	✓	✓	✓	✓

* According to the recent amendment to rule 7.10 and section 9 of the listing rules of the Colombo stock exchange the independence of directors has been strengthened by considering age and will take effect from October 1, 2024. Although this change is set for the future, the company has already implemented this evaluation criterion beforehand.

Review and Dealing with Conflict

The Board of Directors have been given the responsibility of reviewing each case of conflict of interest and to determine the independence of character and judgement of each Director concerned.

Furthermore, the Company has taken steps to implement a Three-way approach to deter Directors independence from Conflicts of Interest. To avoid potential conflicts or bias, Directors adhere to a process where review takes place prior to appointment, once appointed, and during Board meetings.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

Three-way Approach to Eliminate Conflict of Interest

3 step Approach to eliminate conflict of interest is mentioned below:

NEW DIRECTOR APPOINTMENTS:

Prior to appointing a new Director, their various conflicting interests are reviewed by the Board.

EXISTING DIRECTORS:

Directors must notify the Chairman of any changes in their position or any changes in other interests which may compromise their independence and subsequently be reviewed by the Board.

DIRECTORS WHO HAVE AN INTEREST IN A MATTER UNDER DISCUSSION:

Directors must notify the Chairman of any changes in their position or any changes in other interests which may compromise their independence and subsequently be reviewed by the Board.

4.7 BOARD INVOLVEMENT IN SUSTAINABILITY MANAGEMENT AND REPORTING

The Board believes sustainability management is an important precautionary approach to economic, social and environmental risk management. They have recognised the impact of financial and non-financial issues related to sustainability and the importance of managing these issues in our quest to create long-term value to the Company, shareholders and the community.

The Board has therefore taken the below strategies, in order to fully encompass the impact of sustainability on the organisation.

- Integrating sustainability into the strategy and execution.

- Managing the risks and opportunities derived from issues relating to sustainability.
- Report and disclose sustainability related matters.

Integrating Sustainability to Company Strategy and Execution

The Board had established that the recognition and management of Sustainability and CSR issues are top priority for the Company. By setting the tone at the Board level, Sustainability and related topics are regularly discussed in the Management Committee, which is comprised of Managing Director and Corporate Management personnel of each department.

Establish Long Term Stability via Sustainability as a Precautionary Approach

Operational policies and procedures are developed by taking a long-term view and the Company expects less volatility in the long run as a result of such action.

As a responsible corporate citizen, the Company is obliged to take anticipatory action to prevent harm of any kind, emphasising our responsibility to society.

The Company follows a principle of “Open, Informed, and Democratic” and “must include affected parties” for all the decisions taken by the Company underlining the importance of a precautionary approach in sustainability governance.

Fair Opportunities to All Stakeholders to Provide Feedback

In keeping with the standards of a democratically operated and transparent organisation, the Board established many mechanisms for the Company’s stakeholders to submit ideas or provide feedback to the Board of Directors. Refer page 194 for details.

Implementation of IFRS S1 & S2

Company has taken the initial steps to implementation the IFRS S1 & S2 introduced by International Sustainability Standard Board (ISSB). Refer the page no 69.

Reporting and Disclosure of Sustainability Related Matters

Sustainability reporting is the disclosure and reporting of sustainability-related information in a way that is comparable with financial reporting and moving the focus from the bottom line to improving the environment and the society.

The Board has taken steps to reinforce sustainability reporting standards of the Company by:

- Obtaining external assurance report from Messrs. KPMG for sustainability reporting.
- Following the Gender Parity reporting standards issued by the Institute of Chartered Accountants of Sri Lanka.
- Following the guidance on ESG reporting issued by Colombo Stock Exchange (CSE).

Softlogic Life uses the Global Reporting Initiatives (GRI) standards for our sustainability reporting. Refer pages 148-150 for the GRI content index which provides page references for this report, fulfilling the disclosures required by GRI standards.

Implemented Corporate Sustainability By United Nation

The Company aligns the business with the Sustainable Development Goals (SDGs) set by United Nations Sustainability Goals (UNSDG). Refer details disclosed on pages 392-394. The process of assessing the materiality of transactions, integrating the GRI and UNSDG sustainability principles is shown on pages 392-394. And the UN Global Compact has also introduced the 10 principles regarding corporate sustainability. Refer the page no 392-394.

Reporting on Environmental Sustainability

The Company is aware of its direct and indirect impact on the environment and constantly strives to minimise its carbon footprint. We have also launched several new initiatives to improve our levels of eco-friendliness. Further details on these matters are available under Natural Capital, on pages 143-147.

Reporting on Social Sustainability

The Company also considers the impact and responsibility it has on the stakeholders in the society as detailed below:

Area of Impact	Response of the Company and Reporting Provided
Impact on the Community	
Our Impact on the Community and Community Engagement	The Company is dedicated to improve conditions and create a positive impact for the community. For more details, refer pages 113-129 under Social and Relationship Capital.
Sustainable Development of the Company	The Company has established a strategic objective of delivering sustainable growth. For more details, refer pages 93-97.
How we support Fair Competition	We continue to compete ethically in terms of Products, Sales and Customer Service while monitoring competitor actions that affect our sustainability. For more details, refer pages 113-129.
Impact on Customers	
Building Relationships and Engagement with our Customers	The Company strives to deliver an exceptional customer service experience and build a long-term sustainable relationship. More details are available on pages 113-129 under Social and Relationship Capital.
Maintaining a Responsible Product Portfolio	The Company develops its products based on the interests of its customers. More details are available on pages 113-129.
Impact on Employees	
Equal Opportunity at Softlogic Life Career Development & Training Provided	The Company cares about its employees' concerns and responds to their needs. More details are available on pages 99-111 under Human Capital.
Impact on Suppliers and Service Providers	
Working with Suppliers & Service Providers who care about Sustainability	We make sure our suppliers and service providers maintain the standards we expect, which include issues of sustainability. More details are available on pages 113-129 under Social and Relationship Capital.

Managing the Risks and Opportunities Relating to Sustainability

Environmental and Social Risk Policy

The Company has established an Environmental and Social Risk Policy, which enables the assessment of Environmental and Social risks that impact the sustainability of the Company.

Managing Risks and Turning them into Opportunities to Improve Sustainability

Managing Risks and transforming them into Opportunities to improve Sustainability is provided in the below table.

Risk to Company Sustainability	How We Manage the Risk	Opportunity Created to Improve Sustainability
Carbon Footprint and Impact on the Environment and Natural Resources.	Changed the way the Company operated, in order to improve Eco Efficiency. Refer pages 143-147 under Natural Capital for details.	Increased eco-friendliness and decreased the Company's carbon footprint, leading to sustainable shareholder goodwill and interest in Company equity.
Negative market conditions that threaten the balance of shareholder interests and Social Responsibility.	Proper management of resources between CSR and Business Strategies to improve profitability. Refer pages 113- 129 under Social and Relationship Capital.	Increased involvement as a corporate citizen will create more sustainable positive public relations and reputation which will in turn increase the value of the brand.
Managing Employee Work-Life balance while contributing to Community and Social improvement activities.	Creating a dedicated Sustainability committee and Corporate Culture encouraging CSR. Refer pages 113-129 under Social and Relationship Capital.	As employees increasingly involve themselves in improving communities, their motivation and satisfaction will create a sustainable relationship, leading to a loyal and dedicated employee base.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE



4.8 BOARD SUB-COMMITTEES

The Company maintains six Board Sub-Committees consisting delegated functions, responsibilities and powers of the Board. The Sub-Committee Chairman is accountable for effective functioning and report to the Board.

Figure: Board Sub-Committee Details



*Mr. Lalith Withana was appointed as Member of the Risk Committee with effect from 15th August 2023 and Mr. Iftikar Ahamed attended as a member of the Committee until October 2023, after which he attended meetings by Invitation.

**The composition of the Sub-Committee shown above reflects its latest configuration.

Functioning of Sub-Committees

Through the Sub-Committees, the Board is able to deal effectively with complex or specialised issues with strong governance. These issues are researched thoroughly and analysed by the Sub-Committees.

This frees up more time at Board meetings for regular business and enable better communicate between committee members and staff as well as community members on specific topics.

Each Sub-Committee has its own terms of reference and activities included in Sub-Committee reports from pages 211-224.

The Board Secretary acts as the Secretary to each of the Sub-Committees.

4.9 BOARD MEETINGS

The Board of Directors convenes at the Board Meetings where they may bring their diverse knowledge and experience to bear on various topics under discussion.

The Board is informed about all Board Meetings at the beginning of each year and every Director is given the opportunity to include matters of concern in the agenda.

Information Supply to the Board

Information provided to the Board is of required quality and substance that will enable them to adequately execute their duties.

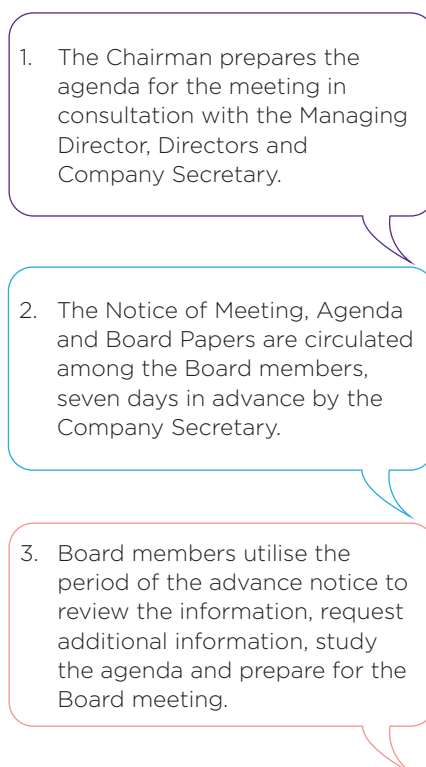
Information for the Board is uploaded into a mobile application, on a monthly basis, through which Directors are able to view the Board packs and Board papers provided by the management, request additional information and provide their comments and feedback.

All Directors have independent access to the Company Secretary and the discretion to obtain external advice.

The Board Meeting Preparation Process

The Company maintains an efficient and effective process in preparing the Board members for the Board meetings of the Company. In certain situations, where additional Board meetings are required for the discussion of specific issues or topics for urgent matters, these papers are submitted at short notice as an exception to the ordinary Board meeting process.

Figure: Board Meeting Preparation Process



Meeting Agenda Circulation

Board meetings and all Sub-Committee meetings receive their agendas one week prior to the meeting date with the exception of the Board Risk Sub-Committee meeting, for which, agendas are given two weeks in advance.

Activities during the Board Meeting

The Board takes on issues under consideration and has access to Key Management Personnel during the

Board meeting, who are called in by the Board for matters relating to their respective areas.

The Directors are also able to join virtually via telephone or video conference calls.

- **The Chairman** facilitates constructive communicate between all Directors at Board meetings while maintaining a balance of power between Executive and Non-Executive Directors. He also ensures effective participation and contribution from all the Directors within their respective capabilities.
- **The Sub-Committee Chairman** provide updates on the matters discussed at the Sub-Committee meetings.
- **The Managing Director** gives a complete and comprehensive update on the operations and financial performance of the Company as well as on industry trends and developments, as required.
- **The Company Secretary** attends the Board meetings, ensures that the applicable rules and regulations are complied with and records the Board meeting Minutes.

Activities after the Board Meeting

The Board follows up and demands information on issues that were brought up at the Board minutes. The information is shared through the Company Secretary by the KMPs of the relevant areas as well as the Directors will be familiarised in any areas of the business operation if the requirement arises.

Any absentee for a meeting would be briefed on the meeting proceeds via circulation of the Board meetings which is done two weeks after the Board meeting took place, by the Company Secretary.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

Board Attendance During 2023

The Board met four (4) times during the year. The Board is aware of its Directors' other commitments and is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities at Softlogic Life effectively.

Table: Director Participation in Board Meeting and Sub-Committee Meetings ("Attended/Eligible" basis)

	Board Meetings	Audit Committee	Risk Committee*	HR and Remuneration Committee	Related Party Transactions Committee	Investment Committee	Nominations and Governance Committee
Independent Non-Executive Directors							
Mr. Sanjaya Mohottala	4/4					4/4	
Mr. Lalith Withana	4/4	5/5	1/1	2/2	4/4		1/1
Mr. V. Govindasamy	4/4	5/5		2/2	4/4	3/4	1/1
Non-Executive Directors							
Mr. Ashok Pathirage	4/4			2/2		4/4	1/1
Mr. Haresh Kaimal	4/4						
Mrs. Fernanda Lima	4/4		6/7			3/4	
Mr. Raimund Snyders	4/4	5/5	7/7		4/4	4/4	
Executive Directors							
Mr. Ifthikar Ahamed	4/4		6/6			4/4	
Total Meeting Attendance	100%	100%	95%	100%	100%	92%	100%
*Mr. Lalith Withana was appointed as Member of the Risk Committee with effect from 15th August 2023 and Mr. Ifthikar Ahamed attended as a member of the Committee until October 2023, after which he attended meetings by Invitation.							

Key Activities of the Board During 2023

Key activities carried out by the Board during 2023 has been discussed on page 171.

4.10 PROFESSIONAL DEVELOPMENT OF THE BOARD

The Board regularly reviews the requirement of continuous development to expand their knowledge and expertise. The Directors have access to:

- Seek independent professional advice at the Company's expense, if considered appropriate and necessary at any time.
- Company Secretaries, Corporate and Sales Management, External and Internal Auditors, experts and other external professional service providers.
- Information such as financial plans, including budgets and forecasts and periodic performance reports as necessary.

- Updates on regulations, best practices as relevant to the business and other matters which warrant Board attention.
- Regular presentations carried out by the Corporate Management and external experts on the business environment of the Company.

Latest Professional Development Events Held

The Board was presented a demonstration of a selection of insurance products with different characteristics and their impact after the implementation of SLFRS 17. Further, the Board was presented with the design implementation process and the actions to be executed for successful implementation.

Empowering the Board through Continuous Learning

At our Company, we believe in learning and growing together. The

Management regularly updates the Board on significant shifts in the economic landscape, and governmental actions with potential impacts on our operations. We actively engage the Board in brainstorming sessions, sharing fresh business prospects and innovative approaches to risk management.

Furthermore, as regulatory environments evolve, management provides updates on any new rules or directives. These efforts help our Board members stay sharp and ready to lead effectively. It's all part of our commitment to provide continuous Learning opportunities to the Board.

4.11 APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Appointment

New Board appointments are carried out in a formal and transparent process and are governed by the Articles of Association and the Company Policy.

STEP 1: Current Status

The Nominations and Governance Committee annually evaluates the combined experience, expertise and diversity of the current Board, in order to identify if additional attributes are required for the Board.

STEP 2: Requirement

A new appointment of a Director may be decided based on the requirement to acquire skills, expertise and experience required/ not adequately currently represented for the Strategic Vision of the Company as well as to enhance the Board performance and overall effectiveness.

STEP 3: Evaluation

The Nominations and Governance Committee evaluates suitable candidates and checks their existing directorships and other commitments to make sure that sufficient time is available to discharge their duties at Softlogic Life Insurance PLC.

STEP 4: Recommendation

The Nominations and Governance Committee make its recommendations through the nominations of the selected candidates to the Board of Directors, via a transparent and formal procedure.

STEP 5: Selection

The final selection will be a transparent, formal appointment of the new Director which is subject to the approval of the Board and shareholders as well as the regulatory body (IRCSL).

STEP 6: Announcement

The appointment of the new Director to the Board will be communicated to the Colombo Stock Exchange (CSE) and the shareholders via press release which will include a brief resume of the newly-appointed Director, shareholding of the Company by the new Director and the Status of Independence of the new Director.

Reasoning Behind New Board Appointments:

- Skills, expertise and experience necessary to meet the strategic vision of the business.
- Means to enhance Board performance.
- Skills, expertise and experience not adequately represented at the Board.
- Process necessary to ensure the selection of a candidate who possesses the required qualities.

Resignation

If a Director is terminating their directorship prior to the completion of the appointed term, they should submit a written communication to the Board confirming the resignation and giving the reason for the resignation.

Summary of Board Appointments, Retirements and Resignations During 2023

No Board appointments, retirements and resignations were reported during 2023.

Re-election of Directors

The re-election of Directors is governed by the Articles of Association and performed at the Annual General Meeting (AGM) of the Company.

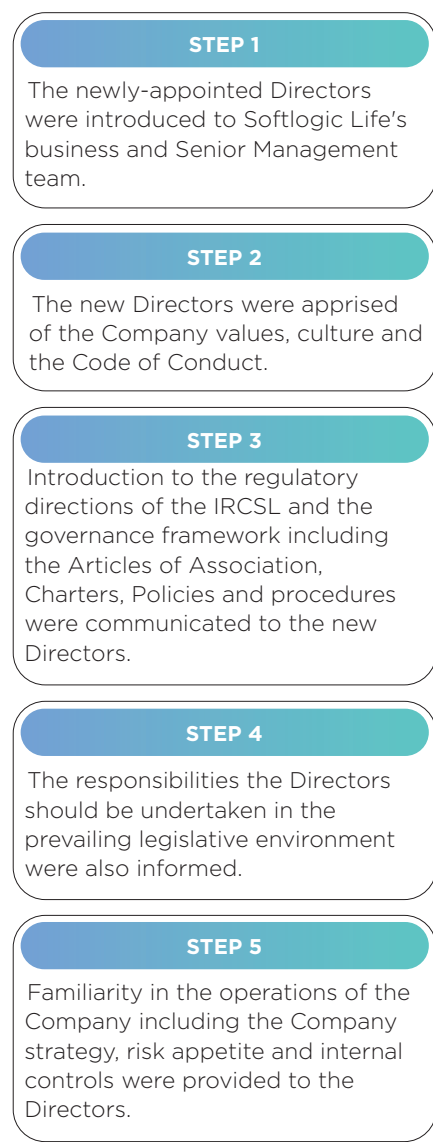
The longest serving Non-Executive Director will offer himself/herself for re-election by the Shareholders, where period of service will be considered from the last re-election or appointment. This proposed re-election will also be subject to Board approval.

Newly-appointed Directors will resign at the first AGM, following their appointment and be available for re-election by shareholders in the same AGM.

For details of the Directors coming up for re-election at the AGM to be held on 28th March 2024, please refer the Notice of the Meeting on page 406.

Board Induction

There is a comprehensive induction programme available for all newly-appointed Directors, which is facilitated by the Company Secretary.



Apart from the induction programme the newly-appointed Director will be participating at Company Strategy meetings where the Management will present information about critical areas of the Company, enhancing the familiarity of the Company to the new Director making it more comfortable to share their insights.

4. BOLDER LEADERSHIP FOR BETTER GOVERNANCE

4.12 CORPORATE MANAGEMENT

Corporate Management team of Softlogic Life Insurance holds executive power delegated to them by authority of the Board of Directors and shareholders. This group of individuals operates at the higher level of the organisation and have day-to-day responsibility for managing other individuals and responsibility for maintaining key business functions.

The organisational structure is available on page 34.

The profiles of Corporate Management team are available on pages 164-165.

Performance Evaluation of the Managing Director and Corporate Management team

The Managing Director's performance evaluation is available on page 172.

Performance evaluations for the rest of the Corporate Management team are carried out by the Managing Director. Performance objectives are given at the beginning of the year, based on achieving the objectives set by the Board for the year.

All performance evaluations of the Corporate Management team are based on the achievement of given objectives while taking into account the operating and economic environment of the country.

Setting Annual Targets for the Managing Director

The Board, in consultation with the Managing Director sets reasonable financial and non-financial targets in line with the short-term, medium-term and long-term objectives of the Company, which are to be achieved by the Managing Director during the year.

These corporate objectives are included in the Corporate Plan for the year, which is reviewed and approved

by the Board. The main focus areas of the Corporate Plan for the year were:

- Market Share
- Gross Written Premium
- Underwriting results
- Profitability
- Premium persistency
- Dividend payout
- Remuneration of employees
- Sustainability

Code of Conduct for Corporate Management

The Corporate Management is also required to comply with the Code of Conduct of the Company which is described in detail on page 182.

Remuneration of the Corporate Management Team

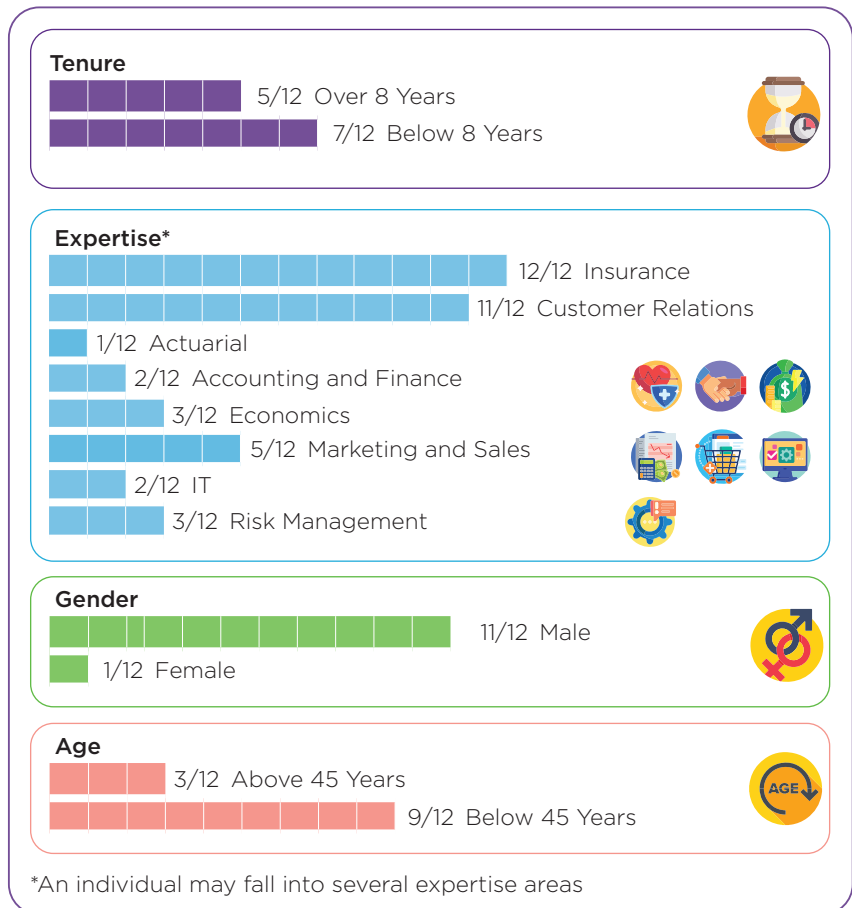
The structure of remuneration is designed to be competitive, in order to retain talent in its team members and within the Company.

The remuneration package also includes a variable component based on the achievement of performance objectives during the year.

Corporate Management Team Composition

Diversity plays a key role in keeping the Company moving steadily forward on its journey of growth. Softlogic Life's Corporate Management team reflects such diversity in many aspects, ranging from industry expertise, age, tenure and gender, as shown in the figure below.

Figure: Corporate Management Composition



Corporate Management Committees

In pursuit of its strategic objectives, the Company has formed various Management Committees to maintain and enhance performance and governance under the leadership of the Managing Director. A summary of the key objectives, members and frequency of these meetings is shown below.

ACTUARIAL COMMITTEE

Members

Managing Director
 Consultant Actuary
 Chief Technical Officer
 Chief Actuarial Officer
 Chief Financial Officer

Committee Objectives

Continuously monitor performance of the life fund, product portfolio, and valuation of life fund, expense allocation and regulatory requirements.

Meeting Frequency: Monthly
 Meetings Held/Planned: 12/12

PRODUCT DEVELOPMENT COMMITTEE

Members

Deputy Chief Executive Officer
 Chief Distribution Officer - Alternate Channel
 Chief Actuarial Officer
 Chief Technical Officer
 Chief Financial Officer
 Chief Corporate Services Officer

Committee Objectives

Focus on revamping SLI's existing products in order to compete with prominent products in the industry. Suggestions for new product development are analysed, acting as a medium to convey information from sales.

Meeting Frequency: Quarterly
 Meetings Held/Planned: 4/4

SUSTAINABILITY COMMITTEE

Members

Managing Director
 Deputy Chief Executive Officer
 Chief Financial Officer
 Chief Corporate Services Officer

Committee Objectives

Communicate our responsibilities with regards to the policies and practices that relate to the sustainable and holistic growth of the Company, to our stakeholders.

Meeting Frequency: Monthly
 Meetings Held/Planned: 12/12

ASSET AND LIABILITY MANAGEMENT COMMITTEE

Members

Managing Director
 Chief Financial Officer
 Chief Actuarial Officer
 Chief Technical Officer
 Chief Risk Officer
 Head of Investment (Group)

Committee Objectives

To align the Company's Investment Strategy with its Business and Financial Objectives. It also defines the methodologies to assess, monitor and mitigate; Interest Rate Risk, Reinvestment Risk, Maturity, Mismatch Risk, Cash flow Risk and Liquidity Risk.

Meeting Frequency: Monthly
 Meetings Held/Planned: 12/12

IT STEERING COMMITTEE

Members

Managing Director
 Deputy Chief Executive Officer
 Chief Financial Officer
 Chief Distribution Officer - Alternate Channel
 Chief Information Officer

Committee Objectives

Continuously monitor the progress and productivity of IT and MIS of the Company and designing IT policies with a view to making recommendations to the Board on IT capital expenditure.

Meeting Frequency: Monthly
 Meetings Held/Planned: 12/12

SUPPLIERS COMMITTEE

Members

Deputy Chief Executive Officer
 Chief Financial Officer
 Chief Corporate Services Officer

Committee Objectives

Selecting the right supplier after considering the quality, price and delivery date.

Meeting Frequency: Bi-Annually
 Meetings Held/Planned: 2/2

5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES



GRI

2-15

2-27

5.1 PROMOTING AN ETHICAL ORGANISATIONAL CULTURE

Code of Conduct for Directors and Employees

The Board of Directors, the Corporate Management team, and all employees are obligated to unwaveringly adhere to the Code of Conduct and Ethics in all circumstances, including:

- While engaged in official duties, whether at the office, external events, or public settings, representing the Company.
- During personal business activities, recognising that individual actions can have an impact on the Company's reputation.

The Code of Conduct encompasses policies pertaining to gifts, entertainment, facilitation, payments, proprietary and confidential information.

The Chairman of the Board officially declares the Board's compliance with the Code of Conduct on page 152.



Avoidance of Conflict of Interest

Conflicts may arise when personal interests interfere, or seem to interfere, with the interests of the Company.

Directors are strictly forbidden from seizing opportunities, whether for themselves, their own companies, or other entities to which they have fiduciary obligations, that emerge due to their position as Directors in the Company, unless such opportunities are transparently disclosed by the Directors involved.

Compliance with Laws and Regulations

Directors and Key Management Personnel are anticipated to execute their duties in accordance with all relevant laws, rules, and regulations governing the Company, while upholding the highest standards of business ethics.

Misuse of Corporate Opportunities and Information

Directors and Key Management Personnel are expected to refrain from using opportunities discovered through use of corporate property, information or property, for personal gain or to compete with the Company directly or indirectly at any given time.

Encouraging and Reporting any Illegal or Unethical Behaviour

Directors and Key Management Personnel are expected to promote ethical behaviour and create a culture of compliance with all applicable laws, rules and regulations.

Fair Dealing

The Board should deal fairly with all stakeholders such as customers, employees, suppliers, shareholders, etc. and should not take unfair advantage through unfair dealing practices.

Confidentiality

Directors and Key Management Personnel are obligated to uphold the confidentiality of non-public proprietary information entrusted to them by the Company, its customers, or other business associates. Disclosure of such information is permissible only when authorised or legally mandated. This commitment extends to all forms of communication, be it oral, written, or electronic.

Protection and Proper use of the Company Assets

All Directors and Key Management Personnel must protect the Company's assets and ensure their efficient use.

Protect the Customer and Add Value to the Customer

The Company has adopted various policies such as sales and operational policies, reinsurance administration policies, fraud risk management policies and complaint handling policies focusing on sales, underwriting, claims, servicing and reinsurance in order to ensure customer protection and fair treatment.

The Company has followed the internal policies appropriately and has complied with the applicable provisions relating to customer protection under the Regulation of Insurance Industry Act No. 43 of 2000 and the rules, regulations, determinations and directions issued by the Insurance Regulatory Commission of Sri Lanka.

In compliance with the recently enacted Personal Data Protection Act No. 9 of 2022 by the Sri Lankan Government, the Company has established and formulated an appropriate policy to align with the provisions of the new Act.

As a result, the Company aims to enhance customer trust by ensuring that their personal data is safeguarded and protected.



Privacy Notice Policy (Personal Data Protection Act, No. 9 of 2022)

Privacy Notice Policy is established as per the recently enacted Personal Data Protection Act No 9 of 2022. The purpose of this policy is to inform you about our practices relating to the collection, use, maintenance, disclosure and other processing and storage of personal data that may be provided through access to or use of this website(site) or that may otherwise be collected by us.

5.2 SEEKING ADVICE AND REPORTING ON UNETHICAL AND UNLAWFUL BEHAVIOUR

Whistleblower Policy

PURPOSE OF THE POLICY

The aim of the policy is to enable both internal & external stakeholders of Softlogic Life to feel confident and comfortable to voice their concerns or raise questions whilst providing reassurance that they will be protected from possible reprisals or victimisation.

The Company ensured that appropriate means are available for stakeholders of the Company to blow the whistle discreetly and confidentially.

METHODS OF COMMUNICATION

Any stakeholder can voice their concerns/ complaints via letters and email or the dedicated Whistleblower 24x7 hotline available in voice call, SMS, WhatsApp and Viber. The whistleblower could bring up their concerns to below designated officers:

Independent Resources:

- The Chairman of the Board Audit Committee
- Group Director - Human Capital & Taxation.

Officers of Softlogic Life Insurance PLC:

- Managing Director
- Deputy CEO
- Chief Corporate Services Officer
- Chief Human Resources Officer
- Chief Risk Officer
- Chief Audit and Compliance Officer

INVESTIGATION PROCESS

An independent investigation is carried out/coordinated by the Chief Audit and Compliance Officer with the assistance of Department Heads where necessary.

The Final report on such an investigation will be submitted to the Audit Committee Chairman or the Corporate Management Team as appropriate, to decide the action which needs to be taken. If an investigation leads to conclude that an improper or unethical act has been committed, the Management Committee takes disciplinary or corrective action in line with the disciplinary policy of the Company.

Review and Enhance Updates to the Whistleblower Policy

Policy awareness email flyers sent to employees weekly.

Whistleblower Policy awareness wallpapers appears in weekly.

Whistleblower Policy awareness SMS sent to Advisors, PCU Officers & Employees monthly basis



In accordance with the procedure, the Whistleblower Policy undergoes an annual review by the Audit Committee to address and enhance any relevant matters. Based on issues identified by the Audit Committee, the committee will incorporate the Whistleblower hotline information on the Company's website.

5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

Company's Commitment & Policies Implemented to Combat Corruption and Bribery

The Company is dedicated to preventing corruption and bribery by establishing a framework through comprehensive policies and guidelines.

Fraud Risk Management Policy

This policy clarifies that the Company holds a zero tolerance on any fraudulent activity (Corruption, Bribery or Theft) and confirms the management actions.

Manual of Financial Authority (MOFA)

The scope and extent of responsibility and accountability relating to maintaining satisfactory financial controls and procedures.

Anti-Money Laundering and Counter Terrorist Financing Policy

This Policy is designed primarily to set out the regulatory requirements that must be adhered to combat money laundering and terrorist financing.

Anti-Money Laundering and Counter Terrorist Financing Policy

Softlogic Life is committed to ensuring that it takes action to prevent its business from been used as conduits for money laundering and terrorist financing activities. By this Policy, Softlogic Life sets out a framework in terms of a Policy and Guidelines as regards Anti-Money Laundering and Counter Terrorist Financing ("AML/CTF") under its regulatory obligations to combat money laundering and terrorist financing.

The AML/CTF policy is binding for all and any Softlogic Life entity.

The Softlogic Life requires mandatory compliance with all Anti-Money Laundering and Counter Terrorist Financing ("AML/CTF") laws and regulations.

Reviews on Audit Committee and Actions Taken

- AML/CFT Awareness Program
- Sanctions Lists/Freezing Orders and Screening Activities
- Products and Delivery Channels - New/Modifications
- Regulatory Developments
- Global or Country Specific AML/ CFT Framework
- Finance Intelligence Unit/ Department of Registration of Persons Inquiries

5.3 MAINTAINING INTEGRITY OF EMPLOYEES AND SALES FORCE

Fair Treatment to All Employees

The Company has established clear policies encompassing various aspects, including the recruitment process, training and development, transparent communication, reporting structure, performance evaluation, equitable opportunities for career advancement, talent management, and succession planning.

- Code of Conduct
- Remuneration Policy
- Recruitment & Selection Policy
- Learning & Development Policy
- Employee Grievance Handling Policy
- Disciplinary Policy
- Absence Management Policy
- Study Leave Policy

Creating a Performance-Driven Culture in the Company to Improve Transparency and Integrity

Performance plays a pivotal role in the evaluation of remuneration and career progression for all employees within the Company, spanning from the sales force to Key Management Personnel (KMP) and Executive Directors.

The authority to establish compensation and benefits for members of the Board of Directors and KMPs, contingent on target achievement, is vested in the Human Resource and Remuneration Committee.

The approval of variable bonuses also falls under the purview of the Human Resource and Remuneration Committee. Consequently, a culture of performance governance is ingrained at the Board level within the Company.

Recruitment & Selection Policy

The Recruitment and Selection Policy aims to establish guidelines for the identification and selection of the most suitable candidates to fill vacant positions. Each department is responsible for assessing and planning their manpower needs for the upcoming year, seeking approval from the Board of Directors through the Corporate plans.

OBJECTIVE SETTING PROCESS

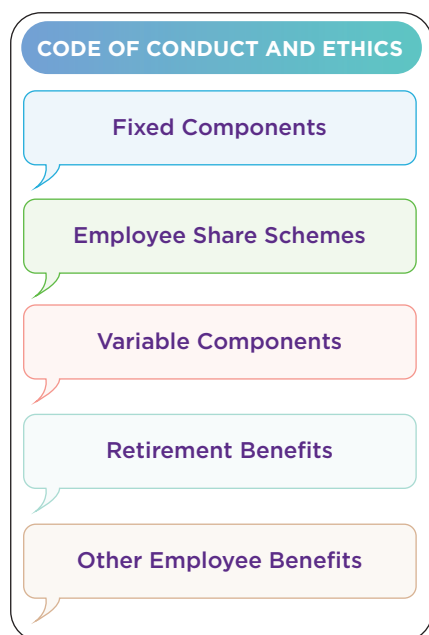
1. Corporate plan approved by the Board
2. Corporate objective set by the Management
3. Goal setting by employees
4. Mid-year and year end evaluation

Attracting a Skilled Workforce and Ensuring Fair Compensation

The Company has upheld essential policies, namely the Remuneration Policy and Recruitment & Selection Policy, to ensure a fair remuneration process and proper recruitment and selection procedures.

The organisation’s remuneration structures adhere to the principle of fairness, considering factors such as the cost of living, comparative remuneration in the industry, internal remuneration benchmarks, business results, and individual and team performance. This approach aims to foster a performance-driven culture within the Company.

The determination of all employee salaries and benefits is entrusted to the Human Resource and Remuneration Committee to ensure fairness. This comprehensive approach includes both fixed and variable components, as well as additional benefits.



Performance-driven Culture Among the Sales Force

Softlogic Life’s sales force is governed by performance driven incentive structures and career development. There are established guidelines for recruiting quality sales advisors, training and knowledge management, sales driven compensation and for investigation procedures and complaint handling.

Sales incentives are entirely based on structured incentive schemes designed to achieve agreed corporate objectives at the beginning of each year. This mechanism helps us to retain a quality sales force, while adding value to the Company.

Our sales force operates entirely on a virtual platform to conduct sales operations. They receive virtual training and development programs to ensure professional behaviour, knowledge, and outstanding client service.

5.4 MAINTAINING INTEGRITY & TRANSPARENCY OF POLICYHOLDER FUNDS Balancing Value Creation and Risk Management

The Company’s Investment Governance and Risk Governance practices are pivotal in maintaining a delicate balance between value creation and risk management.

Insurance benefits for long-term policyholders are backed by the Company’s investment portfolio. There is a strict division of responsibilities in managing this portfolio, with clear distinctions between the Treasury and Risk Management functions. This ensures adherence to policies and compliance requirements, preventing any improper use of Policyholder funds.

- Internal Treasury Middle Office Investment Policy

- Regulatory guidelines and compliance requirements published by IRCSL.

Precise Bonus Allocation to Policyholders

The Company has implemented guidelines for allocating bonuses to participating policyholders, accompanied by robust protocols to ensure that policyholders receive the maximum benefit from their policies.

Proper Expense Allocation Using Expense Allocation Framework

This process guarantees the equitable allocation of benefits to various insurance funds for policyholders in the long run. Concurrently, the transparency in calculating insurance contract liabilities has been enhanced through this procedure.

Valuation of Insurance Contract Liabilities

Softlogic Life conducts quarterly actuarial valuations to ascertain the total reserves needed for future benefit payments to policyholders. Certification from the appointed Actuary is obtained for each of the four quarterly assessments.

Quarter	Certified Date
Q1	30-04-2023
Q2	30-07-2023
Q3	06-11-2023
Q4	30-01-2024

Managing the Long-term Solvency Position of the Company

Softlogic Life has implemented a Capital Projection Framework to forecast the long-term Capital Adequacy Ratio (CAR) using scenario-based and stress testing methodologies, enabling more informed decision-making. The model is validated by the appointed Actuary from Willis Towers Watson India Private Limited.

5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

Asset and Liability Management Framework

The purpose of this framework is to effectively manage overall risk tolerance, risk-return requirements, solvency position, and liquidity needs. As a result, it achieves a harmonious balance between shareholder profitability and enhancing the long-term solvency standing of the Company.

5.5 EVALUATION OF EFFECTIVENESS OF CONTROL ENVIRONMENT

The Board utilises two forms of assurance: Internal Assurance provided by Internal Audit and External Assurance provided by External Audit. These entities evaluate the effective implementation of policies and procedures by the Company's management.

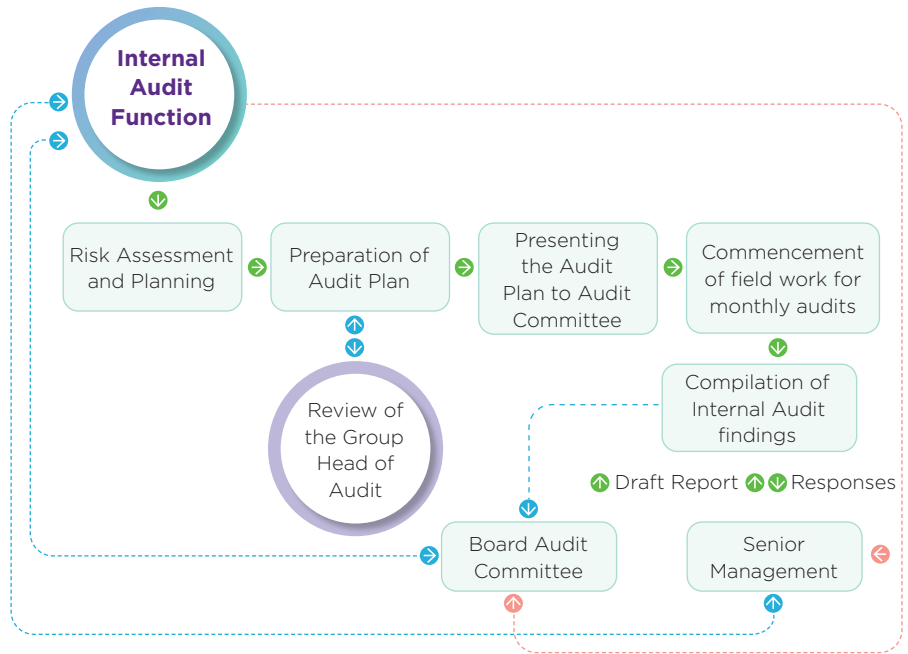
Additionally, the Audit Committee is responsible for supervising the Company's risk management and internal control processes to ensure their efficacy.

Internal Assurance (Internal Audit)

The Internal Audit Function of Softlogic Life Insurance PLC operates with several objectives;

- Review of the accounting and internal control systems
- Examination of financial and operating information
- Review of the economy, efficiency and effectiveness
- Review of compliance
- Review of the safeguarding of assets
- Review of the implementation of corporate objectives
- Special investigations

Figure: Internal Audit Process



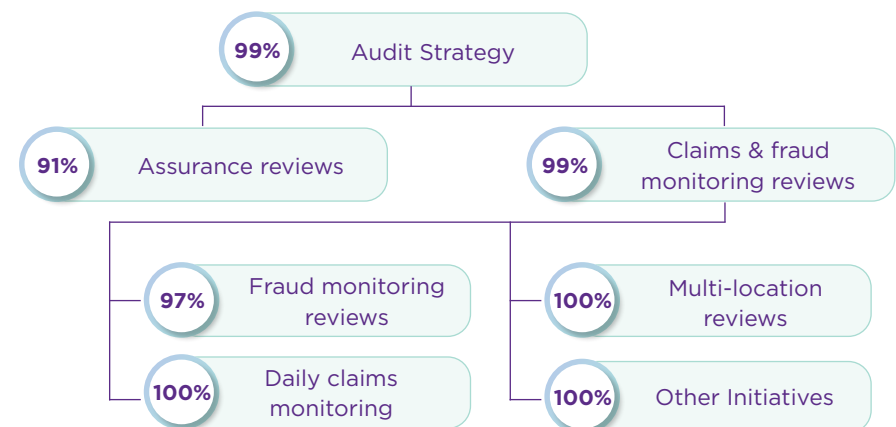
--- Special Assignments --- Monthly Regular Audit --- Follow up Audit(s)

The Internal Audit Strategy

The Internal Audit Function prepares a risk-based Internal Audit Strategy defining the planned approach of the internal audit function determined based on the risks embedded in each process that contributes towards the strategic objectives of the Company. The strategy primarily focuses on the following.

- Audit & Assurance reviews.
- Review of areas susceptible for fraud.
- Multi-location reviews.
- Other initiatives to strengthen the internal controls environment.

Internal Audit Highlights & Completeness in 2023



Reporting Structure

The Internal Audit Function operates independently, overseen by the Audit Committee. Employees within the Internal Audit Function directly report to the Chief Audit and Compliance Officer, maintaining autonomy from reporting lines to front-line units or Senior Management.

This Internal Audit Function delivers to the Audit Committee independent and objective assurance regarding the Appropriateness, Effectiveness, and Sustainability of the Company's internal control system for risk mitigation. Positioned as the third line of defense, it conducts independent reviews of activities based on a risk-based audit plan and methodology approved by the Audit Committee.

Through risk-based internal auditing, the function assures the Audit Committee that the processes for risk management are both designed and implemented effectively

Internal Audit Operating Methodology

The Internal Audit Function of Softlogic Life operates as two primary units namely the "Audit and Assurance Unit" and "Fraud and Forensic Unit".

AUDIT & ASSURANCE UNIT

Carries out planned reviews with the objectives of:

- Assessing the appropriateness and effectiveness of the internal control environment of the Company.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

FRAUD AND FORENSIC UNIT

- Focuses on spot/surprise reviews in order to assist the management to detect and deter potential frauds and misappropriations.
- Most of the reviews that are carried out are based on Computer Aided Auditing Techniques (CAAT). This team is unique because it is equipped with specialist software and a dedicated IT audit expert.
- Apart from this, the Internal Audit function also carries out several value-added services, such as internal controls advisory, branch reviews and driving Whistle Blowing and fraud awareness.

External Assurance (External Audit)

Appointment of Auditors and their Responsibilities

The Company's External Audit function is carried out by Messrs. KPMG, Chartered Accountants. The Audit Committee recommends the appointment of the External Auditors and their remuneration to the Board of Directors, subject to shareholder approval.

The External Auditors are responsible for reporting to the Board Audit Committee on whether the Financial Statements prepared by the Management are fairly presented in conformity with SLFRS and LKAS and also prescribe any corrective measures that need to be taken by the Company, based on the audit findings.

The Board re-appointed Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorised

the Directors to determine their remuneration at the 2023 AGM.

Independence of the Auditors

At the reporting date, no threats compromising independence have been identified, and appropriate measures have been implemented or suggested to mitigate these threats to an acceptable level. The engagement team and others in the firm, as appropriate the firm and, when applicable, Messrs. KPMG, Chartered Accountants have complied with relevant ethical requirements regarding independence.

All auditing practitioners are obligated to adhere to ethical requirements, ensuring compliance with relevant ethical codes and the implementation of necessary safeguards to mitigate threats effectively.

Evaluation of the Independence of External Auditors

The Board Audit Committee also carries out an annual evaluation of the independence and objectivity of the External Auditors. The Audit Committee sets the principles for recommending the use of the External Auditors for non-audit services.

Quarterly External Audit Assurance Performed by the Company

The Company has declared the surplus for every quarter in 2023 and as a part of the surplus declaration process the Company obtained the relevant figure certification from the external auditor Messrs. KPMG and published the financial statements in CSE.

The Company wishes to bring greater transparency to its Financial Reporting process by doing quarterly audits and expects a positive impact on best governance practices in the long run.

5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

Regulatory and Statutory Governance

Softlogic Life engages the services of an in-house Compliance Officer in relation to regulatory and statutory governance.

Reporting Structure

The Compliance Officer has a direct line of reporting to the Managing Director and a dotted line reporting to the Group Head of Compliance. This process also fulfils the requirements of the Financial Transactions Reporting Act No. 6 of 2006.

Compliance Certification

A quarterly certification is done by the Principal Officer, Chief Financial Officer, Chief Technical Officer and Compliance Officer to the Insurance Regulatory Commission of Sri Lanka (“IRCSL”) in accordance with the determinations issued by “IRCSL”.

COMPLIANCE CERTIFICATION 'A' CERTIFIES COMPLIANCE WITH:


- Act No.43 of 2000, rules, regulations, determinations, directions issues by “IRCSL”
- All orders made by the Ministry of Finance and Planning under the regulation of Insurance Industry Act No. 43 of 2000, including terms and conditions pertaining to reinsurance placements issued by IRCSL in terms of Section 31(1).
- Conditions pertaining to co-insurance issued by IRCSL
- All applicable circulars issued by IRCSL.

COMPLIANCE CERTIFICATION 'B' CERTIFIES COMPLIANCE WITH:

- All provisions in the Financial Transactions Reporting Act No. 6 of 2006.
- Rules on Know Your Customer (KYC) and Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act No. 6 of 2006.
- Guidelines on Anti Money Laundering Program for Insurers issued by IRCSL.

Summary of Compliance Requirements and Compliance Status of the Company

Category	Compliance Requirement	2022 Highlight	2023 Highlight	Status
Investment Governance	Investment in Government Securities should be a minimum of 30% of the Long-Term Insurance Fund.	67% invested in government securities	96% invested in government securities	Complied
	Regulatory Determination ratio should be a minimum of 100%	126% in 2022	140% in 2023	Complied
Meeting Policyholder Obligations	Maintain a Capital Adequacy Ratio (“CAR”) of a minimum of 120%	287% in 2022	367% in 2023	Complied
	Life Insurance liabilities should be validated by an independent external actuary in accordance with the Regulation of Insurance Industry Act	The Actuary’s Report is available on page 250 in Annual Report 2022.	The Actuary’s Report is available on page 264.	Complied
Risk Assessment	The Risk Assessment Report should be submitted on or before 30th April each year to the Insurance Regulatory Commission of Sri Lanka	Submitted before 30th April 2022.	Submitted before 30th April 2023.	Complied
Reinsurance Agreement	Insurance companies must enter into reinsurance arrangements with companies which at a minimum have a rating of BBB	All placements are rated above BBB.	All placements are rated above BBB.	Complied

Category	Compliance Requirement	2022 Highlight	2023 Highlight	Status
Rules on Treatment of One-off Surplus	**“Restricted Regulatory Reserve” must be matched with the specified class of assets (at market value) equal to the said reserved amount on a continuing basis.	Restricted Regulatory Reserve of Rs. 798 Mn and Corresponding Assets are Rs. 839 Mn.	Restricted Regulatory Reserve of Rs. 798 Mn and Corresponding Assets are Rs. 1,251 Mn.	Complied 

*“One-off Surplus” is created due to changes in the regulatory solvency regime from Net Premium Valuation to a Risk-Based Gross Premium Valuation regime. The transferred One-off Surplus is recorded as the “Restricted Regulatory Reserve” in the Balance Sheet and must be maintained without making any distribution unless approved by IRCSL.

Amendment to Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange

Corporate Governance rules applicable for listed entities which are enumerated in current Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) have been revised by CSE and the revised Corporate Governance requirements including the Rules governing the Related Party Transactions have been consolidated and incorporated as Section 9 of the CSE Listing Rules.

Softlogic Life Insurance PLC has taken the appropriate measures to comply with the new listing rules issued by CSE. Detail breakup references in the page no 225.

Process for New Regulations and Monitoring of Compliance at Softlogic Life

Softlogic Life’s compliance mechanism comprises two primary processes. Firstly, it involves analysing new statutory and regulatory requirements to evaluate their impact on the company. Secondly, it entails monitoring and ensuring the timely achievement of statutory and regulatory deadlines. These two processes synergize to enable Softlogic Life to effectively manage its compliance obligations, stay informed about regulatory changes, and mitigate compliance risks. Through thorough analysis of new regulations and adherence to deadlines, the company safeguards its reputation, protects stakeholders’ interests, and operates within legal parameters.

PROCESS FOR NEW REGULATION

- Compliance Officer obtains information on new regulations
- Assesses the impact analysis from new regulations
- Informs relevant department head and Managing Director
- Provides update on all the new regulations to the Audit Committee on a quarterly basis

Implementation of New Sustainability Disclosure Standards. (IFRS S1 & S2)

General Requirement for Disclosure of Sustainability-Related Financial Information

The objective of IFRS S1 is to compel entities to disclose sustainability-related risks and opportunities essential for primary users of financial reports, aiding in resource allocation decisions crucial for an entity’s cash flows. This standard requires comprehensive disclosure of such risks and opportunities, ensuring usefulness to primary users.

Additionally, entities must adhere to governance disclosures outlined in the standard, providing transparency regarding the governance processes, controls, and procedures employed to monitor and manage sustainability-

PROCESS FOR MONITORING THE COMPLIANCE STATUS

- Compliance Officer maintains the regulatory requirements and respective deadlines.
- Informs relevant departments on the regulatory requirement in advance.
- Coordinate with the relevant department heads and ensures the deadlines are met.
- Provides an update on a monthly basis to the Managing Director.

related risks and opportunities at both governance and management levels.

Climate-Related Disclosures IFRS S2 Climate-related Disclosures
Mandates entities to disclose climate-related risks and opportunities crucial for primary users of financial reports, facilitating informed resource allocation decisions. It encompasses physical and transition risks, along with opportunities, while excluding those unlikely to impact the entity’s prospects.

The standard necessitates governance disclosures, outlining responsibilities, skills assessment, decision-making integration, and target setting, ensuring effective oversight and management of climate risks.

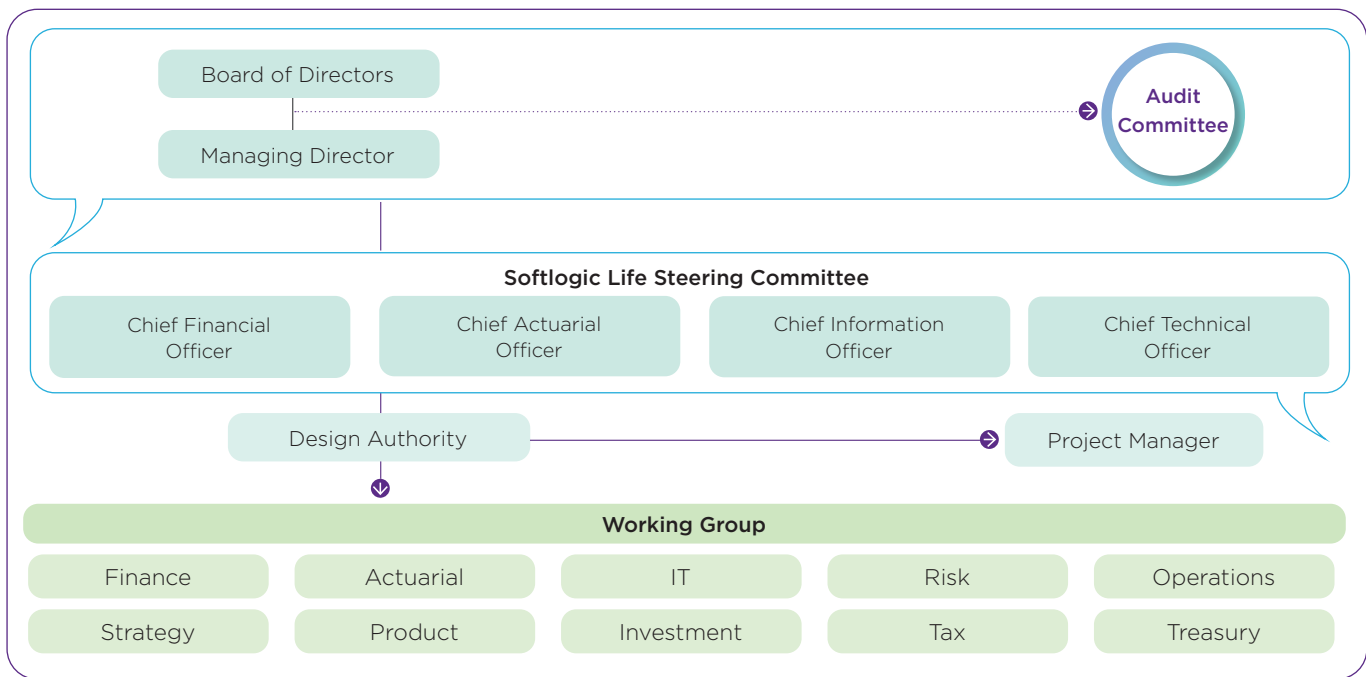
5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

5.6 IMPLEMENTATION OF SLFRS 17

Introduction

SLFRS 17 set to replace the interim SLFRS 4, which was published by the International Accounting Standard Board and important accounting standard for the whole insurance industry across the globe. The Company believes an appropriate governance approach from the outset of the implementation process of SLFRS 17 will assure the long-term success of the project while adding value to the governance framework of the Company. Steering Committee role in relating to the management of risk associated with SLFRS 17 implementation.

Figure: Governance Structure of SLFRS 17 Implementation



Evaluating Data, System and People Readiness for SLFRS 17 Compliance

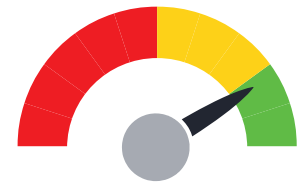
Starting from January 1st, 2026, SLFRS 17 will become effective, and our Company is actively taking steps to prepare for its implementation. As part of our preparations, we have assessed three key aspects crucial for the implementation: Data, Systems, and Processes. Below, we outline the challenges we have encountered, the remedial governance measures we are taking, and the health check status of our project.

CHALLENGES

- Data quality granularity and aggregation
- Data processing timeliness
- System integration complexity
- CSM Engine Accuracy
- Expertise and Knowledge Gap
- Cross functional Collaboration

REMEDIAL GOVERNANCE MEASURES

- Automate Data Processing Workflows
- Strategic System transformation
- Enhanced Data Integration Solution
- Assess CSM Engine quality
- Hire External Consultant
- Promote Cross functional Collaboration



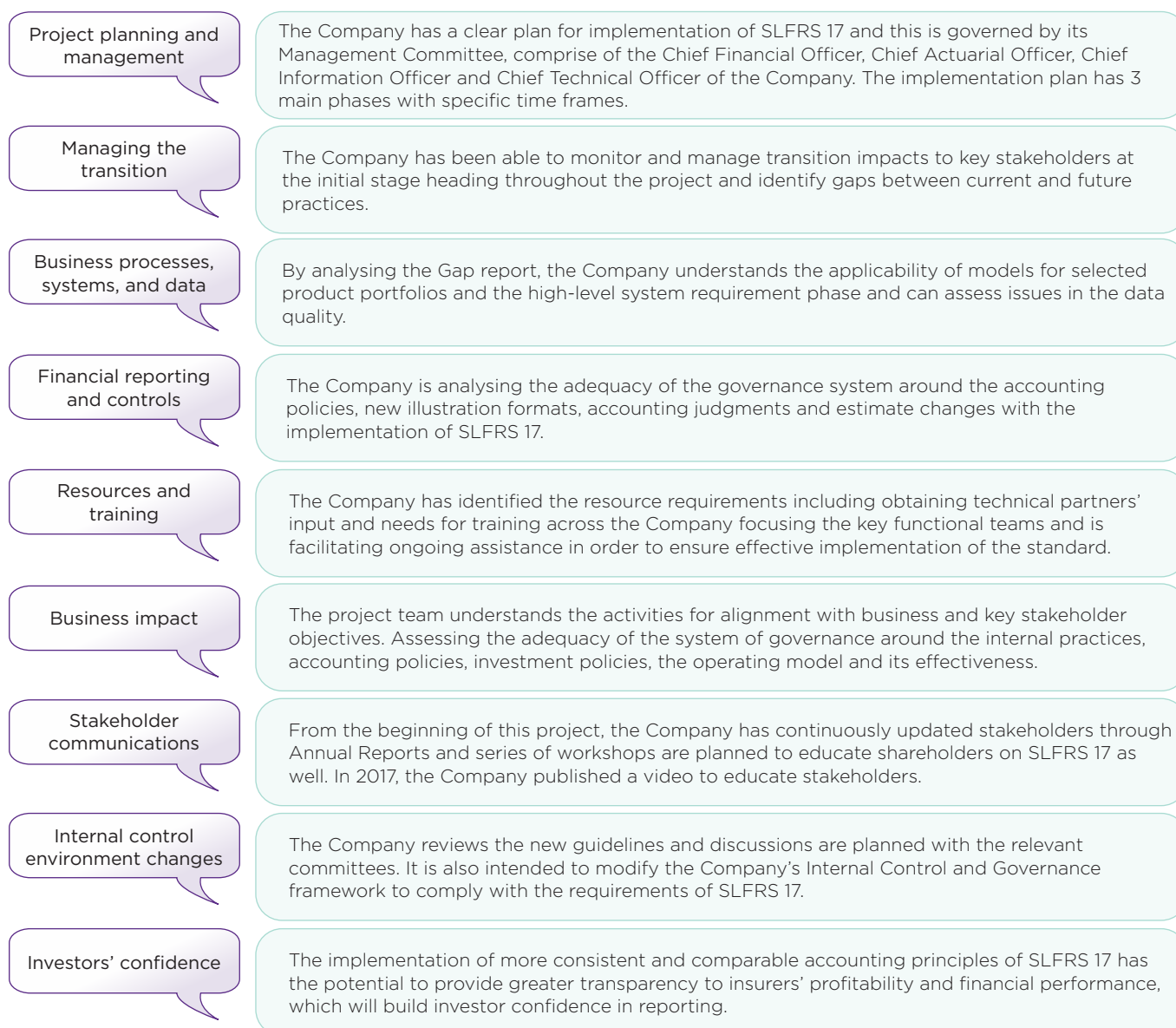
The Health Check Meter indicates over 80% assessment - implementation target deemed satisfactory

Update on Implementation and Project Plan

Figure: SLFRS 17 Implementation Project Plan



Figure: Key Governance Considerations in the Implementation of SLFRS 17



5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

5.7 IT AND CYBER SECURITY RISK MANAGEMENT

The Company IT Governing practices incorporate the interests and inputs of a wide range of stakeholders while bearing in mind the impact on external parties connected to the Company systems and devices.

OBJECTIVES

Operational Focus

Improve Company operations via IT integration, management and development

Risk Management Focus

To manage all cyber security threats and risks faced

BOARD INVOLVEMENT IN IT GOVERNANCE

The Board has delegated IT Governance related matters to the Board Risk Committee.

Mainly, there will be division into two categories comprising Strategic Focus and Operational Focus. In addition to that, the board will delegate based on the following criteria;

1. Risk Management
2. Performance Monitoring
3. Resource Allocation
4. Compliance
5. Cybersecurity Oversight

Involvement of the Board and KMPs

All IT Policies are reviewed and signed off by the IT Steering Committee and Audit Committee depending on the relevance to each committee.

- The Chief Information Officer (CIO) leads the IT Steering Committee which is a dedicated Management Committee, focused on improving and managing IT interests of the Company.

- The IT Steering Committee is delegated with the authority to ensure the proper implementation of the IT Governance Framework.
- Further, the CIO reports to the Risk Committee with regular updates on IT related issues and material IT projects including governance-related matters.
- The Risk Committee in turn ensures that the risk monitoring and assurance procedures have the capacity to adequately address the risks.

Impact on Group IT

Group IT Risk department is independently involved in evaluating applicable security threats and possible mitigating strategies periodically.

Regulatory Requirements on IT Risk

Legal and Internal Audit departments communicate the regulatory requirements that should be adopted to the IT department, which ensures that the system controls are embedded appropriately.

Developing a dashboard to monitor the implementation of IT development policies in alignment with the company's business strategies is crucial for ensuring that IT initiatives contribute effectively to organizational goals.

Development of IT Policies

All the IT Policies, Standards, Procedures and Guidelines are developed as per the ISO 27001:2013 Standard.

Annually, improving information security policies, procedures and guidelines considering the standard, regulatory requirements, and dynamic threat landscape.

Prudent Expenditure

All IT expenditure falls within the approved budget and in line with the strategic objectives of the business.

IT Asset Management Policy -

The annual IT asset requirement needs to be approved by the Managing Director and the CAPEX will be assigned based on the same.

Data Analytics

The Governance framework also encourages the use of data for improved analysis and forecasting activities, which will contribute to the automation and digitalisation of operations.

System Development and Modification

All in-house system developments and modifications are made according to well-defined change management procedures. "Softlogic Life Insurance PLC Software Development Policy" contains the procedures to be followed during software development, software change management, software testing and live deployment.

Certain security measures have been taken to improve DevSecOps and have introduced a release-based security testing process.

Cyber Security Risk Management Focus

Life Insurance companies generally deal with vast amounts of confidential data belonging to policyholders such as their health-related information and financial information.

Risk Management focus of IT Governance is therefore ensuring the security of the sensitive data of policyholders as well as security of information systems and the digital devices of the organisation.

Communication and Awareness

All the Softlogic Life IT Security policies, standards, procedures and guidelines are published on the

Company intranet and users have been requested to read and comply with them.

Regular emails are circulated to the employee base creating awareness of cyber security threats. Following policies are implemented to governed communication methods.

- E-mail Usage Policy
- Internet Usage Policy

In the event a cyber security risk emerges, the IT security division:

- Takes necessary preventive actions to send a special communication across the Company-wide employee base to enhance awareness.
- Informs the precautionary actions that are needed to be followed by each individual to safeguard the integrity of data and the continuity of operations.
- Parallel to that, necessary IT security mitigation actions are exercised by the IT Security unit in coordination with the IT technical teams.

Independent Periodic Review of Security

- The Company annually gets security assessments from 3 third-party independent consultancy firms. Based on the consultancy reports provided by these 3 firms, the IT department along with their technical and security units takes remedial actions.
- A post-implementation review is also carried out by these firms which is presented to the Management regarding the progress of the remedial actions taken.
- A strategic partnership is established with a leading cyber security vendor to ensure the implementation of industry best

practices, fostering customer trust, compliance with regulations, and safeguarding sensitive information.

- Over the past two years, we have successfully enhanced our Vulnerability Management Program. We were able to bring our vulnerability rate down and have made security an essential part of the development process.

Company implemented the following policies for Security and Compliance;

- Approved Applications Policy
- Clear Desk & Clear Screen Policy
- Computing Devices Usage Policy
- Data-Access Policy
- Information Classification Policy
- IT Security Incident Management Policy
- Password Policy
- Social Networking Policy
- Workstation Security Policy

Operational Governance of IT

To maintain the operational governance of IT, Company implemented following policies to govern the operational IT Structure.

- Access Control Policy
- Backup and Restoration Procedure
- IT Helpdesk Policy
- Network Management Policy
- Patch Management Policy
- Software Development Policy
- IT Risk Framework
- Third Party Services Policy

Data Backup and Disaster Recovery (DR)

- Periodic data backup facility.
- Data Centre Policy: Real-time data replication at SLT-IDC for DR.

- Testing the business continuity plan regularly to ensure the organisation can maintain operations in the event of a security incident, while also strictly maintaining the Recovery Time Objective (RTO) and Recovery Point Objective (RPO) to minimise operational disruption and data loss.
- During the last year, we undertook a few initiatives to improve the security of our digital assets,
- Initiating the implementation of SD-WAN solution for enhancing branch level information security and visibility while improving the performance and user experience.
- Improve information security policies, procedures and guidelines considering the standard, regulatory requirements and dynamic threat landscape.
- Continuous assessment of security risks related to the Company's information assets and processes to ensure technology-related residual risks are maintained at acceptable levels
- Ensure adequate information security awareness is given to staff members to follow security best practices.

We are adapting to the ever-changing threat landscape by developing a new security strategy that not only aligns with our evolving business but also places a heightened focus on digitisation and cloud security.

This approach involves a continuous cycle of improvement in data privacy and security, ensuring our measures are robust and responsive. By redefining responsibilities and outlining a clear strategy and roadmap, we aim to enhance our governance and ensure our security infrastructure evolves in tandem with our business needs.

5. BIGGER COMMITMENT TO ETHICS AND INTEGRITY PRACTICES

5.8 STAKEHOLDER ENGAGEMENT Relations with Shareholders

The Board and the Senior Management acknowledge their responsibility to represent the interests of all shareholders and to maximise shareholder value of the Company. Shareholders expect the Board and Senior Management to:

- Create sustainable return on their investment
- Adequate and timely communication
- Comply with statutory and regulatory requirements concerning shareholders
- Manage risk, facilitate transparency, maintain fairness and protect the rights of shareholders.

Details on how the Company addresses shareholder expectations can be found on pages 72-77.

Communication with Shareholders

The Company has implemented multiple methods of communication to maintain an effective relationship with the shareholders of the Company.



Process Established to Make the Board Aware of Major Issues and Concerns of Shareholders

The Company Secretary brings any significant concerns raised by shareholders to the attention of the Board.

Shareholders are encouraged to maintain direct communication with the Board of Directors by contacting the Company Secretary, Softlogic Corporate Services (Pvt) Ltd, through the following channels:



+94 11 5575027
+94 11 5575123



corporateservices@softlogic.lk



Softlogic Corporate Services (Pvt) Ltd,
No 14, De Fonseka Place,
Colombo 05

In Terms of Section 08 of the listing rules, Softlogic Corporate Services (Pvt) Ltd, No 14, De Fonseka Place, Colombo 05 has been appointed as the Company Secretaries of the Company with effect from 01st January 2024 in place of P R Secretaries Services (Private) Limited and communicate to the shareholders on 02nd February 2024 by publishing on CSE website.

Access to Company Financial Reports

Annual and Quarterly reports are available on the Company website as well as the CSE website.

Institutional Shareholders

The Company endeavours to foster consistent and organised communication with institutional investors, brokers, and financial analysts. This effort aims to enhance their comprehension of

our operations, strategy, and plans, thereby facilitating their increased engagement. By encouraging them to voice any concerns that may impact their perception of the Company's value, we strive to promote transparency and constructive dialogue.

The Board and Management rigorously adhere to statutory and ethical guidelines concerning the confidentiality of price-sensitive information, fulfilling their responsibility to maintain its secrecy.

Individual Shareholders

Individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions. Furthermore, Individual shareholders are encouraged to participate in the AGM and exercise their voting rights.

Annual General Meeting (AGM)

The AGM provides a forum for all shareholders to directly communicate with the Board of the Company and participate in the decision-making process reserved for the shareholders.

This typically includes proposals to adopt the Annual Report and Accounts, appointment of Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act No. 07 of 2007.

The Chairman makes sure that the Chairmen of Board Sub-Committees such as the Audit, Nominations and Governance, HR & Remuneration Committee as well as the Senior Independent Director be present at the AGM, to respond to any inquiries made by the shareholders.

Shareholder Notice

Notice of AGM is circulated to all shareholders 15 working days ahead in compliance with the Companies Act, along with instructions on the voting procedure, including the process for voting via a proxy.

Voting Process at the AGM

Separate resolutions are proposed for each substantially separate issue. Shareholders can vote, “for”, “against” or withhold the vote. Votes withheld are not counted as votes for the calculation.

Voting via Proxy

Each resolution will carry a proxy appointment form, which the shareholder can utilise for voting decisions. The Company makes arrangements to ensure that each valid proxy vote is collected, counted and recorded.

Shareholder Feedback

The Company has provided the shareholders an “Investor Feedback Form” which provides the opportunity for shareholders to comments on their Company. Refer “Annexure x” for the feedback form.

24th AGM held in 2023

The Company held a virtual AGM due to pandemic situation on the 31st March 2023 at Level 16, One Galle Face Tower, Colombo 02.

Matters discussed at the AGM included:

1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st December 2022 and the Report of the Auditors thereon

2. To re-elect Mr. V. Govindasamy who retires by rotation in terms of Articles 98 (a) of the Articles of Association of the Company as a Director of the Company.
3. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

Vote results for the resolutions at the AGM held on 31st March 2023 The voting results of the AGM were published on the CSE website by the Company Secretary on the same day. All resolutions in the agenda as detailed above were unanimously passed.

Shareholder Communications during 2023

March 2023

- Dividend Announcement for the Financial Year 2022
- AGM Notice & Disclosures

Engagement with Other Stakeholders

The Company addresses the concerns and interests of all stakeholders impacted by the organisation through the governance framework.

Highlights of Stakeholder Engagement



ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. PREFACE

The Directors have pleasure in presenting to the shareholders the Integrated Annual Report of Softlogic Life Insurance PLC (“the Company”) together with the Audited Financial Statements for the year ended 31st December 2023 and the Independent Auditors’ Report on those Financial Statements conforming to all relevant statutory requirements.

The Board has established strategic imperatives through its annual strategic planning exercise and continued to execute the required strategies to mitigate risks and exploit opportunities. The Board of Directors reviewed the Company’s business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

1.1 Regulatory Framework

This Report, where applicable is presented in accordance with the Guiding Principles and Content elements as stipulated by the <IR> Framework issued by the International Integrated Reporting Council (IIRC) and GRI Standards published by the Global Reporting

Initiative, reflecting our commitment to transparent and objective reporting towards shareholders and other key stakeholders.

This Report provides the information and disclosures as required by the Companies Act No. 07 of 2007, Insurance Industry Act No. 43 of 2000 and amendments thereto, Directions issued by Insurance Regulatory Commission of Sri Lanka, Listing Rules issued by the Colombo Stock Exchange (CSE), the Recommended Best Practices and other relevant regulations.

The Company is a Licensed Insurance Company registered under the Insurance Industry Act No. 43 of 2000 (IIR) incorporated on 21st April 1999 under the Companies Act No 17 of 1982 and was re-registered under the Registration No. PQ 31, according to the requirements of the Companies Act No. 07 of 2007 on 6th July December 2007. The registered office of the Company is situated at Level 16, One Galle Face Tower, Colombo 2, Sri Lanka. The ordinary shares of the Company are quoted on the Diri Savi Board of the CSE since November 2000. The ultimate parent of the

Company is Softlogic Holdings PLC, While Softlogic Capital PLC [Parent Company] holds 51.72% as at 31st December 2023.

1.2 Board Responsibility on the Annual Report

The Board of Directors of the Company are responsible for preparation of the Financial Statements of the Company, which reflect a true and fair view of the financial position and performance of the Company. The appropriate number of copies of the Annual Report have been submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

This Report has been structured to effectively communicate the Company’s efforts to create value to all its stakeholders through the business model on pages 26-27 and identified trends and developments that are likely to impact the value creation process of the business.

These trends and developments are categorised into risks and opportunities to the Company.

The extent of compliance with the requirements of Section 168 of the Companies Act No. 7 of 2007 and amendments thereto and other relevant statutes is disclosed in the below table.

Information Required to be Disclosed as per the Companies Act No. 07 of 2007	Reference to the Companies Act	Level of Compliance by the Company
i) The nature of the business of the Company together with any change thereof during the accounting period	Section 168 (1) (a)	Refer Pages 20-25
ii) Signed Financial Statements of the Company for the accounting period completed in accordance with Section 152.	Section 168 (1) (a)	Refer Pages 271-376
iii) Auditors’ Report on the Financial Statements of the Company.	Section 168 (1) (c)	Refer Pages 268-270
iv) Accounting policies of the Company and any change therein.	Section 168 (1) (d)	Refer Pages 276-376
v) Particulars of the entries made in the Interests Register of the Company during the accounting period.	Section 168 (1) (e)	Refer Page 208
vi) Remuneration and other benefits paid to Directors of the Company during the accounting period	Section 168 (1) (f)	Refer Page 373
vii) Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Refer Page 328

Information Required to be Disclosed as per the Companies Act No. 07 of 2007	Reference to the Companies Act	Level of Compliance by the Company
viii) Information on Directorate of the Company during and at the end of the accounting period	Section 168 (1) (h)	Refer Pages 161-163 and 168-169
ix) Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company	Section 168 (1) (i)	Refer Page 328
x) Auditors' relationship or any interest with the Company	Section 168 (1) (j)	Refer Page 187
xi) Acknowledgement of the contents of this Report/Signatures on behalf of the Board	Section 168 (1) (k)	Refer Page 196-204

2. REVIEW OF BUSINESS

2.1 Vision, Mission and Corporate Conduct

The Company's Vision and Mission Statements are exhibited on page 8 of the Annual Report. The business activities of the Company are conducted maintaining the highest level of ethical standards in achieving its Vision and Mission, which reflects our commitment to high standards of business conduct and ethics.

2.2 Principal Activity

The principal business activity of the Company is Life Insurance business which has remained unchanged during the financial year as per the requirement of Section 168 (1) (a) of the Companies Act No. 7 of 2007.

2.3 Review of Operations of the Company

The Company's sense of innovation has brought in a lot of momentum into its business, further driving brand loyalty amongst customers and stakeholders who feel pride in associating with the Company. More details provided in Chairman's Statements page 36-39, Management Discussion and Analysis pages 35-150 and Notes to the Financial Statements pages 276-376. Operating segments pages 377-380.

3. FUTURE OUTLOOK

The Company is more optimistic about the economy's future outlook and the industry's future prospects, as 2024 is a year in which a recovery in GDP growth is anticipated in Sri

Lankan economy compared to the last year. The Government's goal is to achieve a GDP growth of 2.9% in 2024 and 3.2% in 2025. During the most challenging period in Sri Lankan history in year 2023, the Company's GWP grew by 14% and the Company is confident to continue this momentum through the year 2024.

4. DIRECTORS OF THE COMPANY

4.1 Information on Directors as at 31st December 2023

The Board of Directors of the Company as at 31st December 2023 consisted of eight Directors (8 in 2022) with wide financial and commercial knowledge and experience as detailed in the 'Board of Directors Profiles' on pages 161-163.

The names of the Directors of the Company who held the office during the year and as at the end of 2023, as required by the Section 168 (1) (h) of the Companies Act No. 07 of 2007, are given below:

Name of the Director	Executive/Non - Executive	Independent/Non-Independent
Mr. Ashok Pathirage - Chairman	Non - Executive	Non - Independent
Mr. Iftikar Ahamed - Managing Director	Executive	Non - Independent
Mr. Haresh Kaimal - Director	Non - Executive	Non - Independent
Ms. Fernanda Lima - Director	Non - Executive	Non - Independent
Mr. V. Govindasamy - Director	Non - Executive	Independent
Mr. Raimund Snyders - Director	Non - Executive	Non - Independent
Mr. Sanjaya Mohottala	Non - Executive	Independent
Mr. Lalith Withana	Non - Executive	Independent

ANNUAL REPORT OF THE BOARD OF DIRECTORS

4.2 Board meetings and Board Sub-Committee Meetings

The Director's participation in Board meetings and Sub-Committee meetings are given on page number 178.

Board Sub-Committees	Committee Report Reference
Audit Committee	Pages 211 - 214
Risk Committee	Pages 215 - 216
Human Resources and Remuneration Committee	Pages 217 - 218
Investment Committee	Pages 219 - 220
Related Party Transactions Review Committee	Pages 221 - 222
Nominations and Governance Committee	Pages 223 - 224

4.3 New Board Appointments during 2023

There were no new appointments to the Board during 2023.

4.4 Retirement and Re-election

The Directors to retire by rotation at an AGM shall be those who, have served the longest in office, since their last election or appointment as a Director to the Board of Directors of the Company in terms of articles 98 of the Articles of Association of the Company.

Accordingly, Mr. V Govindasamy was re-elected at the 24th AGM held on 31st March 2023. Refer Notice of Meeting on page 406 for proposed Director re-election for 2024.

4.5 Review of Performance of Board

The performance of the Board is evaluated through a formalised process and details are discussed on page 172.

4.6 Directors' Shareholding including Managing Director

The individual ordinary voting and non-voting shareholdings of persons who were Directors of the Company at any time during the financial year are as follows:

Directors' Shareholding during the year

Name of the Director	2023	2022
Mr. Ashok Pathirage - Chairman	Nil	Nil
Mr. Iftikar Ahamed - Managing Director	Nil	Nil
Mr. Haresh Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil
Mr. V. Govindasamy - Director	Nil	Nil
Mr. Raimund Snyders - Director	Nil	Nil
Mr. Sanjaya Mohottala - Director	Nil	Nil
Mr. Lalith Withana - Director	Nil	Nil

4.7 Directors' interest register

In terms of the Companies Act No 07 of 2007 an Interest Register was maintained during the accounting period under review. All the Directors of the Company have disclosed their interest in other companies to the Board and those interests are recorded in the Directors interest register confirming to the provisions of the Companies Act No 7 of 2007.

4.8 Directors' interest in contracts or proposed contracts

The direct and indirect Director's interests in contracts or proposed contracts with the Company, have been disclosed on page 372-374 as per the requirement. The Directors have also disclosed transactions, if any, that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard - LKAS 24 on "Related Party Disclosures". Please refer Note 45 to the Financial Statements on

pages 372-374 for those transactions disclosed by the Directors. These interests have been declared quarterly at Board Meetings.

Directors have no direct or indirect interest in any other contract or proposed contract with the Company other than those disclosed in the Director's interest in contracts with the Company.

4.9 Directors' Remuneration, fees and Post-Employment Benefits

The amount of the Directors' fees and Remuneration paid during the year is Rs. 86.5 million. Refer Note 45.6.1 in page number 373. Further details are provided on pages 217-218 of the Human Resource and Remuneration Committee report as per the requirement of Section 168 (1) (f) of the Companies Act No. 07 of 2007. The Executive Director's remuneration is decided by the Board

with the recommendation of the Human Resource and Remuneration Committee, in consideration of the individual and Company performance.

4.10 Loans to Directors

Directors are not entitled to obtain any kind of loans from the Company.

4.11 Directors' Insurance

The Company has paid an insurance premium in respect of an insurance policy for the benefit of the Directors of the Company as defined in the insurance policy during the financial year. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

4.12 Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments including all taxes, duties and levies payable by the Company due to the Government, other regulatory institutions and related to the employees have been made on time or where relevant provided for.

4.13 Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company in conformity with the requirements of relevant Sri Lanka Financial Reporting Framework and Sri Lanka Accounting Standards (Mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007 which

reflect a true and fair view of the financial position and performance of the Company. The "Statement of Directors' Responsibility" appearing on pages 205-206.

5. FINANCIAL PERFORMANCE

5.1 Financial Performance Analysis - 2023

The Profit Before Tax of the Company amounted to Rs. 3,197 million. (Rs. 4,030 million In 2022) and this is an decrease of 21%. Further, the Profit After Tax of the Company amounted to Rs. 2,838 million in 2023 (Rs. 2,683 million in 2022) and this was an increase of 6% in 2023. Information on the movement of reserves is given in the Statement of Changes in Equity on page 274 and Notes 37-38 to the Financial Statements on pages 356-357.

A Synopsis of the Company's Performance is Presented Below

For the year ended 31st December	Note Reference	Page Reference	2023 Rs.'000	2022 Rs.'000
Financial Results				
Gross Written Premium	8	320	26,341,321	23,083,425
Profit Before Taxation (PBT)	21	328	3,197,171	4,030,384
Income Tax Expenses	22	328	(358,768)	(1,347,508)
Profit After Tax (PAT)			2,838,403	2,682,876
Un-appropriated Profit Brought Forward			12,112,675	10,453,584
Profits Available for Appropriation			14,951,078	13,136,460
Appropriations				
Actuarial gains / (losses) on defined benefit plans	40.4	366	(20,844)	26,215
Dividend Paid	24.3	331	(1,312,500)	(1,050,000)
Un-appropriated Profit Carried Forward			13,617,734	12,112,675
Reserves as at 31st December				
Stated Capital	35	355	1,062,500	1,062,500
Revaluation Reserve	37	356	173,517	129,733
Fair Value Reserve / Available-for-Sale Reserve	37	356	(2,318,409)	(3,229,988)
Regulatory Reserve	36	356	798,004	798,004
Retained Earnings	38	357	13,617,734	12,112,675
Total			13,333,346	10,872,924

ANNUAL REPORT OF THE BOARD OF DIRECTORS

5.2 Reserves

The reserves consist of Fair Value Reserve, Revaluation Reserve, Restricted Regulatory Reserve and Retained Reserves. The details and movements of reserves are disclosed in Notes 36 to 38 to the Financial Statements on pages 356-357 and in the Statement of Changes in Equity on page 274 to the Financial Statements.

5.3 Taxation

Income taxes are computed based on rates enacted or substantively enacted as at the Reporting Date. The income tax rates applicable to the Company's operations for the year under review was 30%. The Company recognised deferred tax asset extent to which future taxable profits will be available to utilise the available tax losses in foreseeable future. Refer Note 22 on pages 328-330.

5.4 Financial Investments

Financial investments mainly comprise the Company's investment portfolios, which have been segregated into different categories as required by Sri Lanka Accounting Standards (SLFRS/LKAS). The amount of financial investments held by the Company as at 31st December 2023 amounted to Rs. 43,500 million (2022 - Rs. 42,600 million). A detailed description of the financial investments is enclosed in Note 29 to the Financial Statements on pages 343-352.

5.5 Capital Commitments

Details of capital commitments as at 31st December 2023 are provided in Note 46 on page 375.

5.6 Donations

There were no donations made by the Company during the year.

5.7 Property, Plant and Equipment Capital Expenditure and Ownership of Assets

Information on Property, Plant, Equipment and Intangible assets of the Company are given in Notes 26

and 25 to the Financial Statements on pages 333-338 and 332-333 respectively.

Valuation of Land and Building

All land and buildings owned by the Company were revalued. Specific information on extent, location, valuations of the land and buildings held by the Company are given in Notes 26.17 to the Financial Statements on page 337.

5.8 Market Value of Properties

The revaluation exercise on the freehold land and buildings of the Company has been carried out as at 31st December 2023. The revaluation process was carried out by a professionally qualified independent valuer and the Board of Directors of the Company is of the opinion that the revalued amounts are not in excess of the current market values of such properties.

Qualifications of Valuer

The revaluation process of land and buildings of the Company was carried out by Messrs. Anuradha Senevirathne, who is a Chartered Valuation Surveyor of the Royal Institute of Chartered Surveyors, United Kingdom and a Fellow Member of the Institute of Valuers of Sri Lanka.

5.9 Intangible Assets

The carrying value of intangible assets as at the Reporting Date amounted to Rs. 2.4 million (2022 - Rs. 2.6 million). Movement of intangible assets from the balance as at 01st January 2023 to the balance as at 31st December 2023, additions and disposals made, together with the amortisation charge for the year, are set out in Note 25.1 to the Financial Statements on page 332.

6. INVESTOR RELATIONS

6.1 Stated Capital

The Stated Capital of the Company as at 31st December 2023 was Rs. 1,062,500,000 comprising 375,000,000 fully paid ordinary

shares. The details are provided in Note 35 to the Financial Statements on page 355. There was no change in the Stated Capital during the year.

6.2 Issue of Shares

During the year, Company has not issued any shares to raise new capital.

6.3 Tier 2 Capital

The Tier 2 subordinate debt capital of the Company as at 31st December 2023 was Rs. 5,015 Mn. The details are provided in Note 41 to the Financial statements on the pages 367-368.

This subordinate debt capital has been obtained to strengthen the Company's capital structure.

6.4 Dividends

The Company declared an interim dividend of Rs. 3.75/- per share for the year under review out of the profits of the Company. The Directors have certified that they are satisfied that the Company will, immediately after the said distribution is made, satisfy the solvency test in accordance with the Section 57 of the Companies Act and subsequent to such declaration, the Directors have obtained the Auditors certificate of solvency thereon.

6.5 Share Information Distribution Schedule of Shareholdings

Information on the distribution of shareholding and the respective percentages are given in the Section on 'Investor Relations' on pages 385-391.

Information on Earnings, Dividend, Net Assets and Market Value

Information relating to earnings, dividend, net assets and market value per share is given on page 386.

Information on the trading of the shares and movement in the number of shares represented by the Stated Capital of the Company is given in the Section on 'Investor Relations' on pages 385-391.

Substantial Shareholdings

Names of the top twenty shareholders for voting shares, percentages of their respective holdings and percentage holding of the public, etc. are given in the Section on 'Investor Relations on pages 387-388.

Public Shareholding

The percentage of the shares held by public is provide on page 388.

6.6 Information on Ratios, Market Prices of Shares and Credit Rating

Information that requires disclosures as per Rule 7.6 (xi) of the Listing Rule of the CSE are given in the Section on 'Investor Relations' on page 386.

6.7 Equitable Treatment to Shareholders

The Company has ensured at all times that all shareholders are treated equitably.

7. CAPITAL ADEQUACY RATIO ("CAR") AND MINIMUM CAPITAL REQUIREMENTS

The Company has maintain a "CAR" of 367% as of 31 December 2023.

Insurance Regulatory Commission of Sri Lanka (IRC SL) by its Gazette dated 07th May 2013 has increased the Minimum Capital requirement for all Insurance companies to Rs. 500 million with effect from 11th February 2015. The Company has an issued and fully paid stated capital of Rs. 1,062.5 million (2021 - Rs. 1,062.5 million) and therefore fulfilled this statutory requirement.

8. TOTAL AVAILABLE CAPITAL (TAC)

In addition to the above, insurance companies are required to maintain minimum of Rs. 500 million as Total Available Capital (TAC) as per solvency margin (Risk Based Capital) rules 2015 with effect from 01st January 2016. The Company

maintains Rs. 37,107 million as at 31st December 2023 which is well above the minimum requirement. Details of the TAC is given on page 362 and in Note 39.15 to the Financial Statements.

9. COMPLIANCE WITH RULES AND REGULATIONS

The Company has complied with the regulations issued by the Insurance Regulatory Commission of Sri Lanka (IRC SL) and IRD and other regulations applicable to the Company and have submitted all the returns and the details to the relevant parties by the due dates. In addition, the Company complies with the Financial Transaction Reporting Act No. 06 of 2006 and the Convention on the Suppression of Terrorist Financing Act No. 25 of 2005, by sending a monthly report to the Financial Intelligence Unit (FIU) of Central Bank of Sri Lanka (CBSL). Compliance Reports also have been submitted to the Audit Committee on a quarterly basis confirming the same.

10. FOCUS ON NEW REGULATIONS

SLFRS 17 will be effective w.e.f. 1st January 2026 which requires significant changes in our existing operations, IT systems, etc. Most importantly, this will change the way we measure our performance in a logical manner. However, the Company has evaluated the risk of changing SLFRS 4 to SLFRS 17 and has taken key initiatives. Refer Implementation of SLFRS 17 on Page 157.

The recent revisions to Corporate Governance rules by the Colombo Stock Exchange (CSE) have been carefully assessed. The Company has proactively taken measures to ensure full compliance with these updated listing regulations. Refer detailed disclosures on compliance status of CSE listing rules on page 156.

The International Sustainability Standard Board (ISSB) has introduced IFRS S1 and S2 sustainability reporting standards, focusing on sustainability and climate-related risks and opportunities. The Company has foreseen that implementing these reporting standards will strengthen business sustainability and empower the organisation to navigate complex business environments more effectively. Refer Creating Resilient Business Model to Sustainability on Page 69.

11. INTERNAL CONTROLS AND RISK MANAGEMENT

The Company has an ongoing process in place to identify, evaluate and manage the risks that are faced by the Company. The Directors continuously review this process through the Board Risk Committee. Specific steps taken by the Company in managing risks are detailed in the Section on pages 215-216., in the 'Risk Committee Report' and in Note 6 to the Financial Statements on pages 291-315.

12. LIABILITIES AND PROVISIONS

The Board of Directors has arranged external actuaries to value the Life Fund and the Gratuity Liability. The basis adopted for provisioning is disclosed in Note 39 and 40 on pages 357-364 and 364-367 respect to the Financial Statements.

13. OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company's lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations.

14. CORPORATE GOVERNANCE

- The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

- The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance in each quarter to the Board Risk Committee.
- All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue. Refer Stakeholder Engagement on page 194-195.
- The business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed the Company's Corporate/Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.
- The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence. Refer Director' Statement on Internal Controls on Page 209-210.
- The Company has complied with the Listing Rules issued by CSE and Direction 17 issued by the Insurance Regulatory Commission of Sri Lanka. Refer page 225-232 for measures taken and compliance status.
- The measures taken and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka are given on pages 233-241.

15. CODE OF CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics for all its employees and has mandated that it should be followed without any exception. The Company has also adopted a Code of Conduct and Ethics for Directors. There were no violations reported of the code during the year. The Directors and the Key Management Personnel had declared compliance with the relevant Code of Conduct and Ethics. Refer page 182 for Code of Conduct for Directors and Employees.

16. BRIBERY AND CORRUPTION

The Company has introduced a framework, setting out policies and guidelines to prevent corruption and bribery. Refer page 184 for Company's commitment & policies implemented to combat corruption and bribery.

16.1 Whistle Blowing

A Whistleblower Policy is operative within the Company and has been communicated to all members of the staff. In addition to the above, the Company has conducted training sessions to educate staff with regard to whistle blowing. This enables any member of the Company to raise issues with the management and the Board, in order to identify possible risks faced by the Company at an early stage. Refer page 183 for Whistleblower Policy.

17. RELATED PARTY TRANSACTIONS

No related party transactions exceeded the limits of 10% of equity or 5% of total assets requiring immediate disclosure to CSE and a separate disclosure in the Annual Report. Directors have disclosed the transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24), Related Party Disclosures in Note 45 on pages 372-374 which is adopted in the preparation of these Financial Statements.

18. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements, other than disclosed in Note 47 on page 375.

19. GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

20. EXTERNAL AUDITOR

20.1 Appointment of Auditor

The present Auditors, Messrs. KPMG were appointed as Auditors of the Company at the Annual General Meeting held on 31st March 2023 to carry out the audit of the Company for the year ended 31st December 2023. The retiring Auditors, Messrs. KPMG have signified their willingness to continue to function as the Auditor to the Company. A resolution to reappoint KPMG as Auditors and granting authority to the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting to be held on 28th March 2024.

20.2 Auditors' Remuneration

Expenses incurred in respect of Audit Fees and Fees for other services rendered during the accounting period are given in Note 21 to the Financial Statements on page 328.

20.3 Auditors' Independence

Independence confirmation has been provided by Messrs. KPMG as required by the Section 163 (3) of the Companies Act No 07 of 2007, in connection with the audit for the year ended 31st December 2023 confirming that KPMG is not aware of any relationship with or interest in the Company audited by KPMG that

in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct issued by CA Sri Lanka. The Directors are satisfied as the BAC has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non-audit service that the provision of that service or type of service would not impair the independence of Messrs. KPMG.

20.4 Independent Auditors' Report

Independent Auditors' report is provided on pages 268-270.

21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR initiatives of the Company are detailed under 'Management Discussion and Analysis' under Social and Relationship Capital in the Annual Report on page 129.

22. SUSTAINABILITY

The Company is an early champion of adopting sustainability practices and sustainability reporting. The Company has considered the sustainability aspects when formulating its business strategies and details of which are presented on pages 93-147.

23. ENVIRONMENTAL PROTECTION

The Company, to the best of their knowledge, has not engaged in any activity, which was detrimental to the environment. Specific measures taken to protect the environment are given on pages 143-147.

24. HUMAN RESOURCES

A brief description of the Company's HR Policy and the Remuneration Methodology is given in the Remuneration Committee Report on pages 217-218.

24.1 Employment Policy

The Company policy is to respect the merits of the individuals and provide career opportunities, irrespective

of gender, race or religion. The Company's strength of manpower as at 31st December 2023 was 985. (2022 - 999). Medical and Life insurance, under Group cover is available for all employees of the Company, irrespective of their period of service. The Company encourages sports and recreational activities by supporting the Sports Club.

24.2 Employee share ownership/option plans

The Company does not have any employee share ownership/option plans.

25. TECHNOLOGY

As encapsulated in the Corporate Strategy, our business processes are underpinned by technology. All of our processes involve information technology and we use technology to deliver superior products and services to our customers. Correspondingly, the nature of the business is more heavily intertwined with technology than ever before.

26. OPERATIONAL EXCELLENCE

To increase efficiency and reduce operating cost the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.

27. EXTERNAL ASSURANCE ON NON-FINANCIAL INFORMATION

The Company has obtained an external assurance on both the "Integrated Report" and "GRI Sustainability Indicators" more details of which are provided on page 89-90 and 148-150 respectively.

28. ANNUAL GENERAL MEETING

The Virtual Twenty Fifth (25th) Annual General Meeting of the Company will be held on Thursday, 28th March 2024 at 10.00 a.m. via an online platform at Level 16, One Galle Face Tower (Shangri-La Office Tower), Colombo 02. The notice of Annual General Meeting is given on page 406.

29. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by the Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report.

Sgd.
Softlogic Corporate Services (Pvt) Ltd
Company Secretary

On behalf of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka
04th March 2024

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Summary of Statement of compliance with the Companies Act No. 07 of 2007, Listing Rules and Recommended Best Practices, other than specified on Pages 196-197.

Disclosure	Governing Rule	Page References
Principal Activity (Section 12 (4))	RII and L.R.7.6 (ii)	197
Financial Investments	(Section 25 (1) - RII)	200
Capital Expenditure and Ownership of Assets	(Section 30 - RII)	200
Total Available Capital (TAC)	(Section 26(1) - RII)	201
Loans to Directors	(Section 29(1) - RII)	199
Directors' Responsibility for Financial Reporting	(Section 150 and 151 - C.A)	199
Auditors' Independence	(Section 163(3) - C.A)	202
Annual General Meeting	(Section 133 & 135 (a) - C.A)	203
Directors' Insurance	(Section 218 - C.A)	199
Board Responsibility on the Annual Report	(Section 166(1) - C.A)	196
Valuation of Land and Building	(L.R.7.6 (viii))	200
Market Value of Properties	(L.R.7.6 (xii))	200
Stated Capital	(L.R.7.6 (ix))	200
Issue of Shares	(L.R.7.6 (xiii))	200
Distribution Schedule of Shareholdings	(L.R.7.6 (x))	200
Substantial Shareholdings	(L.R.7.6 (iii))	201
Information on Ratios, Market Prices of Shares and Credit Rating	(L.R.7.6(xi))	201
New Board Appointments During 2023	(L.R. 8)	198
Retirement and Re-Election	(L.R. 8 and Direction -17 B (a), B (b) by IRCSL)	198
Directors' Shareholding including Managing Director	(L.R.7.6 (v))	198
Information on Directors as at 31st December 2023	(L.R.7.6 (i))	197
Internal Controls and Risk Management	(L.R.7.6(vi))	201
Related Party Transactions	(L.R 9.3.2 (L.R.7.6(xvi))	202
Employee Share Ownership/Option Plans	(L.R.7.6(xiv))	203
Compliance with Rules and Regulations	(Section 6(a),(b) & Section 7 of FTFA No. 06 of 2006 Circular No. 03/13)	201
Vision, Mission and Corporate Conduct	RBP	197
Review of Operations of the Company	RBP	197
Future Outlook	RBP	197
Board Meetings and Board Sub-Committee Meetings	RBP	198
Statutory Payments	RBP	199
Equitable Treatment to Shareholders	RBP	201
Focus on New Regulations	RBP	201
Outstanding Litigation	RBP	201
Corporate Governance	(RBP L.R.7.6 (xv))	201
Events After the Reporting Period	RBP	202
Going Concern	RBP	202
Appointment of Auditor	RBP	202
Auditors' Remuneration	RBP	202
Corporate Social Responsibility (CSR)	RBP	203
Sustainability	RBP	203
Environmental Protection	RBP	203
Employment Policy	RBP	203
Technology	RBP	203
Operational Excellence	RBP	203

RII - Insurance Industry Act No. 43 of 2000

L.R - Listing Rules Issued by CSE

C.A - Companies Act No. 07 of 2007

RBP - Recommended Best Practices

CBSL - Central Bank of Sri Lanka

IRCSL - Insurance Regulatory Commission of Sri Lanka

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This statement outlines the Directors' responsibilities in relation to Softlogic Life Insurance PLC's Financial Statements. The responsibilities of the External Auditors in relation to the Financial Statements are outlined on pages 268-270 of the 'Auditors' Report.

In accordance with Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Company's Board of Directors is responsible for ensuring that the Company keeps proper books of account of all transactions and prepares Financial Statements that give a true and fair view of the Company's financial position as at the end of each financial year and of the Company's financial performance for each financial year and presents them to a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31st December 2023, the Statement of Income Statement and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company give a true and fair view of the:

- Financial position of the Company as at 31st December 2023; and
- The financial performance of the Company for the financial year ended.

COMPLIANCE REPORT

The Board of Directors also wishes to confirm that:

- a. Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements are provided on pages 276-376 based on the latest financial reporting framework on a consistent basis, while reasonable

and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained.

- b. The Financial Statements for the year 2023, are prepared and presented in this Annual Report in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards.
- Companies Act No. 07 of 2007 and amendments thereto.
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
- Insurance Industry Act No. 43 of 2000 and amendments thereto.
- Statement of Recommended Practice (SoRP).
- Listing Rules of the Colombo Stock Exchange (CSE) and;
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

- c. These Financial Statements comply with the prescribed format issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) for the preparation of Annual Financial Statements of Insurance Companies.

- d. The Directors of the Company have taken appropriate steps to ensure that the Company maintains proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee. The Report of the said Committee is given on pages 211-214.

- e. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.
- f. Proper accounting records which correctly record and explain the Company's transactions have been maintained as required by the Section 148 (1) of the Companies Act to determine at any point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements.
- g. The Board of Directors accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
- h. They have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records. The "Directors' Statement on Internal Control" is given on pages 209-210 of this Annual Report.
- i. As required by Section 56 (2) of the Companies Act No. 07 of 2007, they have authorised distribution of the dividends paid and proposed upon being satisfied that the Company satisfies the solvency test after such distributions are made in accordance with Section 57 of the Companies Act No. 07 of 2007

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

- and have obtained in respect of dividends paid and proposed, and also for which approval is now sought, necessary certificates of solvency from the External Auditors.
- j. As required by Sections 166 (1) and 167 (1) of the Companies Act No. 07 of 2007, the Company has prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed a desire to receive a hard copy or a soft copy (online HTML version) is available on the CSE website "www.cse.lk" and Company's official website "www.softlogiclife.lk" within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.
 - k. All shareholders in each category have been treated equitably in accordance with the original terms of issue.
 - l. The Company has met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.
 - m. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the 'Code on Corporate Governance' issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.
 - n. The Financial Statements of the Company have been certified by the Company's Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the Company on page 273 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.
 - o. The Company's External Auditors, Messrs. KPMG who were appointed in terms of the Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 268-270.
 - p. The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant, provided for.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka
04th March 2024

MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Softlogic Life Insurance PLC (the Company) as at 31st December 2023 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Insurance Industry Act No. 43 of 2000 and amendments thereto
- Statement of Recommended Practice (SoRP)
- Listing Rules of the Colombo Stock Exchange (CSE) and
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed in the SoRP. The Company presents the financial results to its shareholders on a quarterly basis.

The significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied unless otherwise stated in the Notes accompanying the Financial Statements. Application of Significant Accounting Policies and Estimates that involve a high degree of judgement and complexity were discussed with the Audit Committee and Company's External Auditors. Comparative information has been restated to comply with the current presentation, where applicable.

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects; the financial condition, results of the operations and the cash flows of the Company during the year under review.

We are responsible for establishing, implementing and maintaining Internal Controls and Procedures within the Company. We ensure that effective Internal Controls and Procedures are in place, ensuring material information relating to the entity are made known to us for safeguarding assets, preventing and detecting fraud and/or error as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. We have evaluated the Internal Controls and Procedures of the entity for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the Internal Controls and Procedures, to the best of our knowledge.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees. The Company's Internal Audit Function also conducts periodic reviews to ensure that the Internal Controls and Procedures are consistently followed.

The Financial Statements of the Company were audited by Messrs. KPMG, Chartered Accountants and their Report is given on pages 268-270. The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence and objectivity.

The Board Audit Committee (BAC), inter alia, reviewed all the Internal and External Audit and Inspection Programmes, the efficiency of Internal Control Systems and procedures and also reviewed the quality of the Significant Accounting Policies and their adherence to Statutory and Regulatory Requirements. The details of which are given in the 'Board Audit Committee Report' appearing on pages 211-214.

The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the BAC, ensure that the Internal Controls and Procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matter of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

It is also declared and confirmed that the entity has complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required. We confirm that to the best of our knowledge:

- a) The Company has complied with all applicable laws and regulations and guidelines and there is no material litigation against the Company other than those disclosed in Note 48 on pages 375-376 of the Financial Statements.
- b) All taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at 31st December 2023 have been paid, or where relevant provided for.
- c) The Company has complied with all the legal and regulatory provisions of the Regulation of Insurance Industry Act.

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Nuwan Withanage
Chief Financial Officer

Colombo, Sri Lanka
04th March 2024

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

In compliance with the disclosure requirements of Section 168 (e) of the Companies Act No 07 of 2007, Directors' interests in contracts or proposed contracts with the Company, both direct and indirect are disclosed as follows, where the Chairman or a Director of the Company is the Chairman or a Director of such entities. Furthermore, to adhere to Rule 9.10.4(e) of the CSE Listing Rules, these entities are categorised as listed, unlisted or foreign, and the Director's role as Executive or Non-Executive is also disclosed. All Directors of the Company have disclosed their interest in other companies to the Board and such interest are recorded in the Directors interest register confirming to Section 192 (1) and 192 (2) of the Companies Act No 07 of 2007.

Summary of Directorships in other Companies

Director Name	Listed	Unlisted	Foreign	Total
Ashok Pathirage	4	14		18
Iftikar Ahamed	1	3		4
Haresh Kaimal	3	16		19
V. Govindasamy	3	11		14
Sanjaya Mohottala		2	1	3
Lalith Withana	1	2		3
Fernanda Lima			13	13
Raimund Snyders			6	6

Directorships in Listed Companies

No.	Position	Company	Capacity
Ashok Pathirage			
1	C/MD	Softlogic Holdings PLC	ED
2	C/MD	Asiri Surgical Hospital PLC	ED
3	C	ODEL PLC	ED
4	C	Softlogic Capital PLC	NED
Iftikar Ahamed			
1	MD	Softlogic Capital PLC (Resigned w.e.f. 31.01.2024)	ED
Haresh Kaimal			
1	D	Softlogic Holdings PLC	ED
2	D	Odel PLC	NED
3	D	Softlogic Finance PLC	NED
V. Govindasamy			
1	D	Watawala Plantations PLC	ED
2	DC	Sunshine Holdings PLC	ED
3	D	TAL Lanka Hotels PLC	NED
Lalith Withana			
1	D	HNB Finance PLC	NED

Directorships in Foreign Companies

No.	Position	Company
Fernanda Lima		
1	D	Tumalon Katak Salahkar Pte.Ltd.(Singapore)
2	D	LeapFrog III Holdings (Asia) Pte. Ltd
3	D	Amethyst Inclusion Pte. Ltd.
4	D	LeapFrog III FS Africa No. 1 Pte. Ltd.
5	D	Inclusive Digital Health Pte. Ltd.
6	D	Obsidian Inclusion Pte. Ltd.
7	D	Emerald Inclusion Pte. Ltd.
8	D	Peridot Inclusion Pte. Ltd.
9	D	Topaz Inclusion Pte. Ltd.
10	D	EC Mobility I Pte. Ltd.
11	D	Alstroemeria Investments Pte. Ltd.
12	D	Leucadendron Investments Pte. Ltd.
13	D	Bolttech Holdings Limited
Sanjaya Mohottala		
1	D	Alani Bangladesh Pvt Ltd (Bangladesh)

C - Chairman,
DC - Deputy Chairman,
ED - Executive Director,
MD - Managing Director,
D - Director,
NED - Non-Executive Director

Directorships in Foreign Companies

No.	Position	Company
Raimund Snyders		
1	D	AIICO PLC
2	D	Nigerian Insurance Group
3	D	miLife Insurance
4	D	Ghanaian Insurance Company
5	D	Cenfri (Non profit South African Company)
6	D	Broadway East Investments (South Africa)

Directorships in Unlisted Companies

No.	Position	Company
Ashok Pathirage		
1	C/MD	Central Hospital Ltd.
2	C/MD	Ceyсанд Resorts Ltd.
3	C/MD	Softlogic Retail (Pvt) Ltd.
4	C	Sri Lankan Catering Ltd.
5	C	Sri Lankan Airlines Ltd.
6	C	Softlogic Supermarkets (Pvt) Ltd.
7	C	Softlogic Properties (Pvt) Ltd.
8	C	Softlogic City Hotels (Pvt) Ltd.
9	C	NDB Capital Holdings Ltd.
10	D	Footwear Retailer Ltd.
11	D	Odel Properties One (Pvt) Ltd.
12	D	Asiri A O I Cancer Centre (Pvt) Ltd.
13	D	Softlogic Retail Holdings (Pvt) Ltd.
14	D	Asiri Port City Hospital (Pvt) Ltd.
Iftikar Ahamed		
1	D	Softlogic Stockbrokers (Pvt) Ltd.
2	D	Softlogic Corporate Services (Pvt) Ltd.
3	D	Softlogic Asset Management (Pvt) Ltd.
Haresh Kaimal		
1	D	Softlogic Australia (Pty) Ltd.
2	D	Softlogic International (Pvt) Ltd.
3	D	Softlogic Information Technologies (Pvt) Ltd.
4	D	Softlogic Computers (Pvt) Ltd.
5	D	Softlogic BPO Services (Pvt) Ltd.
6	D	Softlogic Mobile Distribution (Pvt) Ltd.
7	D	Softlogic Retail Holdings (Pvt) Ltd.
8	D	Softlogic Restaurants (Pvt) Ltd.
9	D	Silk Route Foods (Pvt) Ltd.
10	D	Softlogic City Hotels (Pvt) Ltd.
11	D	Softlogic Supermarkets (Pvt) Ltd.
12	D	Softlogic Corporate Services (Pvt) Ltd.
13	D	Softlogic Brands (Pvt) Ltd.
14	D	Odel Properties One (Pvt) Ltd.
15	D	Saber Travel Network Lanka (Pvt) Ltd.
16	D	Cotton Collection (Pvt) Ltd.
V. Govindasamy		
1	C	TATA Communications Lanka Ltd.
2	C	Sunshine Wilmar (Pvt) Ltd.
3	D	Sunshine Consumer Lanka Ltd.
4	D	Healthguard Pharmacy Ltd.
5	D	Watawala Dairy Ltd.
6	D	Sunshine Healthcare Lanka Ltd.
7	D	Ceylon Property Development Ltd.
8	D	Lanka Island Resorts Ltd.
9	D	Sunshine Tea (Pvt) Ltd.
10	D	Sunshine Foundation for Good
11	D	1990 Suwa Seriya Foundation
Sanjaya Mohottala		
1	D	Alani Holdings Pvt Ltd
2	D	1976 Corp Pvt Ltd
Lalith Withana		
1	D	Agilitv Consulting Services (Pvt) Ltd.
2	D	Serendipity Leisure (Pvt) Ltd.

Related party disclosures as per the LKRS 24 on "Related Party Disclosures" are given in Note 45 to the Financial Statements on page 372-374.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

INTRODUCTION

The following statement fulfils the requirement to publish the Directors' statement on internal controls as per the Code of Best Practices on Corporate Governance issued by the CA Sri Lanka.

RESPONSIBILITY

The Board of Directors ("Board") is accountable for ensuring the adequacy and effectiveness of internal controls in order to protect shareholders' investments and Company assets. The Board has established an enterprise risk management approach to identify the most significant risks to the business and management's mitigation efforts.

However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Company. In light of this, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has created an ongoing process for detecting, evaluating, and managing the Company's major risk, which includes upgrading the Company's internal control system as the business environment and regulatory rules evolve. The Board, through its Audit Committee and Risk Management Committee, with the cooperation of the Internal Auditors, involves setting this process for the year and reviews it on a regular basis.

- Regular IT system audits are conducted by contracted external experts to ensure the integrity of financial information, data security and adequate access controls are in place with regard to processing of data. Further, contemplating robust security

measures and risk management, the Company has appointed an independent IT security officer who liaises with the internal audit, external audit and other external experts contracted by the Company. In addition to the above, the External Auditors review critical components of the IT environment as part of the statutory audit.

- The recommendations made by the External Auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps were taken to implement them.
- Further improvements in line with industry and/or non-industry best practices are also implemented on an on-going basis.
- The Board Risk Management Committee assists the Board in overseeing the risk management framework of the Company. The management has prepared a Risk Register identifying all key risks faced by the Company and there is an ongoing, bottom-up process in place for identifying, evaluating and managing the risks faced by the Company. New risks, mitigating actions and changes of risk status of earlier identified risks are highlighted separately and the implementation of the proposed new controls is followed up by the risk and internal audit department. The report of the Risk Committee is provided on pages 215-216 of the Annual Report.

The management assists the Board in implementing policies and procedures relating to risk and control by identifying and assessing the risks faced by the Company, as well as in the design, operation and monitoring of suitable internal controls to mitigate these risks.

The Board is of the view that the system of internal controls in place

is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with the relevant accounting principles and regulatory requirements.

Key features of the process adopted in applying and reviewing the design and effectiveness of the Internal Control System on Financial Reporting and the key processes established to review the adequacy and integrity of the system of internal controls related to financial reporting include the following:

- Board Sub-Committees are established by the Board to assist in ensuring,
 - The effectiveness of the Company's daily operations.
 - The Company's operations are in accordance with the business direction/strategies.
 - The Company's operations are in line with the annual corporate budget, and approved policies.
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business. These committees include the Assets and Liability Management Committee, the Internal Investment Committee, the Information Technology Steering Committee, the Internal Risk Management Committee, the Actuarial Committee and the Product Development Committee.
- In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls connected with the significant accounts and disclosures of the Financial Statements of the Company.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

These in turn were observed and checked by the Internal Audit department for suitability of design and effectiveness on an ongoing basis. Since adoption of new Sri Lanka Accounting Standards (SLFRSs and LKASs), progressive improvements in processes to comply with the new requirements of recognition, measurement, classification and disclosures are being made.

CONFIRMATION

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka

Accounting Standards, requirements of the Company's Act No. 7 of 2007, Regulations of Insurance Industry Act No. 43 of 2000 and the listing rules of the Colombo Stock Exchange.

- The Internal Audit Department of the Company checks for compliance with policies and procedures and the effectiveness of the internal control system on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all departments and branches, in accordance with the annual audit plan approved by the Audit Committee. The frequency of audits of branches is determined by the level of risk assessed, to provide an independent and objective report.
- The annual audit plan is reviewed and approved by the Audit Committee.

- Findings of the internal audit are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, regulatory authorities, External Auditors and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits, independence, resources and quality of the same. Minutes of the Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company on a periodic basis. Details of the activities undertaken by the Audit Committee of the Company are set out in the 'Audit Committee Report' which appears on pages 211-214.

On behalf of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Lalith Withana
Chairman - Audit Committee

Colombo, Sri Lanka
04th March 2024

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Audit Committee (“the BAC”) comprise of three (03) Non-Executive Directors, out of which, majority (02) of whom are independent. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Lalith Withana	Independent Non-Executive Director	Chairman	22 Jul 2021	4/4
Mr. Raimund Snyders	Non-Executive Director	Member	15 Feb 2021	4/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	22 Jul 2021	4/4

Regular Attendees by invitation

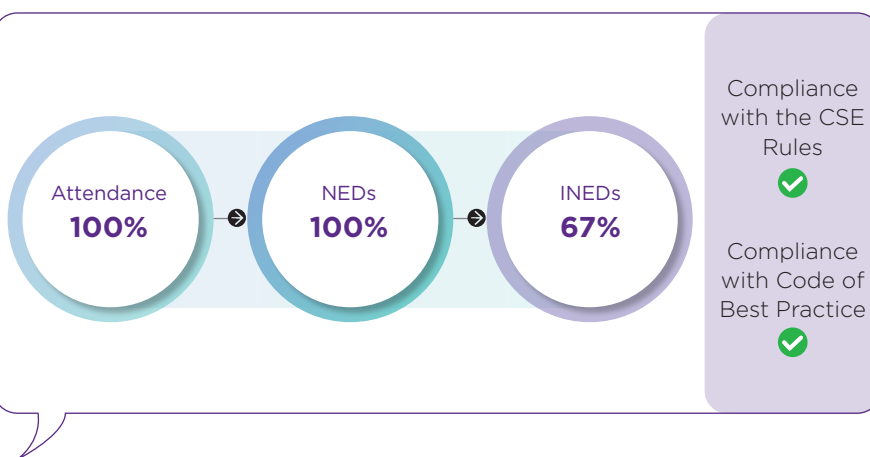
Managing Director
Deputy Chief Executive Officer
Chief Financial Officer
Chief Audit and Compliance Officer
Group Head of Internal Audit & Risk
Head of Finance

Coordination Secretary

Chief Audit and Compliance Officer

Secretary to the Committee

Softlogic Corporate Services
(Pvt) Ltd



EXPERTISE OF THE COMMITTEE

The Chairman of the committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of UK.

He is a Management Consultant with over 25 years of experience in organisation development, business transformation, finance, human resources, manufacturing, supply chain, market development, public sector and project management.

The Committee members also bring a wide range of expertise and knowledge to the Audit Committee, which enables the effective conduct of operations.

Further information on the Committee members’ experience, qualifications and expertise are provided in the brief profiles included on pages 161 -163 of the Annual Report.

CHARTER OF THE COMMITTEE

The Charter of the BAC approved by the Board, clearly defines the Terms and Reference of the committee and is annually reviewed to ensure that new developments relating to the committee’s functions are addressed.

The Charter of the Committee was last reviewed and approved by the Board on 6th November 2023.

The Committee has the cooperation of the management and complete access to information and may invite any Director or executive officer to attend its meetings.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Committee recognises the need to keep its knowledge up-to-date and members have attended internal and external presentations and seminars on important themes.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The composition, role and the functions of the Board Committee are further regulated by the rules on Corporate Governance under the “Listing of the Colombo Stock Exchange”, “Code of Best Practice on Corporate Governance”, issued by The Institute of Chartered Accountants of Sri Lanka and the Regulation of Insurance Industry Act, No.43 of 2000. Refer page 158 for statement of Compliance.

OBJECTIVES

The Committee is empowered by the Board of Directors to:

- Ensure that the financial reporting system is well managed and effective to provide accurate and timely financial information to the Board of Directors, regulators and shareholders.

AUDIT COMMITTEE REPORT

- Review the appropriateness of the accounting policies and ensure adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Examine the appropriateness, efficacy, and efficiency of risk management, internal controls, and governance systems established to prevent, mitigate, or transfer present and evolving risks.
- Ensure that the conduct of the business follows the applicable laws and regulations of the country and falls within the policies and procedures of the Company.
- Ascertain that the Company adopts and follows strong corporate governance standards, Confirming the highest ethical standards and best industry practices in the best interests of all stakeholders.
- Monitoring all areas of internal and external audits in order to provide findings and recommendations to management.
- Prior to submission to the Board, review the Company's Interim Financial Statements and Annual Financial Statements to ensure the integrity of the financial statements prepared for disclosure.
- Ensure that the impacts of new accounting standards are discussed and disclosed in the Financial Statements.
- Monitoring and reviewing the activities and performance of the internal, external and outsourced auditor/s, including monitoring their independence and objectivity.

ACTIVITIES IN 2023

1. Meetings:

The Audit Committee conducted four (4) meetings during the year. The attendance by the Committee

members at each of these meetings is given in the page 178. Representatives of the Company's External Auditor, Messrs. KPMG also participated at those 4 meetings by invitation. The Committee also invited Senior Management of the Company to participate in the meetings from time to time as required.

2. Financial Reporting

The Audit Committee has reviewed and discussed the Company's Quarterly and Annual Financial Statements prior to publication with Management and the External Auditors, including the extent of compliance with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters. The Committee also discussed with the External Auditors and management the matters communicated by the External Auditors in their reports to the Committee on the audit for the year.

The Committee reviewed the following areas, in consultation with the External Auditors and the management where necessary:

- Reviewed the Interim Financial Statements of all four (04) quarters and the Annual Financial Statements for the year 2023 prior to publication including the acceptability of the accounting principles, Listing Rules, Companies Act No. 7 of 2007, Regulation of Insurance Industry Act, SORP and the reasonableness of significant estimates and judgements.
- Reviewed the impact of new Accounting standards and significant accounting and reporting issues.

3. Progress in Implementation of SLFRS 17

During the year, the Committee continuously monitored progress of the implementation of the SLFRS

17 Insurance Contracts which will become effective in the preparation of Financial Statements from 1st January 2026.

The Committee went through the presentation made by KPMG, which covered in terms of the current status of the SLFRS 17: Insurance Contracts implementation and system vendor quotations and evaluation of the same which included technical evaluation, justification for shortlisting of vendors and financial evaluation.

4. Review of Impairment on Financial Investments

The Committee reviewed the policy manual of principles and methodologies including Expected Credit Losses (ECL) computations under "SLFRS 9 - Financial instruments" adopted by the management during the year. Further, the Committee reassessed the impairment relating to Debenture investments, Unit Trust Investments, Sovereign bonds and Sri Lanka development bonds and considered the requirement to make necessary provisions for the expected loss impairment.

5. Cyber Security Review

Softlogic Life has implemented numerous technical solutions and operational enhancements in response to the cyber security threats.

The Committee reviewed the progress of cyber security reviews.

6. Compliance Update

The Committee reviewed the report on the Compliance status on quarterly basis.

7. Internal Audit, Risks and Control

The Committee monitors the effectiveness of the internal audit function and is responsible for ensuring the effectiveness of the internal control systems of the Company.

During the year, the Committee reviewed the internal audit plan and recommended changes, and the progress were monitored on regular basis.

Internal auditing involves all functions of the Head Office as well as all branch activities and includes an evaluation of the adequacy, effectiveness and efficiency of internal controls, as well as the actions taken to minimise operational and business risks. In addition, internal auditing monitors and reports on compliance with statutory regulations and the Company's accounting and operational policies.

The internal audit representatives are present at the Audit Committee meetings when discussions are conducted with regard to their respective audit reports.

The Committee was assured that the Internal Audit function is independent and that its audit functions are performed with impartiality, competency and with professional care.

The Committee annually evaluates the independence and resources of the Internal Audit function. The Internal Audit Strategy which comprises of progress, key audit findings, results of the implementation of audit recommendations and other key initiatives of the Internal Audit function is assessed every quarter.

High risk audit findings are discussed in detail at each Committee meeting with the associated recommendations and the responses from the management. During the period, 32 internal audit assurance reports were summarised and 630 reviews of areas susceptible to fraud were completed.

The Committee's approval was obtained to outsource Review of "Payroll & HR policies/procedures" of the Company.

Operational deficiencies risk together with recommendations were discussed at the Audit Committee.

8. External Audit

The Audit Committee assists the Board in assessing independence, evaluating the performance of the External Auditors and making recommendations for engagement of Auditors.

The External Auditors were provided with an opportunity of meeting Non-Executive Directors of the committee separately without the Executive Director and the Corporate Management being present. This is to ensure the independence of the auditors to discuss their opinion on any matter.

The following activities were carried out by the Audit Committee during 2023;

- Discussed the audit plan, scope and the methodology proposed for adoption in conducting the audit with the Auditors prior to commencement of the annual audit.
- The External Auditors were given adequate access to the Audit Committee as well as to all relevant information required discussed matters relating to the scope of the audit and auditors' independence.
- Reviewed the follow up action points taken by the Management in improving the financial reporting based on the 2022 Management Letter by the External Auditor Messrs. KPMG.
- Reviewed the External Auditors' Management Letter and the Management's responses thereto before it was submitted to the Board and Insurance Regulatory Commission of Sri Lanka.
- Discussed all relevant matters arising from the interim and final audits, and any other matters that the Auditor wished to discuss,

including matters that needed to be discussed in the absence of Key Management Personnel. The Committee members evaluated the Scope, Deliverables, Resources and Quality Assurance Initiatives of the External Auditor, Messrs. KPMG for the year.

INDEPENDENCE AND OBJECTIVITY OF THE EXTERNAL AUDITORS

The Audit Committee executed an annual assessment of the External Auditor's independence and objectivity, including the audit process' efficacy. Auditors having no relationship (other than that of Auditors) with the Company, as far as the Audit Committee is aware.

In addition, as required by the Companies Act No. 07 of 2007 and Best Practice on Corporate Governance 2023 issued by CA Sri Lanka the Committee has received a declaration from Messrs. KPMG confirming that they do not have any relationship with the Company, which may have a bearing on their independence.

According to the Company policy, the lead Audit Partner is rotated for every five years.

PROVISION OF NON-AUDIT SERVICES

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair the External Auditor's independence and objectivity.

The Committee set out the following guidelines for the engagement of the Auditor to provide non-audit services.

- Skills and experience in providing non-audit services.
- The nature of non-audit services, the related fee levels individually and in aggregate, relative to the audit fee.

AUDIT COMMITTEE REPORT

The Board Audit Committee considered these guidelines for the engagement of the Auditor to provide non-audit services during the year. Further, the Committee was of the view that such services were not within the category of services identified as prohibited under the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

RE-APPOINTMENT OF THE EXTERNAL AUDITORS

The Board Audit Committee is in charge of recommending to the Board the appointment, reappointment, or removal of the External Auditor in accordance with professional standards and legislative requirements.

The Audit Committee has recommended that Messrs. KPMG, Chartered Accountants be reappointed as Auditors for the financial year ending December 31, 2024, subject to shareholder approval at the Annual General Meeting.

Furthermore, the Committee has presented a recommendation to the Board on the remuneration of the Auditors.

COMPLIANCE WITH RULES AND REGULATIONS

The Committee examines the systems and procedures that are in place to ensure compliance with applicable regulatory requirements via the Compliance Report prepared by the Compliance Officer. The Compliance Officer's report details the extent of Compliance with the Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto, the Directions of the Insurance Regulatory Commission of Sri Lanka and any other regulatory and statutory requirements applicable to the Company.

SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to the adoption of the new and revised Sri Lanka Accounting Standards applicable to the Company and made recommendations to the Board of Directors. The committee would continue to monitor compliance with the relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

RISK MANAGEMENT

The Risk Management Committee provides information pertaining to the risk management function with the purpose of keeping the Audit Committee abreast of the latest developments and in order to carry out its statutory, regulatory and other responsibilities. A detailed report of the Risk Management Committee is given on pages 215-216.

CORPORATE GOVERNANCE

The Company is fully compliant with the applicable rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE). In addition, the Company is compliant with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

ETHICS, GOOD GOVERNANCE AND WHISTLE BLOWING

The Committee continuously emphasises the importance of staff members' ethical values. In this regard, a Code of Ethics and a Whistle Blower's Charter was established and implemented with the aim of informing and encouraging all employees to use whistle-blowing as a means of reporting wrongdoing or other irregularities. Corporate governance at the highest level was ensured, as was adherence to the Company's Code of Ethics.

All appropriate procedures were in place to conduct independent investigations into incidents reported through whistle blowing

or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the whistle blowers' identity.

COMMITTEE EVALUATION AND PROFESSIONAL DEVELOPMENT

An independent evaluation of the Committee's effectiveness was carried out by the other members of the Board during the year. After considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee was rated as highly effective.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview.

CONCLUSION

The Audit Committee concludes that the internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively, and that they give reasonable assurance that the Company's assets are protected and that the financial statements are accurate. Throughout the year, the Company's External Auditors have been effective and independent.

In addition, the Committee observes that the Company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, codes of ethics and standards of conduct have been followed. The Committee is also satisfied that the application of appropriate accounting policies provides reasonable assurance that the Financial Statements of the Company are true and fair.

Sgd.

Mr. Lalith Withana
Chairman - Audit Committee

Colombo, Sri Lanka
04th March 2024

RISK COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Risk Committee (“the Committee”) consists of Three Non-Executive Directors, out of which one is independent. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Attendance
Mr. Raimund Snyders	Non-Executive Director	Chairman	7/7
Mrs. Fernanda Lima	Non-Executive Director	Member	6/7
Mr. Lalith Withana*	Independent Non-Executive Director	Member	1/1
Mr. Ifthikar Ahamed*	Managing Director	Member	6/6

*Mr. Lalith Withana was appointed as Member of the Risk Committee with effect from 15th August 2023 and Mr. Ifthikar Ahamed attended as a member of the Committee until October 2023, after which he attended meetings by Invitation, in compliance with the Code of Best Practice on Corporate Governance 2023, issued by CA Sri Lanka.

Regular Attendees by invitation

Managing Director
Deputy CEO
Head of Group Risk and Audit
Chief Financial Officer
Chief Distribution Officer
Chief Technical Officer
Chief Information Officer
Chief Actuarial Officer
Chief Corporate Services Officer
Chief Audit and Compliance Officer
Chief Risk Officer
Vice President - Treasury
Manager-IT Risk and Security

Coordination Secretary

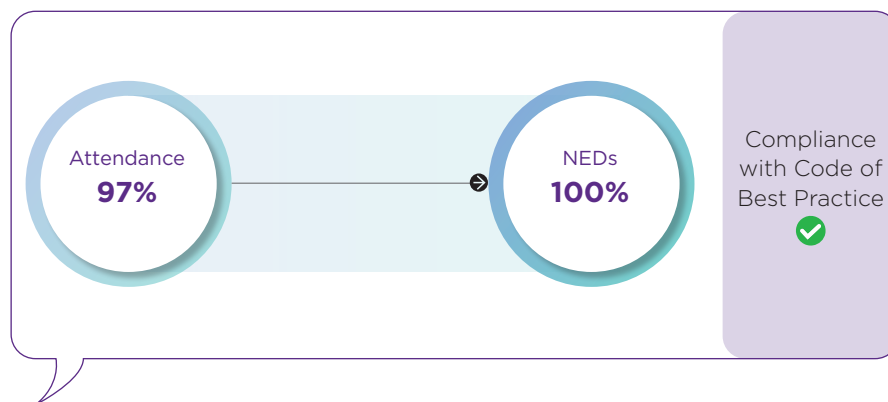
Chief Risk Officer

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

CHARTER OF THE COMMITTEE

The Board Risk Committee (“the Committee”) is a Sub-Committee of the Board and is appointed by the Board of Directors and reports formally to the same on its proceedings whenever there are major decisions taken, whilst making recommendations to the Board as it deems appropriate.



The profiles of the Committee members are given on pages 161-163.

This Committee has supervisory functions over the Company’s Risk Management Framework, Mitigative actions and any other risk related matters determined by the Board of Directors.

AUTHORITY

The Risk Committee is a Sub-Committee of the Board of Directors and has been empowered to have direct access to, and receive regular reports from, Senior Management, and be provided with any information it deems as risk related and appropriate. The Committee also has the authority to engage independent professional advisors on matters within its purview.

OBJECTIVES

- Oversee the organisation’s risk management framework. This involves monitoring and evaluating the effectiveness of risk management processes, policies, and procedures.
- Establishes and maintains the organisation’s risk governance structure. This includes defining the roles and responsibilities of key individuals and departments involved in risk management.
- Assist in defining and approving the organisation’s risk appetite and tolerance levels.
- Oversee management process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;

RISK COMMITTEE REPORT

- Reviews and assesses the major risks facing the organisation. This involves identifying, analysing, and prioritising risks to determine their potential impact on the organisation’s objectives.
- Review changes in the economic and business environment, including emerging trends and other factors relevant to the Company’s risk profile.
- Identify and analyse material ESG and Climate risks that could impact the company’s financial performance, reputation, and long-term sustainability and evaluate potential opportunities arising from positive ESG practices.
- Provide input on the development and implementation of ESG policies and strategies, ensuring they align with the Company’s overall risk management framework.
- Monitor developments and emerging best practices on the identification of ESG and Climate related risk and opportunities and provide insights on the mitigation of the same.
- Review reinsurance treaties annually and advise the Board on their sustainability or otherwise.
- Review and approval of all policies under purview of Risk Governance Framework.
- Continuously monitored the impacts via claims risks and required analysis on frequency and severity of claims by Line of Business, Type of Illness and other important factors to understand the required mitigation strategies as well as impacts as a result of assumption changes on the liability valuations.
- Constantly monitored updates on possible factors of the FCY Debt Restructuring and the impact on the Company’s NOP.
- Reviewed potential impact of an ongoing persistency risk as a result of harsh macro-economic conditions and advised on tighter mitigations actions to curtail the same.
- Specialty focus on Staff Turnover which resulted in mitigation being directed at both Sales and Non Sales Staff.
- Constantly monitored updates on IT Risks and potential impacts of the same on Business Continuity which resulted in focused mitigation actions.
- Provided guidance on the project implemented to ensure compliance with the Data Protection Bill.
- Provided guidance and feedback to evaluated risks via an approach of “Environmental, Social and Governance”.
- Additionally, the Committee reviewed and approved all policies under the purview of the Risk Governance Structure through 2023.

ACTIVITIES IN 2023

- Reviewed the adequacy and effectiveness of the Company’s existing risk management controls.
- Reviewed and approved the Company’s risk appetite and respective parameters for the FY 2023.
- Reviewed all impacts and possible mitigation actions with regards to Economic and Political Risks faced through the year with specialty focus on the same.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Committee recognises the need to maintain its knowledge up to date, and members have attended internal and external presentations and seminars on important themes through the year.

THE YEAR AHEAD

The Committee will continue to review the risk identification, mitigation and monitoring mechanisms along with risks already identified risks and their impacts to ensure the Company is within its defined risk appetite. Further, it will also continuously look at ways of improving the Company’s Risk Framework Benchmarking International Best Practice Standards.

Sgd.

Raimund Snyders
Chairman - Risk Committee

Colombo, Sri Lanka
04th March 2024

HUMAN RESOURCE AND REMUNERATION COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Human Resource and Remuneration Committee (“the Committee”) consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Board Human Resources and Remuneration Committee are given on pages 161-163. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. V. Govindasamy	Independent Non-Executive Director	Chairman	01 Jul 2021	2/2
Mr. Ashok Pathirage	Non-Executive Director	Member	09 Jul 2011	2/2
Mr. Lalith Withana	Independent Non-Executive Director	Member	01 Jul 2021	2/2

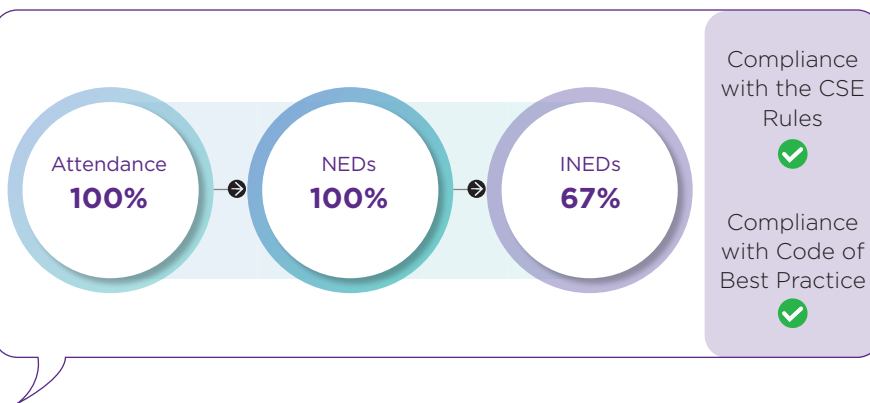
Regular Attendees by invitation

Managing Director*
Chief Human Resources Officer

* The Managing Director took part in all deliberations except when his own interest, performance and compensation were discussed.

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd



CHARTER OF THE COMMITTEE

The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors, any matter that may influence the Human Resource Management of the entity and shall particularly incorporate.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE SUB-COMMITTEE

The Board established the Remuneration Committee in accordance with Rule 7.10.5 of the Colombo Stock Exchange’s Listing Rules, and its composition and powers are in accordance with the Listing Rules.

THE KEY OBJECTIVES, RESPONSIBILITIES, AND DUTIES OF THE COMMITTEE

Determining the remuneration of the Chairman, Deputy Chairman, Managing Director and other members of the Board of Directors of the Company, while ensuring that no

Director is involved in setting his or her own compensation.

- Determining the compensation and benefits of the KMP and establishing performance parameters in setting their individual goals and targets.
- Formulating guidelines, policies and parameters for the remuneration structures for all
- Executive Staff of the entity and overseeing the implementation thereof.
- Reviewing information related to executive pay from time to time, to ensure same it is on par with the market/industry rates or as per the strategy of the Company.
- Evaluating the performance of the Managing Director and KMP against the pre-agreed targets and goals.
- Making recommendations to the Board of Directors from

time to time, of the additional/new expertise required by the Company.

- Assessing and recommending promotions of KMP to the Board of Directors, addressing succession planning and issues connected to the organisational structure.
- Approving annual increments, bonuses and changes in prerequisites and incentives.
- Making sure that employee remuneration packages of employees are linked to individual performance, responsibility, expertise and contribution to team and overall Company objectives.

ACTIVITIES IN 2023

- Approving performance Bonus payable for 2022 determined by the Committee according to the Variable Pay Plan (VPP) for Executive staff.

HUMAN RESOURCE AND REMUNERATION COMMITTEE REPORT

- Approved the annual increments to the Executive staff based on their performance during 2022.
- Approved the performance bonus scheme applicable for 2023.
- The Committee reviewed the performance of the Corporate Management members (KMPs) including that of the Managing Director and Deputy Chief Executive Officer for the financial year ended 2022.
- Evaluation of the organisational structure and succession planning for critical functions in the organisation.
- Approving the continuation of interim allowance for 2023 considering the economic situation.

POLICY

The Remuneration Policy of the Company aims to attract, motivate and retain Executive Directors, KMP and other employees with appropriate professional, managerial and operational expertise necessary to achieve the Company's objectives.

It is the Committee's aim to ensure that the total remuneration package is competitive not just in the industry but to attract talent from other industries as well.

REMUNERATION PACKAGE OF DIRECTORS

a) Remuneration of Directors

No remuneration is paid to Non-Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

b) Retirement Benefits

Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors

The Company does not have a share option plan for Directors.

d) Personal Loans for Directors

No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 45.6.1 on page 373 in this report.

REMUNERATION PACKAGE OF MANAGING DIRECTOR

The Remuneration Committee Policy is to place the basic salaries broadly around the market median with other variable components which reflect the Company's business strategies and the challenges it faces.

The Managing Director's remuneration is decided by the Board annually on the recommendation of the Remuneration Committee based on the achievement of Company objectives and individual performance. The Managing Director is entitled to retirement benefits but not Company loans. The Company also does not have a share option plan for the Managing Director.

REMUNERATION PACKAGE OF EMPLOYEES

The remuneration packages of employees consist of a fixed component, a variable component and other benefits as noted below:

a) Fixed Components

Basic salary and fixed allowances are the fixed component in the package which is based on the scope and complexity of the role and this is reviewed annually. Annual performance appraisals are conducted, and increments and promotions are granted based on results of such appraisals. Overall competence and performance are key factors that determine an individual's base pay.

b) Variable Components

The main component of our variable pay is the annual bonus to employees at all levels based on individual performance as evaluated at the annual performance appraisals and the performance of the Company. In addition, the distribution management team is entitled to a production and

quality incentive scheme based on achievement of business targets under predetermined criteria.

c) Other Employee Benefits

Benefits provided to employees include examination loans and various insurance benefits.

d) Retirement Benefits

There are no retirement benefits to employees other than gratuity.

e) Employee Share Schemes

There are also no Employee Share Schemes for employees.

COMMITTEE EVALUATION

The Committee completed the evaluation process with self-assessment in 2023, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

PROFESSIONAL ADVICE

The Committee has the authority to engage independent professional advisors on matters within its purview.

THE YEAR AHEAD

The Committee will continue to review the Remuneration Policy and Remuneration structures for its KMP and its other employees and make recommendations on the above mentioned in order to ensure the Company is in a position to attract, motivate and retain the best of human resources.

Sgd.

V. Govindasamy

Chairman - Human Resource and Remuneration Committee

Colombo, Sri Lanka
04th March 2024

INVESTMENT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Investment Committee (“the Committee”) consists of Managing Director and five Non-Executive Directors, The attendance and Directorship status are given in the below table.

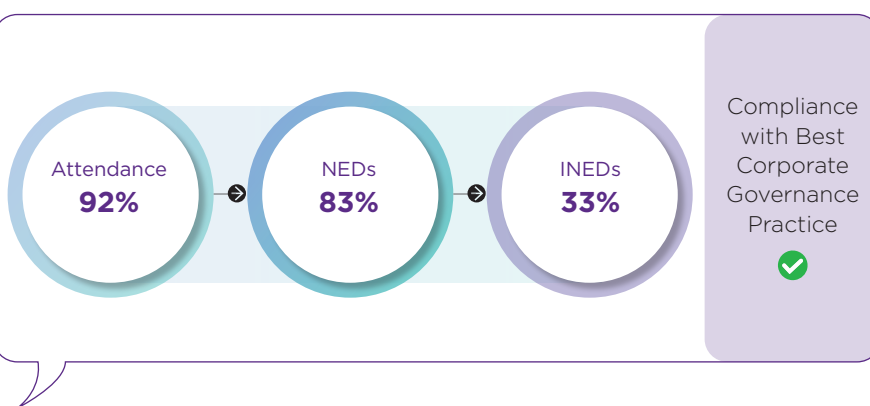
Name	Directorship Status	Membership Status	Attendance
Mr. Ashok Pathirage	Non-Executive Director	Chairman	4/4
Mr. Ifthikar Ahamed	Managing Director	Member	4/4
Mrs. Fernanda Lima	Non-Executive Director	Member	3/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	3/4
Mr. Raimund Snyders	Non-Executive Director	Member	4/4
Mr. Sanjaya Mohottala	Independent Non-Executive Director	Member	4/4

Regular Attendees by invitation

Chief Financial Officer
CEO-Softlogic Asset Management (Pvt) Ltd
Chief Risk Officer
Vice President - Treasury

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd



EXPERTISE OF THE COMMITTEE

The Committee possesses in depth expertise and knowledge of Investments, Finance and Risk Management as well as being industry experts which is vital in performing its functions. Refer pages 161-163 for profiles.

CHARTER OF THE COMMITTEE

The Investment Committee (“the Committee”) will assist the Board of Directors in fulfilling their oversight responsibility for the Investments of the Company. The Investment Committee is responsible for formulating the overall investment policies of the Company, subject to approval by the Board of Directors as deemed necessary and for establishing investment guidelines in furtherance of those policies.

ROLES AND RESPONSIBILITY OF THE COMMITTEE

The Committee’s responsibilities comprise recommending an investment policy to the Board for approval, ensuring that investments are made in accordance with the policy, and monitoring performance on a quarterly basis.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee meets quarterly basis and reviews progress of strategic and significant investment decision of the Company, market development and economic outlook of the markets it operates in and new investment strategies.

The Committee reviews the written reports from the appointed Treasury/ Fund management team. Based on these reports, from time to time Committee would issue instructions to Treasury/Fund management team and the executive management of the Company on investment related activities.

PROFESSIONAL ADVICE

The Investment Committee will decide if and when expert external advice is necessary and seek such advice when required.

INVESTMENT COMMITTEE REPORT

ACTIVITIES IN 2023

- The Committee reviewed data on the economic outlook covering Inflation, Interest Rates, Equity markets, Exchange Rates etc.
- The Committee reviewed the Investment Portfolio, Performance of Fixed Income Securities, Performance of Equity Securities, Fund Wise Performance and Strategic Aspects.
- The Committee conducted an evaluation and assessment of the risks associated with the Company's investment portfolio in light of the implications arising from Debt Restructuring
- The Committee evaluated and approved the requests made by the Fund Management Team on special Investments as well as investments beyond the internal risk limits. Further the Committee approved the Softlogic Life Investment Policy Review 2023.

COMMITTEE EVALUATION

The Committee completed the evaluation process with self assessment in 2023, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

THE YEAR AHEAD

The Committee would continue to make decisions and recommendations which meet the risk, ALM and other applicable parameters for investments and ensure acceptable implementation of risk/reward strategies to achieve budgeted returns for the year. The Committee focus during the year will be on product and fund-wise asset and liability management while maximising the yields on the investments.

Sgd.

Ashok Pathirage

Chairman - Investment Committee

Colombo, Sri Lanka
04th March 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Related Party Transactions Review Committee (“the Committee”) consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Related Party Transactions Review Committee are given on pages 161-163.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Lalith Withana	Independent Non-Executive Director	Chairman	22 Jul 2021	4/4
Mr. Raimund Snyders	Non-Executive Director	Member	22 Jul 2021	4/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	22 Jul 2021	4/4

Regular Attendees by invitation
 Managing Director
 Chief Audit and Compliance Officer
 Chief Financial Officer

Secretary to the Committee
 Softlogic Corporate Services
 (Pvt) Ltd

Attendance **100%**

NEDs **100%**

INEDs **67%**

Compliance with the CSE Rules

Compliance with Code of Best Practice

CHARTER OF THE COMMITTEE

The Related Party Transactions (RPT) Review Committee was established by the Board of Directors to assist the Board in reviewing all related party transactions carried out by the Company in terms of the CSE Listing rules which required mandatory compliance with effect from 1st January 2016.

The Committee is responsible for independent reviewing of transactions between the Company and its Related Parties, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction, save and except transactions exempted under the CSE Rules.

Annual review of the Related Party Transactions Review Committee comprises of minimum 3 Directors, out of which 2 are Independent, under CSE listing rule 9.14.2 (1)

THE OBJECTIVES, RESPONSIBILITIES, AND DUTIES OF THE COMMITTEE

- Reviewing all transactions between the Company and its Related Parties, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Assessing whether the transactions are in the best interests of the Company and its shareholders as a whole.
- Evaluating whether the transactions fall within the ambit of a normal business relationship and determining whether transactions that are to be entered into by the Company require the approval of the Board or Shareholders.

- Advising the Board in making immediate market disclosures on applicable RPT as required by Section 9.14.7 of the Listing Rules of the CSE.
- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by Section 9.14.8 of the Listing Rules of the CSE.

METHODOLOGY OF THE COMMITTEE

In accordance with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company for the purpose of identifying parties related to the Directors and KMP. Hence the Company adopts a disclosure-based approach in identifying the related parties.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Based on the information furnished in these declarations, the Company has set up a process which enables the Company to generate data on related party transactions throughout the Company's network.

The Committee is supported in its task of reviewing Related Party Transactions by the Management's confirmation reports on Related Party Transactions that took place during each quarter.

These reports primarily confirm to the Committee if a Related Party Transaction occurred based on at arm's length basis or not and the reasons for conducting such transactions with a related party.

If a member has a material personal interest in a matter being considered or a RPT involves directly or indirectly one of the members of this Committee, the conflicted member informs the Committee immediately and excludes himself at the meeting and such member is not present while the matter is being considered at the meeting and abstains from voting on the matter.

ACTIVITIES IN 2023

The Committee met four (04) times during the financial year ended 31st December 2023, and the proceedings of the Committee meetings have been regularly reported to the Board of Directors during the financial year.

There were no non-recurrent or recurrent RPT that exceeded the respective thresholds mentioned in the Listing Rules of the CSE.

The annual review of the RPT policy was carried out during the year 2023, and same has been submitted for the Board approval.

Reviewed all Related Party Transactions for four quarters and confirmed that such transactions occurred at arm's length price.

Reviewed and approved the management's confirmation reports on Related Party Transactions for all four quarters.

RELATED PARTY TRANSACTIONS /DISCLOSURES DURING THE YEAR

The value of non-recurrent RPTs during the year was below the threshold for immediate disclosure in terms of Rule 9.14.6 of the Listing Rules or disclosure in the Annual Report as per Rule 9.14.7 (a) of the Listing Rules.

The aggregate value of recurrent Related Party Transactions entered into during the year was below the threshold for disclosure in the Annual Report as per Rule 9.14.7 (b) of the Listing Rules.

The aggregate value of all RPTs during the year is disclosed in Note 45 to the Financial Statements in terms of LKAS 24 - Related Party Disclosures.

PROFESSIONAL ADVICE

The Committee has assessed and/or ensured that they have access to internal and external resources and may seek the advice of the External Auditors of the Company, counsellor such other independent advisers, consultants or specialists as to any matter pertaining to the powers or responsibilities of the Committee with respect to any Related Party Transactions and obtain such advice as and when necessary.

GUIDING PRINCIPLES OF THE COMMITTEE

The RPT Review Committee in ensuring that all transactions with related parties of the Company are treated on par with other shareholders and constituents of the Company, issues guidelines to the Senior Management setting the necessary processes to identify, approve, disclose and monitor all

transactions with related parties and the threshold limits and agreed upon terms and conditions with respect to RPT.

DECLARATION

A declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 202 of the Annual Report.

THE YEAR AHEAD

The Committee will continue to review RPT in order to ensure the Company is in compliance with its stipulated framework governing Related Party Transactions.

Sgd.

Lalith Withana

Chairman - Related Party Transactions Review Committee

Colombo, Sri Lanka
04th March 2024

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Nominations and Governance Committee (“the Committee”) consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Nominations and Governance Committee are given on pages 161-163. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. V. Govindasamy	Independent Non-Executive Director	Chairman	01 Jul 2021	1/1
Mr. Ashok Pathirage	Non-Executive Director	Member	09 Jul 2011	1/1
Mr. Lalith Withana	Independent Non-Executive Director	Member	01 Jul 2021	1/1

Regular Attendees by invitation
Managing Director

Secretary to the Committee
Softlogic Corporate Services
(Pvt) Ltd

Attendance **100%**

NEDs **100%**

INEDs **67%**

Compliance with Code of Best Practice

CHARTER OF THE COMMITTEE

The Board Nominations Committee was established by the Board of Directors to ensure the Board’s oversight and control over the selection of Directors, Chief Executive Officer (MD), and Key Management Personnel of the Company.

THE TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference state the purpose of the Committee, its composition, authority, scope and scheduling of meetings.

The Nominations and Governance Committee was established to consider and make recommendations to the Board of the suitability of a Director’s appointment and/or re-election as a Director to the Board.

The recommendation of the Committee on new appointments will cover areas such as qualifications, competencies, independence, relationships which have potential to give rise to conflict of interest.

ACTIVITIES IN 2023

The Committee had recommended the re-election of Mr. V. Govindasamy, who was due to retire by rotation as a Director of the Company in terms of Article 98 (a) of the Articles of Association of the Company, at the 24th Annual General Meeting held on 31st March 2023, based on their performance and the contribution made by them towards the overall discharge of the Board’s responsibilities.

The Committee obtained declarations from all the Directors through a prescribed format confirming their status of independence and status of conflict of interest.

OBJECTIVES, RESPONSIBILITIES AND DUTIES

- To ensure that the Directors are fit and proper persons to hold office.
- To review and recommend any appointment of new Directors to the Board of Directors of the Company.
- To provide advice and/or recommendations to the Board or the Chairman on new appointments to the Board

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

- To consider and recommend the re-election of the Director/s eligible for re-election by considering their performance and the contribution made by them towards the overall discharge of their responsibilities on the Board and Board appointed committees.
- To set criteria such as qualifications, competencies, experience, independence, conflict of interest and other key attributes required for eligibility for appointment or promotion to the post of key management positions.
- Review the structure, composition and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes
- A member of the Nominations Committee shall opt out of decisions relating to his own appointment.
- To consider and recommend from time to time the succession planning arrangement for retiring Directors and Key Management Personnel.
- To make recommendations on any other matter/s referred to the Committee by the Board of Directors.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

THE YEAR AHEAD

The Nominations and Governance Committee will lead the process for Board appointments and make recommendations to the Board and will assist the Board of Directors in fulfilling its corporate governance responsibilities regarding all matters related to the appointment and termination of the Directors, their performance evaluation, training, etc.

Sgd.

V. Govindasamy

Chairman - Nominations and Governance Committee

Colombo, Sri Lanka
04th March 2024

METHODOLOGY OF THE COMMITTEE







The Committee meets as and when necessary in order to assess the suitability of individuals for appointment as Directors and Key Management Personnel as well as to conduct such other affairs which the Charter of the Committee mandates the Committee to carry out.






LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

Until 1st October 2023, the company complied with the Corporate Governance regulations specified in rule 7.10 of the Listing Rules. However, as of 1st October 2024, the company has transitioned to the updated regulations detailed in Section 9.

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9	Corporate Governance			
9.1	Applicability of Corporate Governance Rules			
	The Company has complied with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules. Refer Annual report Board of Directors	196	1st October 2023	Complied
9.2	Policies			
9.2.1	The Company has implemented the policies below, which have been disclosed on the Company website along with information regarding their existence and implementation details. a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosers k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption		1st October 2024	Early Adopted
9.2.2	The Company has fully complied with the Internal Code of Business Conduct and ethics Refer Ethics and Integrity Practices	182-195		
9.2.3-9.2.4	The policies have been disclosed on the company website, and no changes have been made to them throughout the year. All policies are accessible to shareholders upon a written request. Refer Bolder Moves in Future-Proof Governance	156-157		
9.3	Board Committees			
9.3.1-9.3.2	The Company maintains 6 Board Sub-Committees including 4 mandatory committees required by CSE listing rules. a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above-Board committees have been disclosed. Refer respective committee reports as mentioned above 9.3.1	223-224 217-218 211-214 221-222	1st October 2023	Complied



LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	225	1st October 2024	Early Adopted 
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders.			
9.4.1	The Company maintains information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request. Refer Stakeholder Engagement	194-195	1st October 2023	Complied 
9.4.2	The company has established a policy to effectively communicate with shareholders and investors, which is outlined in both the annual report and on the website. Additionally, a designated contact person is provided for communication purposes. The policy ensures that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns are transparently addressed in the annual report and on the website. The details of 24th virtual AGM held is disclosed in Stakeholder Engagement Refer Notice of Meeting for details of 25th AGM	195 406		
9.5	Policy on matters relating to the Board of Directors			
9.5.1	The Company has adopted policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1 Refer Governance Structure and Leadership	170-174	1st October 2024	Early Adopted 
9.5.2	The Company has adopted the Policy on matters relating to the Board of Directors. Refer Governance Structure and Leadership	170-174		
9.6	Chairperson and CEO			
9.6.1 - 9.6.4	The roles of Chairperson and CEO/MD are occupied by distinct individuals; hence the Company has not designated a Senior Independent Director (SID)	170	1st October 2023	Complied 
9.7	Fitness of Directors and CEOs			
9.7.1 - 9.7.2	Every member of the Director Board is a fit and proper person to act as Director CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	172	1st October 2023	Complied 
9.7.3 - 9.7.5	The Rule 9.7.3 - 9.7.5 will be effective from 1st April 2024. Therefore, the annual declaration will be disclosed in the 2024 Annual Report.		1st April 2024	Early Adopted 

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.8	Board Composition			
9.8.1-9.8.2	The Board consists of 8 (Eight) Directors and 3 (Three) are independent. Hence 1/3 of the total number of Directors are independent, as required.	168-169	1st October 2024	Early Adopted 
9.8.3-9.8.4	The criteria for determining independence have been disclosed. Refer the Independence of Director as at 31st December 2023	173	1st October 2023	Complied 
9.8.5	Directors have annually submitted the formal declaration of independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence.	172		
9.9	Alternate Director			
	The Company was not required to appoint an Alternate Director during the period.		1st Jan 2024	Early Adopted 
9.10	Disclosures relating to Directors			
9.10.1	The maximum no of Directorships is in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	226	1st October 2023	Complied 
9.10.2	There were no new appointments to the Board during 2023.	198		
9.10.3	There were no changes to the composition of the Board Committees referred to in Rule 9.3	176		
9.10.4	All the information required to rule no. 9.10.4 has been disclosed.	172		
9.11	Nominations and Governance Committee			
9.11.1-9.11.3	The Company possesses a Nominations and Governance Committee and maintains a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties. Refer to Nominations and Governance Committee report	223-224	1st October 2024	Early Adopted 
9.11.4	Composition of the Committee: The Nominations and Governance Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. The committee composition has been disclosed. Refer to Nominations and Governance Committee report	223-224		
9.11.5	Functions of the Committee: The Committee fulfils its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. Re-elections and new appointments have been disclosed. Refer to Nominations and Governance Committee report	223-224		

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.11.6	<p>Disclosures:</p> <p>During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <p>a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' major entity issues awareness; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions.</p> <p>This rule is applicable with effective from 1st October 2024. All the relevant details available has been disclosed in the Committee Report.</p>	223-224	1st October 2024	Early Adopted 
9.12	Remuneration Committee			
9.12.1 – 9.12.5	<p>The Company possesses a Remuneration Committee and maintains a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration.</p> <p>The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum.</p> <p>Refer Remuneration Committee Report</p>	217-218	1st October 2023	Complied 
9.12.6	<p>Composition of the Committee:</p> <p>The company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson.</p> <p>Refer Remuneration Committee Report</p>	217-218		
9.12.7	<p>Functions of the Committee:</p> <p>The committee, recommends and assesses the relevance of the remuneration payable to the Executive Directors of the Company.</p>	217-218		

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.12.8	<p>Disclosures:</p> <p>During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <p>a) Chairperson and members of the Remuneration Committee and their Directorships.</p> <p>b) Statement on remuneration policy.</p> <p>c) Aggregate remuneration of Executive and Non-Executive Directors.</p> <p>For (a) and (b) refer Committee Report</p> <p>For (c) refer Financial Statement disclosure</p>	<p>217-218</p> <p>373</p>	1st October 2023	Complied 
9.13	Audit Committee			
9.13.1	The Company has establish a separate Board sub committee for Risk Management as Risk Committee. The Risk Committee report has been provided.	211-214		
9.13.2	The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	211-214		
9.13.3	<p>Composition of the Committee:</p> <p>The Audit Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. During the year the Committee met four [4] times with the participation of the Managing Director, CFO, and Chief Audit and Compliance Officer by invitation. An Independent Director serves as the Chairperson.</p> <p>Refer Audit Committee Report.</p>	211-214		
9.13.4	<p>Functions of the Committee:</p> <p>The committee oversees the entity’s compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.</p>	211-214	1st October 2023	Complied 
9.13.5	<p>Disclosures:</p> <p>1) Refer Audit Committee Report.</p> <p>2) Disclosure requirement:</p> <p>a) Chairperson and Audit Committee members’ details,</p> <p>b) Risk management status for Listed Entity and Group.</p> <p>c) CEO and CFO assurance statement.</p> <p>d) Compliance opinion on financial reporting requirements.</p> <p>e) Confirmation of Audit Charter existence.</p> <p>f) Summary of internal audit method.</p> <p>g) Details of functions discharged for the financial year.</p> <p>h) Confirmation of external auditors’ independence.</p> <p>i) Auditor independence determination and engagement details.</p>	211-214		

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.14	Related Party Transactions Review Committee			
9.14.1	The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	221-222		
9.14.2	Composition of the Committee: The Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. The Managing Director and Chief Financial Officer regularly attend meetings by invitation. An Independent Director serves as the Chairperson.	221-222		
9.14.3	Functions of the Committee: The Company has set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations. Refer the Related Party Transaction Review Committee Report	221-222	1st October 2023	Complied 
9.14.4	General requirements: The Committee convenes quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings. Refer the Related Party Transaction Review Committee Report	221-222		
9.14.5 - 9.14.6	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company has not entered with any related party transaction which is required to get the shareholder's approval.	221-222		

Principle	Compliance and Implementation	Page No.	Effective Date	Status
9.14.7	Disclosures: There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets. There were no recurrent related party transactions which exceeded aggregate value of the 10% of the gross revenue/ income (or equivalent term in the Income Statement) during the year. The Board confirms that the Company has disclosed transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules.	221-222		
9.14.8	Disclosures in the Annual Report: There were no transactions in the aggregate value of the non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements.	372	1st October 2023	Complied ✔
9.14.9	Acquisition and Disposal of Assets from/to related parties: No acquisitions or disposals occurred during the year.	372		
9.14.10	Exempted Related Party Transactions: The Company has noted the definition given under exempted related party transactions when determine the related party transactions of the Company.	372		
9.16	Additional disclosures			
	i) The Board of Directors has disclosed all material interests in Entity contracts and refrained from voting on such matters. Please refer annual report of the Board of Directors	202		
	ii) The Board has reviewed internal controls and obtained reasonable assurance of effectiveness. Any inability to declare is explained. Please refer annual report of the Board of Directors	201	1st October 2023	Complied ✔
	iii) The Board stays informed about applicable laws, rules, and regulations. Refer Annual report of Board of Directors	201		
	iv) The Board discloses instances of non-compliance and material fines in Entity-operated jurisdictions. Refer Annual Report of Board of Directors	201		

DIRECTION ON CORPORATE GOVERNANCE FOR INSURERS ISSUED BY THE INSURANCE REGULATORY COMMISSION OF SRI LANKA

The Insurance Regulatory Commission of Sri Lanka has issued Direction 17 on Corporate Governance for insurance companies under the Regulation of Insurance Industry Act No.43 of 2000 (updated 3rd Feb 2022). The Company has already complied with the directive as shown in the table below.

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A.	Adherence of the Code of Best Practice on Corporate Governance 2023		
	Refer the Code of Best Practice on Corporate Governance.	233-241	Complied ✓
B.1	A minimum of two Directors of the Board must be citizens and residents of Sri Lanka		
	The Board comprises of [Eight] 8 Directors, and [Six] 6 of them are citizens and residents of Sri Lanka. Refer the Composition of the Board.	168-169	Complied ✓
B.2	Total service period of a Non-Executive Director [NED] shall not exceed nine [9] years		
	There are no Non-Executive Directors who exceed nine years of total service period. Mr. Ashok Pathirage [Chairman] is considered a Major Corporate Shareholding Director of the Company with more than a 50% shareholding and this rule shall not be applicable to him. Refer the Composition of the Board.	168-169	Complied ✓
B.3	Age of a person who serves as a Director of the Company, shall not exceed 75 years		
	The Directors who serve on the Board are not older than 75 years. Refer The Composition of the Board.	168-169	Complied ✓
B.4	Adherence to the Section 9 of the Listing Rules of the CSE		
	Refer "Listing Rules Issued by the Colombo Stock Exchange [CSE] on Corporate Governance and Related Party Transactions".	225-231	Complied ✓
B.5	Appointments in Other Boards		
	The Directors of the Company do not hold directorship of more than 20 Companies, inclusive of subsidiaries or associate companies of the insurer/ Company. Of such 20, a maximum of 10 companies shall be classified as Specified Business Entities. Refer Directors' Interest in Contracts with the Company.	208	Complied ✓
B.6	Disclosed compliance status as required in Section 9 of the Listing Rules of the CSE		
	Refer "Listing Rules Issued by the Colombo Stock Exchange [CSE] on Corporate Governance and Related Party Transactions".	225-231	Complied ✓
B.7	Any non-compliance status in respect of principle B of this direction		
	Compliance requirements set by the "IRCSL Direction 17" specific to Principle B as mentioned above on Corporate Governance are successfully achieved as required. Refer the Statement of Compliance.	158	Complied ✓
B.8	In the case of a Director older than 70 years continuing in service		
	None of the Directors on the Board are older than 70 years and if any Director wishes to serve beyond the age of 70, the Company should provide a certification and written confirmation through the Company Secretary to the IRCSL, which has been duly approved by passing a resolution at the general meeting and/or not prohibited by the Articles of Association of the Company. Refer the Composition of the Board.	168-169	Complied ✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA





The Company has voluntarily adopted the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. We have disclosed the status of compliance and how the Company complied with each requirement of the code, in this section.

Table: Code of Best Practice on Corporate Governance

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A	DIRECTORS		
A.1	The Board		
	The Board of Directors provides leadership and strategic direction to the Company, within the parameters of a prudent and effective governance framework as the representatives of the shareholders.	170	Complied ✔
A.1.1	Board Meetings		
	The Board met Four (4) times during the year to discuss matters related to different areas such as strategy, compliance, performance, risk management and resource allocation. Refer Board Meetings and Attendance.	178	Complied ✔
A.1.2	Roles & Responsibilities		
	The Board of Directors have multiple roles which are in line with the requirements of the Code, in order to achieve the targeted performance and to bring their valuable input to the decision-making process of the Company. Ensure formulation and implementation of a sound business strategy: 2023 - 2025 a three-year plan has been approved by the Board. Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy: The Managing Director & Senior Corporate Management team which include 12 members of professionally qualified individuals with sufficient knowledge, skills and experience are giving utmost direction to implement strategies in order to achieve ultimate objectives. Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy: Talent management approach of the Company was enhanced with additional processes to refine the approach and create greater momentum in the building of succession talent pools. Approving budgets and major capital expenditure: The Budget and the Corporate Plan for the year 2023 was evaluated and approved. Determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegation: While the Board decides on the matters expressly reserved to the Board such as setting the strategy and risk appetite, it also overlooks the delegated operational functions. Determining matters delegated to the Management such as the Manual of Financial Authority (MoFA), which is revised by the Board on an annual basis, also falls within the purview of the Board.	170	Complied ✔

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A.1.2	Roles & Responsibilities (Contd.)		
	<p>Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management: The Company has established a sound internal audit process, risk management process and ensures that IT Controls are properly established.</p> <p>The Company aligning the ICT roadmap with the Company's business strategy and monitoring implementation progress via the ICT dashboard.</p> <p>Ensuring all stakeholder interests are considered in corporate decisions: The Board considers the views/impact on all stakeholders when making decisions.</p> <p>Recognising sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting "integrated reporting": The Corporate Strategy is designed for 3 years and performance is discussed regularly at Board Meetings. The Company adopts "Integrated Reporting" in its Annual Reports. Refer Key Activities in the Board during the year 2023.</p>		
	<p>Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations: The Board of Directors is responsible for the preparation of financial statements whilst the Audit Committee ensures compliance with the financial regulations of the financial statements.</p> <p>Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks: The Board has met Four (4) times during the year to evaluate overall performance and financial performance. Throughout the year the Board and its Sub-Committee has continuously reviewed and monitored the progress of the business.</p> <p>Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company: The Company issues and uploads quarterly and annual financial statements together with the relevant disclosures, on the CSE and Company websites.</p> <p>Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned: The Board is capable of providing the right direction; the Board comprises of members who have expertise in different areas.</p>	170	Complied 
A.1.3	Act in accordance with the laws of the Country		
	<p>The Board has confirmed that the Company has been compliant with the provisions set by the Companies Act No. 07 of 2007, Regulation of Insurance Industry (RII) Act No. 43 of 2000, Direction 17 on Corporate Governance by the Insurance Regulatory Commission of Sri Lanka ("IRCSL"), and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. Refer to Statement of Compliance</p>	158	Complied 

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A.1.4	Access to advice and services of the Company Secretary		
	Softlogic Corporate Services (Pvt) Ltd ensures that Board procedures are compliant and in accordance with the relevant applicable rules and regulations. The Company has paid an insurance premium in respect of an insurance policy for the benefit of the Directors of the Company. Refer the Role of Company Secretary.	170	Complied ✓
A.1.5	Independence judgment		
	The Board consists of diverse high-calibre professionals, capable of exercising independent judgment in the effective discharge of their duties and responsibilities on matters of strategy, compliance, performance and resource allocation.	170	Complied ✓
A.1.6	Dedicate adequate time and effort to matters of the Company		
	The Board of Directors are committed to discharging their duties as Directors of the Company and ensuring that adequate time and attention is given in the Board meetings to make an effective contribution in the decision-making process. Refer "The Board Meetings and Attendance" Refer "Roles & Responsibilities of the Board"	178 170	Complied ✓
A.1.7	Procedures relating to Directors' Matters in the best interests of the Company		
	Procedures are in accordance with the specific provisions set out by the Articles of Association of the Company and the Code for best practice on Corporate Governance.	205	Complied ✓
A.1.8	Board induction and training		
	The Company Secretary facilitates a comprehensive induction program for newly-appointed Directors while the Board regularly reviews the requirement for continuous development and knowledge-enhancement for existing Directors. Refer Board induction and training.	179	Complied ✓
A.2	Position of Chairman and CEO/MD vested by separate persons		
	The position of the Chairman and MD have been separated in line with the code and their roles and responsibilities are clearly defined in order to maintain balance of power and authority. The Chairman of the Company is Mr. Ashok Pathirage and the MD of the Company is Mr. Iftikar Ahamed.	170	Complied ✓
A.3	Chairman's Role in preserving Good Corporate Governance:		
	The Chairman provides leadership to the Board and facilitates the effective discharge of duties in the best interests of the Board; maintains smooth functioning of the Board, presides at the Directors' and Shareholders' meetings to ensure Director participation and proper execution of Board proceedings and promotes and carries out his responsibilities in the best interests of good governance. Refer the Chairman's Message on Corporate Governance. Refer the Chairman's role in the Conduct of Board Meetings.	152 170	Complied ✓
A.4	Financial Acumen and Knowledge		
	All the Directors have extensive experience and financial acumen, although their experience lies in different industries.	168	Complied ✓





CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A.5	The Board Balance		
	<p>The Board consists of Seven [7] Non-Executive Directors (NED). Three [3] of them are independent. The independent declaration was submitted by each Director about their independence, based on certain criteria as set out in this code and the CSE Listing Rules 9.8.5.</p> <p>The Chairman holds meetings with the NEDs as and when necessary, and any matter which cannot be resolved unanimously is recorded in the Board Minutes by the Secretary of the Company during the year. All matters discussed at the Board meetings have the consent of each Director.</p> <p>Refer the Section on Directors Independence.</p> <p>As the Chairman and Managing Director/CEO represent distinct individuals, the Company has not designated a Senior Independent Director.</p> <p>Refer the Composition of the Board.</p>	172-173 168-169	Complied 
A.6	Supply of Information		
	<p>The Management provides appropriate and timely information to the Directors not less than seven [7] days prior to the meetings. Meeting Minutes are circulated within 14 days from the meeting date. A complete and comprehensive update on the Operational and Financial performance of the Company was submitted to the Senior Management of the Company including the Managing Director [MD].</p>	177	Complied 
A.7	Appointment to the Board		
	<p>The Nominations and Governance Committee annually assesses the experience, expertise and diversity of the current Board and recommends suitable candidates to the Board through a formal and transparent process which is governed by the Articles of Association and which complies with Company policy.</p> <p>There were no new appointments to the Board during the year.</p> <p>Refer Nominations and Governance Committee Report.</p> <p>The Committee is tasked with establishing succession plans for the CEO and Key Management Personnel, as well as assessing the training needs of potential successors.</p> <p>Refer Nominations and Governance Committee Report Refer Human Resource and Remuneration Committee Report</p>	223-224 217-218	Complied 
A.8	Re-election and Resignation of Directors		
	<p>The re-election of Directors is governed by the Articles of Association and is performed at the AGM. The offices of Chairman and MD are not subject to retirement by rotation. No Director terminated his office prior to the completion of his term.</p> <p>Refer the Composition of the Board</p>	198	Complied 
A.9	Appraisal of Board Performance		
	<p>The Board and Committees conduct their performance evaluation annually to review the participation, contribution and engagement of each Director in discharging their duties and responsibilities satisfactorily. Outcomes identified during the process were submitted to the Nominations and Governance Committee to make further improvements in Board effectiveness.</p> <p>Refer the section on "Board Competency Evaluation".</p>	172	Complied 




Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
A.10	Disclose Information in Respect of Directors as Specified in the Code		
	Profiles including qualifications, expertise, and appointments.	162-163	Complied ✔
	Material business interests of Directors.	208	
	Whether Executive, Non-Executive and/or Independent Director.	197	
	Total number of Board seats held by each Director in other companies.	208	
	Number/percentage of Board meetings of the Company attended during the year.	178	
	Members of Committees and attendance at Board meetings and committee meetings.	178	
A.11	Appraisal of the Chief Executive Officer [CEO]/MD		
	The performance of the MD is evaluated annually based on the agreed objectives set by the Board in consultation with MD.		Complied ✔
	Refer the section on Performance Evaluation of the MD.	172	
B	DIRECTORS' REMUNERATION		
B.1	Remuneration Procedure		
	The Human Resource and Remuneration Committee [consisting of two [2] Independent Non-Executive Directors and One [1] Non-Executive Directors is responsible for establishing the remuneration framework for Directors of the Company and for recommending and assisting the Board with regards to the remuneration policy for Executive and Corporate Management. No remuneration is paid to the NEDs other than fees paid for the attendance of each Director at Board and Board Sub-Committee meetings.		Complied ✔
	Refer Board remuneration.	172	
	Refer the Human Resource and Remuneration Committee Report.	217-218	
B.2	The level and make-up of remuneration		
	The Board is mindful of the fact that the remuneration of Executive Director and KMPs should reflect market expectations as compared to other companies, in order to attract and retain high calibre personnel for the long-term success of the Company. The Remuneration Committee possesses extensive knowledge with regards to setting the best levels of remuneration in the Company, taking into consideration the performance and risk factors associated with the job. The remuneration levels of the NEDs are also based around their time commitment and the responsibilities of their role. No Director has been granted share options as part of his remuneration. Other issues such as the approach taken in cases of early termination, where the initial contract does not explicitly provide for compensation, commitment and involvement in designing a scheme of performance-related remuneration and best practices applied throughout the process, are discussed in the Human Resource and Remuneration Committee report.		Complied ✔
	The committee reviews the CEO's and senior management performance yearly, pay for the benefits and performance-based incentives based on goals.		
	Refer the Human Resource and Remuneration Committee report.	217-218	
B.3	Disclosure of Remuneration Policy		
	Refer the Human Resource and Remuneration Committee report.	217-218	Complied ✔
	Remuneration paid to Board of Directors - Refer Note 45.6.1 to Financial Statements.	373	
	There were 13 key management personnel who directly report to the CEO/MD during the year and the aggregate remuneration was Rs. 223.6Mn.		

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
C	RELATIONS WITH SHAREHOLDERS		
C.1	Constructive use of the Annual General Meeting [AGM] and conduct of General Meetings		
	<p>The Notice of the AGM and instructions for voting procedures, including the process for voting via a proxy, are circulated to all shareholders within a minimum of 15 days prior to the AGM. Separate resolutions are proposed for each substantially separate issue, including the adoption of the Financial Statements.</p> <p>The Chairmen of Sub-Committees was encouraged to participate and make themselves available at the AGM to respond to queries made by the shareholders. The Secretary of the Company is responsible for recording and counting all valid votes properly.</p> <p>Refer the section on Company's Notice of Meeting and Annexure.</p> <p>Refer the Form of Proxy.</p>	406 Annexure 1	Complied ✔
C.2	Communication with Shareholders		
	<p>The Company has implemented multiple channels of communication with its shareholders. The Secretary of the Company acts as a median/contactable body with regard to responding to queries raised by shareholders and brings the attention of the Board to significant issues. Important announcements are published through multiple channels to disseminate accurate information in a timely manner, in order to maintain an effective relationship with the shareholders.</p> <p>Refer the Communication with Shareholders.</p>	194	Complied ✔
C.3	Disclosure of major and material transactions		
	<p>Complying with Section 185 of the Companies Act No.07 of 2007 all major transactions to be approved by shareholders through a special resolution. During the year there were no any major and material transactions which affected the Company's net asset base and all related party transactions as defined in the LKAS 24 are disclosed in the Annual Report.</p> <p>Refer the Communication on Significant Material Transactions.</p>	221-222	Complied ✔
D	ACCOUNTABILITY AND AUDIT		
D.1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects		
	<p>The Board has made every effort and taken responsibility for ensuring that the Annual Report, including the Financial Statements, presents a fair and balanced view of the Company's financial position, performance and prospects, combining narrative and visual elements to facilitate readability and comprehension. All statutory requirements have been complied with in the Annual Report and the Company's governance practices have been disclosed.</p> <p>The following disclosures as required by the code are included in the Annual Report;</p>		Complied
	Management Discussion and Analysis.	19-150	✔
	Annual Report of the Board of Directors.	196-204	
	Statement of Directors' Responsibility.	205-206	
	Directors' Statement on Internal Controls.	209-210	
	Managing Director's/CEO and Chief Financial Officer's Responsibility Statement.	207	
	The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors Report.	268-270	
	Note 45 to Financial Statements-Related Party Disclosures.	372	

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
	Periodically report the progress of remedial action being taken in the event the Company's net assets fall below 50% of the value of the shareholders funds. ESG/sustainability risk and opportunities, business model, and outlook	Not Applicable 26/65	Complied 
D.2	Risk management and internal control to safeguard shareholders' investments and Company assets.		
	The Board of Directors is responsible for maintaining effective and sound internal controls to safeguard the shareholders' investments and Company assets. The Board has structured an enterprise risk management process to identify the principle risks which impact the business and take mitigating actions while forecasting and analysing the future performance, solvency and liquidity of the Company. The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company. The Audit committee in consultation with the in-house Internal Audit Department, periodically reviews the effectiveness of internal controls over financial reporting. Refer Risk Governance and Management. Refer the Audit Committee Report. Refer Internal Assurance [Internal Audit].	242-260 211-214 186-187	Complied 
D.3	Audit Committee		
	The Audit Committee consists of 2 [Two] Independent Non-Executive Directors and 1 [one] Non-independent Non-Executive Director. The Audit Committee assists the Board in executing its oversight responsibility for the integrity of the financial statements of the Company. The Audit Committee also ensures internal control and risk management systems of the Company and its compliance with legal and regulatory requirements and assesses the external auditors' performance, qualifications and independence. Refer the Audit Committee Report. Refer Internal Assurance.	211-214 186-187	Complied 
D. 4	Risk Committee		
	The Risk Committee consists of 2 [Two] Non-Executive Directors and 1 [one] Non-Independent Non-Executive Director. The Chief Risk Officer serves as the coordination secretary and oversees matters concerning the committee, while the secretary to the committee is responsible for documenting meeting minutes. The committee convened on Seven occasions during the year. The Risk Committee has established terms of reference delineating its authority and duties. These include defining the risk management framework, reviewing outcomes and mitigation actions, overseeing insurance and information security, monitoring ESG risks, and ensuring a robust disaster recovery plan. It will provide regular reports to the Board and conduct annual reviews of the risk management framework, processes, and practices. Refer the Risk Committee report.	215-216	Complied 

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
D.5	Related Party Transactions Review Committee		
	<p>The Committee consists of 2 [Two] Independent Non-Executive Directors and 1 [One] Non-independent Non-Executive Director. The core objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders are taken into consideration when entering into related party transactions and that the Company is compliant with the rules. The Company carried out transactions in the ordinary course of business on an arm's length basis with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24.</p> <p>The quarterly submission of declarations pertaining to the director of related parties and related party transactions is being actively pursued. Additionally, the Company is independently identifying declarations and investigating entities classified as related parties according to the standard.</p> <p>Refer the Related Party Transactions Committee report.</p> <p>Refer Note 45 on Financial Statements.</p>	<p>221-222</p> <p>372</p>	<p>Complied</p> <p></p>
D.6	Adoption of Code of Business Conduct and Ethics for Directors and all other employees		
	<p>All Directors, KMPs and employees are bounded by the Code of Business Conduct and Ethics in order to act ethically and with integrity in the best interest of the Company. Establishing an accurate reporting framework, fair and transparent procurement practice interpret the effectiveness of internal controls and accuracy of Financial Statements. The Company ensured that they avoid conflict of interest, discrimination, harassment, bribery and corruption while maintaining compliance with all applicable laws and regulations. The Company has placed a process to identify and report material and price sensitive information in accordance with relevant regulations.</p> <p>All Directors, KMPs and employees are required to disclose details of any share purchase or shareholding positions in the Annual Report.</p> <p>Refer the Code of Conduct and Ethics for Directors.</p> <p>Refer the Chairman's Statement on Corporate Governance.</p> <p>Refer Directors Shareholding.</p> <p>The Company has established a process to handle complaints from whistle-blowers, including employees, customers, and suppliers, regarding violations of the company's code of business conduct and ethics. New employees are trained on these guidelines during on-boarding, and all employees confirm compliance annually.</p>	<p>182</p> <p>152</p> <p>198</p> <p>183</p>	<p>Complied</p> <p></p>
D.7	Corporate Governance Disclosures		
	<p>Softlogic Life follows an Integrated Corporate Governance framework which ensures that the Company maintains the best interests of all stakeholders and keeps to the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance 2023, Section 9 published by CSE and relevant provision of Companies Act.</p> <p>Refer the Annual Corporate Governance Report .</p>	<p>152-241</p>	<p>Complied</p> <p></p>

Principle	Implication by the Softlogic Life Insurance PLC	Reference	Status
E	INSTITUTIONAL INVESTORS		
	<p>Shareholders have been identified as key players in our prioritisation matrix. The Company makes every effort to maintain a constant dialogue with institutional investors in order to improve their understanding of Company operations, strategies and performance. Individual investors are encouraged to get adequate analysis or seek advice on investing/divesting decisions. Also, they are summoned to exercise their voting rights at the AGM.</p> <p>Refer Investor Relations.</p>	385-388	Complied ✔
F	OTHER INVESTORS		
	<p>The information disseminated by the Company is adequate for individual shareholders to undertake an analysis of the Company and/or seek independent investment advice regarding the prospects of the Company. Notice of AGM is circulated to all shareholders along with instructions on the voting procedure and including the process for voting via a proxy.</p> <p>Refer the Annual Financial Statements.</p> <p>Refer the Form of Proxy.</p>	271-376 Annexure 1	Complied ✔
G	INTERNET OF THINGS AND CYBER SECURITY		
	<p>The Board ensures that the required level of expertise is available, and that management and technical controls are established for the connectivity of any device configured by the IT department. A separate IT Security system implemented within the Company is reviewed periodically to assure the effectiveness of system controls and compliance with regulatory requirements. All IT risks are discussed and engaged with appropriate actions by the Risk Committee. Regulatory requirements where system controls can be incorporated to the system are communicated to the IT department by the Risk, Legal and Audit departments so that they can be embedded in the system.</p> <p>Refer IT Governance.</p> <p>Refer the Risk Committee Report.</p>	192 215-216	Complied ✔
H	SUSTAINABILITY: ESG RISK AND OPPORTUNITIES		
	<p>The Board of Directors regularly assesses the Company's internal strength and weakness along with environmental and social factors to identify the extensive impact of risk and opportunities on the performance of the Company. Risk strategy and risk management objectives rely on the Company's Risk Governance structure, which manages risks in all aspects of ESG.</p> <p>Refer the Management Discussion and Analysis.</p> <p>Refer the Risk Governance structure.</p> <p>Refer Integrated Risk Management.</p>	19-150 245 242-260	Complied ✔
I	SPECIAL CONSIDERATIONS FOR LISTED ENTITIES		
	<p>The Company upholds governance policies and oversees the implementation details as per the section 9.2.1 in CSE Listing rules.</p> <p>Refer the company website</p> <p>Refer Listing Rules Issued by CSE</p>	225	Early Adopted ✔

INTEGRATED RISK MANAGEMENT

INTRODUCTION

Risk Management is considered a key function at Softlogic Life Insurance PLC and is used as a mechanism to protect the value of its business and ensure achievement of its strategic plans and day to day business activities by enabling the business to make informed decisions based on the defined risk appetite and manage expected returns.

Softlogic Life's Risk Management process that one sees today is a 100% "Home Grown" process-built bottom up. It has been built by laying a solid foundation that has been specialised further by adding unique layers to address the requirement and strategy of the Company and evolved over the years integrating itself into the Company's strategies and culture. The Risk Culture embraced by the organisation results in its workforce being equipped with an agile mindset, which allows for smoother transitions under disruptive scenarios.

Softlogic Life was no exception to the trials and turbulence experienced both globally and locally in the period 2019 through 2022, which resulted in spillover effects of poor macro-economic conditions in 2023, challenging business growth. As in the past, Softlogic Life's Risk Management Framework and Risk Principles resulted in the Company being "risk ready" and enabling the business to be aware of potential risks faced on a continuous basis.

The superior financial and operational results reflected in this annual report, and the countless awards received by Softlogic Life stand testimony to the resilience of the Company that enabled to overcome the uncertainty, complexity, ambiguity and the vulnerability that represented the overall business and economic environment through 2023.

INTEGRATED RISK MANAGEMENT REPORT STRUCTURE

1.	Better Risk Management Approach by Softlogic Life	242
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9.	Bolder Predictions: Key Risk Anticipated in 2023 and Beyond	260

1. BETTER RISK MANAGEMENT APPROACH BY SOFTLOGIC LIFE

Softlogic Life Insurance PLC believes in five core risk principles and adopts an Integrated Enterprise Risk Management (ERM) framework based on the ISO 31000:2018 International Standard. This Framework is backed by a firm Governance Structure. This together with the Company's risk management principles allows the Company, to proactively identify particular events or circumstances relevant to the organisation's objectives (risks and opportunities), and assess them in terms of likelihood and magnitude of impact, thereby determining a response strategy, and monitoring its progress, so that it may protect and create value for the Company's stakeholders, including owners, employees, customers, regulators, and society.

The strong integrated ERM framework adopted by Softlogic Life Insurance PLC are crucial for safeguarding the company's long-term sustainability and ensuring value creation for stakeholders. This integrated approach not only aids in minimising adverse impacts but also facilitates the exploitation of strategic advantages, thereby fostering sustainable growth.

2. BOLDER RISK MANAGEMENT PRINCIPLES AND OBJECTIVES

The risk management framework of our company is constructed upon fundamental principles and objectives. These serve as the bedrock, providing a solid structure for identifying, assessing, and mitigating risks. Continual refinement and enhancement of this framework occur within the parameters of these principles and objectives. This process ensures that our risk management practices remain effective and aligned with our organisational goals, thereby safeguarding the company's interests and promoting resilience in the face of uncertainties.

The risk management principles and objectives of Softlogic Life are disclosed in the accompanying figure on this page.

Figure: Risk management principles and objectives

Risk Management Principles



Risk Management Objectives



INTEGRATED RISK MANAGEMENT

3. BIGGER FRAMEWORK FOR BETTER RISK MANAGEMENT

3.1 Risk Governance Structure

A robust and highly effective risk management system, characterised by prudent decision-making and stringent governance standards, hinges significantly on its architectural framework. Within Softlogic Life, the risk governance structure encompasses the Board of Directors, Board Sub-Committees, Internal Committees, Ultimate Risk Owners, and the Risk Management Unit.

This interconnected framework ensures prudent decision-making, stringent risk governance and comprehensive risk management throughout Softlogic Life.

This governance framework delegates authority from the Board of Directors to the Board Sub-Committees and beyond, ensuring comprehensive accountability for risk management throughout the organisational hierarchy. This approach aims to effectively mitigate risks and sustainably create value for all stakeholders.

The seamless interaction among these individual functions and entities within the broader system is paramount to the efficiency of the risk management framework. By facilitating open communication channels and promoting cross-functional teamwork, Softlogic Life can swiftly identify emerging risks, assess their potential impact, and implement timely mitigation strategies.

Moreover, this integrated approach enables the organisation to leverage diverse expertise and perspectives in risk management decision-making processes, leading to more informed and effective outcomes.

The major elements of this framework are described below:

A. BOARD OF DIRECTORS

With a wealth of diverse expertise, the Board bears a primary responsibility for overseeing performance management, internal controls, and risk management within the Company. This entails defining the Company's overall risk tolerance in alignment with its strategic objectives.

Nevertheless, the Board has entrusted the oversight of risk management to the Board Risk Committee. The expertise and experience of the Board of Directors are detailed on pages 168 to 169.

B. BOARD RISK COMMITTEE

The Risk Management Committee (the "Committee") of Softlogic Life Insurance PLC assist the Board in fulfilling its responsibility with regards to the Company's risk strategy, risk management framework and procedures and its risk appetite.

This Committee is equipped with supervisory functions over the risk management, the risk profile, and the enterprise wide risk management framework, of the Company and any other risk related matters determined by the Board of Directors.

Oversight and advise by a dedicated Board Risk Committee on risk management allows for;

- the Board of Directors to deal more effectively with complex or specialised issues with strong governance.
- Better dialogue between committee members and Senior Management on specific topics.
- Deep dive into risk related issues presented to the committee for expert opinion.

C. INTERNAL RISK COMMITTEES

At the management level, the Company has established internal committees such as the Internal Risk Committee and the Asset and Liability Management Committee. These committees play a crucial role in operationalising and implementing the decisions made at the Board Sub-Committee and Board of Directors levels.

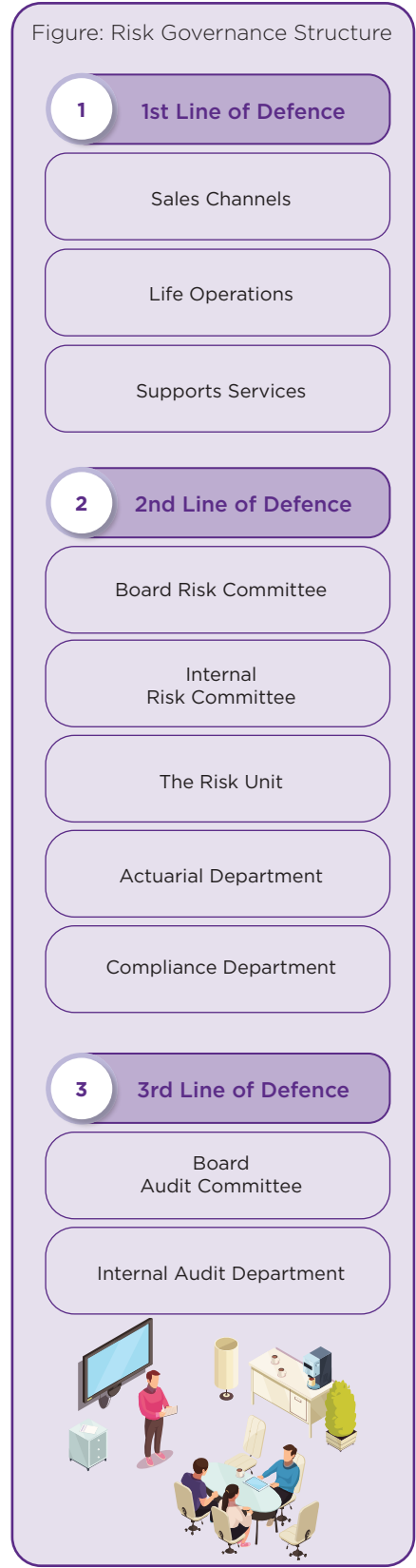
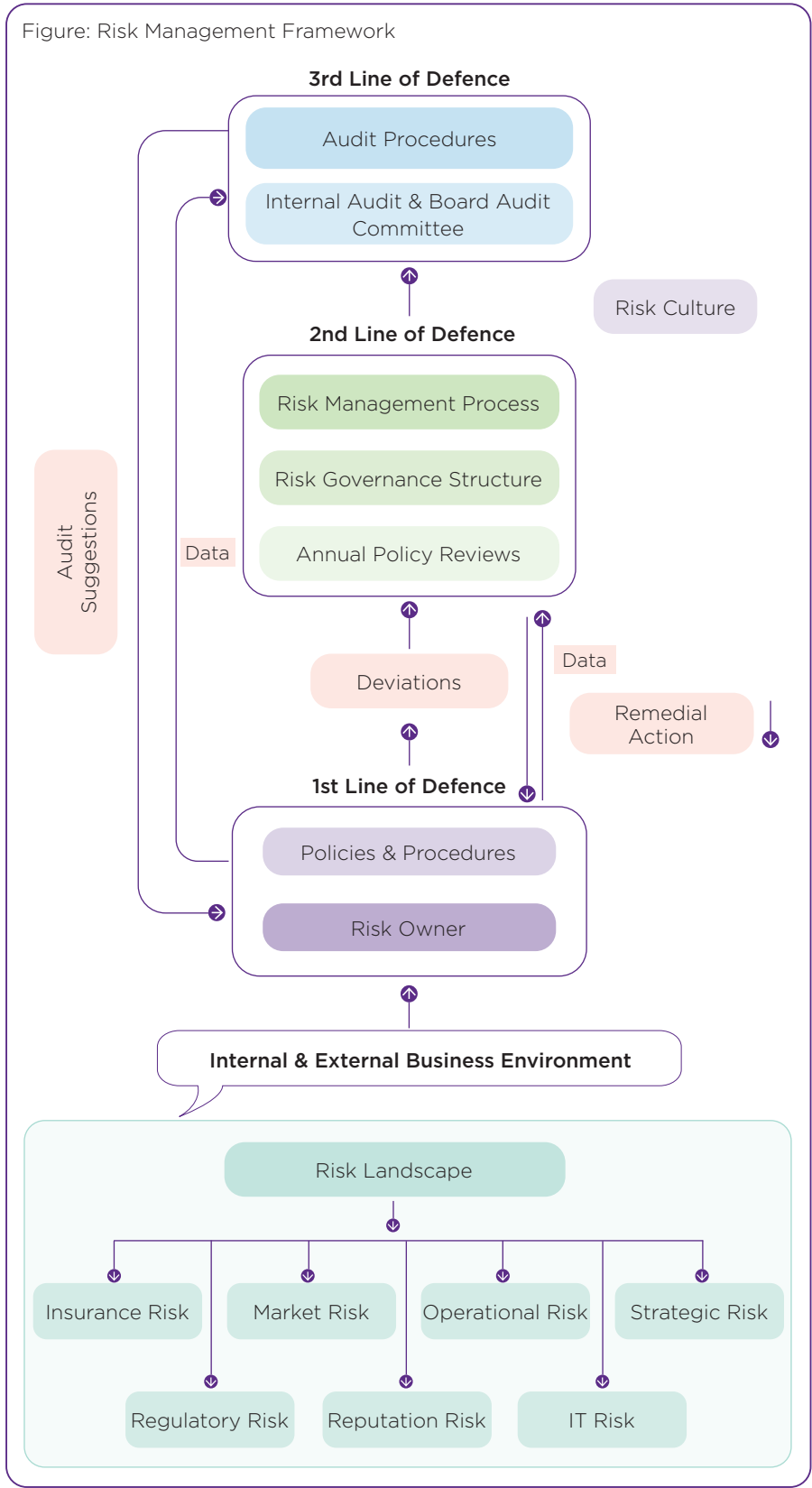
These committees, which have different agendas, objectives, and responsibilities, meet frequently in order to assess the level of risk under varying aspects of the Company and decide on prudent actions required to mitigate the risks.

D. RISK MANAGEMENT UNIT

The Risk Management Unit operates independently within the second line of defense, monitoring the required compliance by the first line of defense through varying policies and risk limits. Reporting on these risk limits is carried out based on a hierarchy system as and when required.

The effective discharge of responsibilities by the unit ensures that the Senior Management, the Board Risk Committee, and the Board of Directors are consistently kept apprised of the Company's overall risk profile.

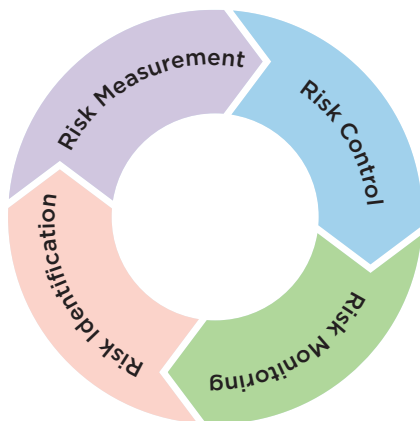
This proactive approach to communication enables informed strategic decision-making and facilitates the creation of long term sustainable value, aligning the organisation's actions with its long-term objectives, risk mitigations actions and risk appetite.



INTEGRATED RISK MANAGEMENT

3.2 Risk Management Process

The Company has a comprehensive process to ensure the risk management objectives. The following diagram reflect the 04 main pillars of the risk management process of the Company.



a) Risk Identification

Identification of risks may occur in one or more ways listed below;

- a) Direct Observations
- b) Incident Analysis
- c) Scenario Analysis
- d) Structured What - If Analysis

Risks can be identified by individual risk owners or the Risk Unit. The risks identified can be specific to a particular department or be applicable to the Company as a whole and also allows the Risk Unit to identify the area/s that need attention so as to mitigate any future losses and/ or maximise the opportunities present. These risks can be scored and analysed to achieve optimal decision making. The identified risks are reviewed by the Internal Risk Committee after which, they are submitted to the Board Risk Committee for review.

b) Risk Measurement/ Scoring

Severity of Risk Impact:

All identified risks are rated according to its likelihood of occurrence and the potential impact on the Business as defined in a pre-defined risk Matrix for the Company. The potential impact of a risk is evaluated based on the severity of the impact on business continuity, profit, and the loss of business portfolio. As such the levels of severity have also been defined as Marginal, Significant, Critical and Catastrophic.

Probability of Occurrence:

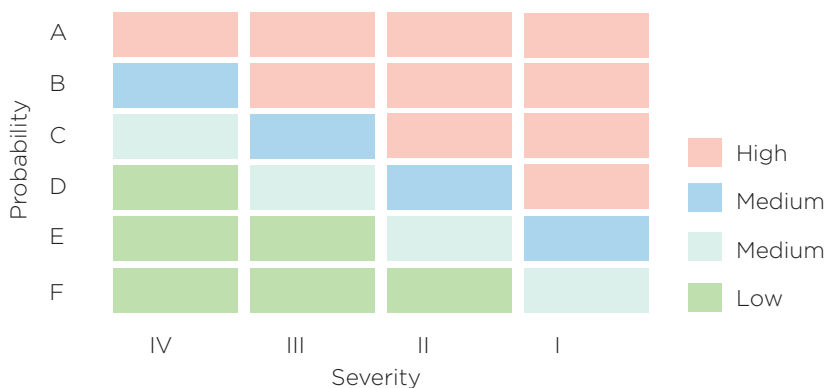
The likelihood of the occurrence of the risk is examined based on the historical experience and probabilities of occurrence under current market and economic conditions. The matrix defines the probability of occurrence as the likelihood of an event occurring in a particular time period. As such we have defined six probabilities from very high (frequency is less than 1 week) to almost impossible (frequency is once in 100 years)

	Risk that affect business continuity			
	IV - Marginal	III - Significant	II - Critical	I - Catastrophic
Life Operations	x < 1 Hour	1 Hour < x < 5 Hours	5 Hours < x < 1 Day	x > 1 Day
Call Centre	x < 5 Minutes	> 5 Minutes < 15 Minutes	> 15 Minutes < 30 Minutes	> 30 Minutes
Other Critical Systems	As defined in the BCP and IT DR Plan			

	Risk that affect business continuity			
	IV - Marginal	III - Significant	II - Critical	I - Catastrophic
Profit	x < Rs. 50 Mn	Rs. 50 Mn < x < Rs. 100 Mn	Rs. 100 Mn < x < Rs. 500 Mn	x > Rs. 500 Mn
Total Equity	x < Rs. 500 Mn	Rs. 500 Mn < x < Rs. 750 Mn	Rs. 750 Mn < x < Rs. 1,500 Mn	x > Rs. 1,500 Mn
Loss of Market Share	x < 0.5%	0.5% < x < 1.5%	1.5% < x < 2.5%	x > 2.5%
Stakeholder Faith impacted	x < Rs. 2,500 Mn	Rs. 2,500 Mn < x < Rs. 4,500 Mn	Rs. 4,500 Mn < x < Rs. 5,700 Mn	x > Rs. 5,700 Mn

These risks once rated according to the above are plotted on the traffic light matrix below.

Figure: Risk traffic light matrix

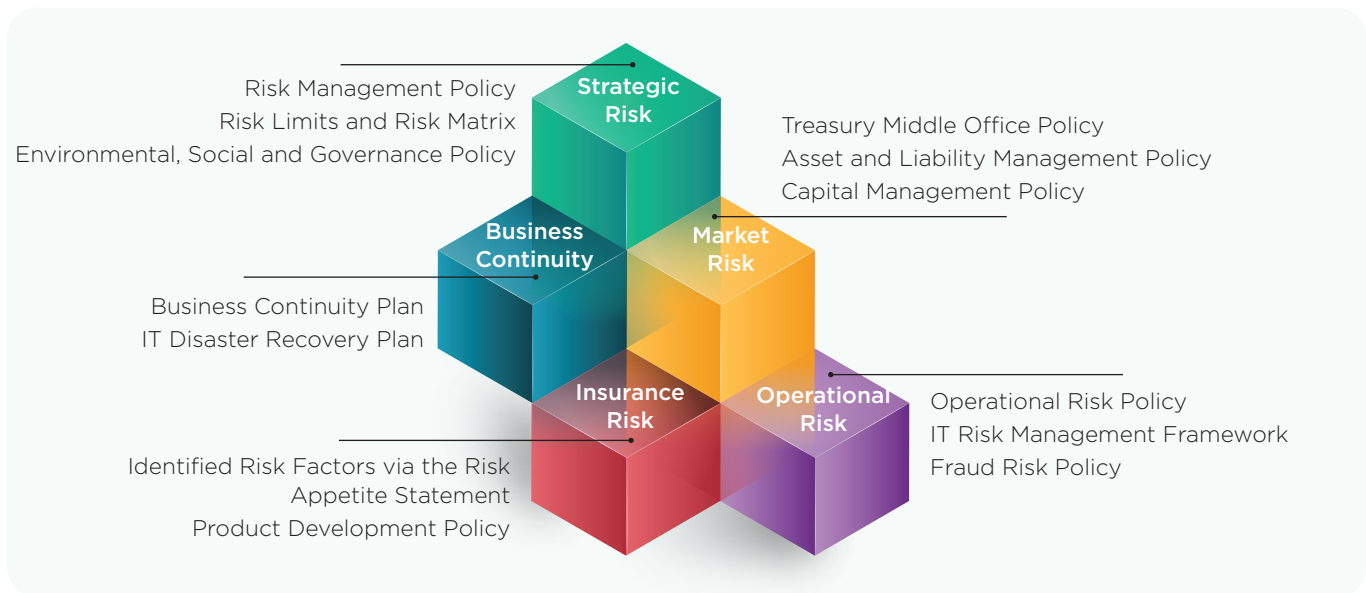


Risk Control

The ownership of the identified risks lies with the heads of relevant functions and the responsible personnel are required to provide the action plans on how the high rated risks will be improved and the timeliness to achieve these targets.

Control is brought about by the establishment of risks guidelines through the following policies under each risk pillar

Figure: Risk Control



Risk Monitoring and Reporting

The risk register comprises of all identified risks that if materialise, would have a material impact on the company. It also comprises of a detailed action plan on how these risks will be analysed, mitigated and eliminated. The register is reviewed and updated on a quarterly basis and presented to the Board risk committee.

Risk reporting escalation is structured into three tiers: marginal, significant, and critical. Each tier corresponds to distinct scenarios necessitating varying levels of escalation and corresponding treatment mechanisms.

	Marginal	Significant	Critical
Escalation of Risk	The risk that affects business continuity is marginal and therefore not required to be escalated. By applying materiality thresholds, the Risk Management Unit can effectively prioritise resources.	When a risk emerges that significantly impacts business continuity, it triggers a structured process of communication within the organisation and escalates to the risk owner, risk unit and senior management.	When a risk surfaces that poses a critical threat to business continuity, promptly inform key stakeholders of risk owner, risk unit, senior management, internal risk committee and Board risk committee.
Risk Management Approach	After a review of operations, it is deemed acceptable and requires continued tracking and documentation of an action plan.	Implement controls immediately to mitigate risks so that risk is controlled and safeguards the organisation's long-term success.	Immediate risk treatment actions are required since the impact is significant and reported and discussed by the Board of Directors.
Reporting	Internal Risk Committee and Board Risk Committee	Internal Risk Committee and Board Risk Committee	Internal Risk Committee and Board Risk Committee

INTEGRATED RISK MANAGEMENT

4. BOLDER SYNERGIES: ALIGN RISK MANAGEMENT STRATEGY WITH STRATEGIC PILLARS

Given the importance of Risk Management, the Company considers risk management to be a focal point in its strategic planning and a method of protecting the value of the business and business activities by enabling the business to make informed decisions based on the defined risk appetite and manage expected returns. As such, the link between the Company’s Strategy and Risk Management is as described below.



Most Caring Life Insure

Setting clear appetites for service standards to ensure exceptional customer care under diverse scenarios. By proactively defining and adhering to these standards, the organisation demonstrates its dedication to fostering trust, loyalty, and long-term relationships with its customers



Smart IT Digitalisation

Identifying critical systems and establishing recovery time objectives while conducting regular disaster recovery simulations to ensure preparedness, safeguarding against potential disruptions and facilitating seamless continuity in the digitalisation journey.



King of Data

Implementing a comprehensive IT risk framework to uphold data protection and conducting focused awareness sessions for end-users. Additionally, focused awareness sessions for end-users enhance understanding and adherence to protocols.



Phenomenal Sales

Setting precise risk limits for sales agent quality and productivity to sustain high sales performance. This ensures sustained high sales performance while mitigating potential risks associated with fluctuations in agent performance.



Lean and Fast

Implementing stringent appetites for expense management and underwriting margins to optimise efficiency. By optimising efficiency through disciplined cost control and margin management, the organisation can swiftly adapt to market dynamics.

Please refer Page No. 82 to 87

5. BIGGER ASSESSMENT OF SOFTLOGIC LIFE’S RISK ENVIRONMENT

In our evaluation of Softlogic Life’s Risk Environment, we consider two primary categories: idiosyncratic and systematic risks. Idiosyncratic risks pertain to factors within our control, such as operational procedures or strategic decisions, while systematic risks are influenced by external forces like regulatory shifts or economic fluctuations.

By comprehensively assessing both types of risks, we enhance our ability to manage them effectively. This involves implementing measures to mitigate idiosyncratic risks where feasible and developing strategies to navigate and adapt to systematic risks. Our aim is to strengthen our resilience against unforeseen challenges, safeguarding the interests of our stakeholders and ensuring the long-term sustainability of our business operations.

IDIOSYNCRATIC ENVIRONMENT

Anything within Softlogic Life that can influence the way in which risk will be managed

Each risk poses unique challenges that require tailored mitigation strategies to safeguard against potential disruptions and capitalise on opportunities, ensuring the organisation’s resilience and long-term viability in this dynamic landscape. This includes risks of Strategic Risk, Insurance Risk, Market Risk, Operational Risk.

SYSTEMATIC ENVIRONMENT

External environment in which Softlogic Life seeks to achieve its objectives.

These factors present challenges that require diligent monitoring and strategic planning to mitigate potential impacts on the company’s objectives. This includes Economic risk, political risk, Regulatory Risk, Technological Risk, Competitor Risk. By proactively addressing these factors., Company will sustain the amidst dynamic market conditions.

6. BETTER MANAGEMENT OF RISK APPETITE AND TOLERANCE

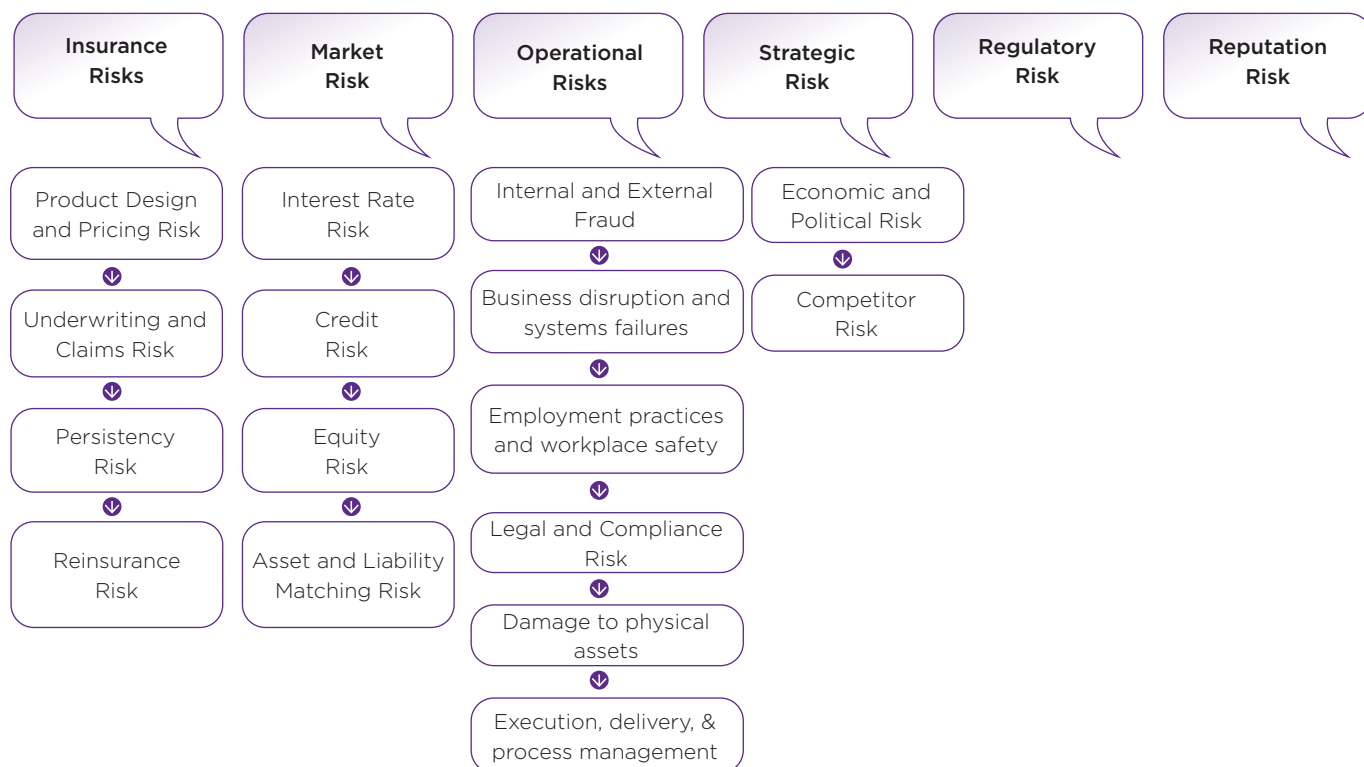
The Company’s risk appetite and tolerance levels are discussed and set by the Internal Risk Committee and approved by the Board Risk Committee. The Board Risk Committee reviews these levels annually whilst, the Internal Risk Management Committee is responsible for the continuous monitoring and reporting of these limits as well as any business responses in times where these limits may be significantly challenged.

The limits are set considering global best practices, regulatory requirements, industry benchmarks and internal benchmarks based on the Company’s strategic business objectives and is reviewed annually.

Risk Indicator	2023	2022
1. Growth Compared to Industry	1.63 x	1.15 x
2. Return on Equity	23.5%	25.0%
3. Capital Adequacy Ratio	367%	287%
4. Determination	140%	126%
5. Compliance with Statutory Requirements	On Time Submission	On Time Submission
6. Average value per new policy	Rs. 176,872	Rs. 169,090
7. Claims Servicing Standards	75%	90%
8. Expense Ratio	22.6%	21.7%

Risk Indicator	2023	2022
9. UW Profit Margin	21.0%	30.6%
10. Persistency-1st Year	83%	84%
11. Persistency-2nd Year	61%	66%
12. Persistency-3rd Year	54%	58%
13. Operational Risk	0.015%	0.012%
14. System Downtime (incidents)	1	-
15. Staff Turnover	21%	18%
16. Government Securities (as a % of Life Fund)	96%	67%
17. Investment Yield	13%	17%

7. BIGGER ASSESSMENT OF THE COMPANY’S RISK LANDSCAPE



INTEGRATED RISK MANAGEMENT

7.1 Risk Analysis of Softlogic Life Insurance PLC

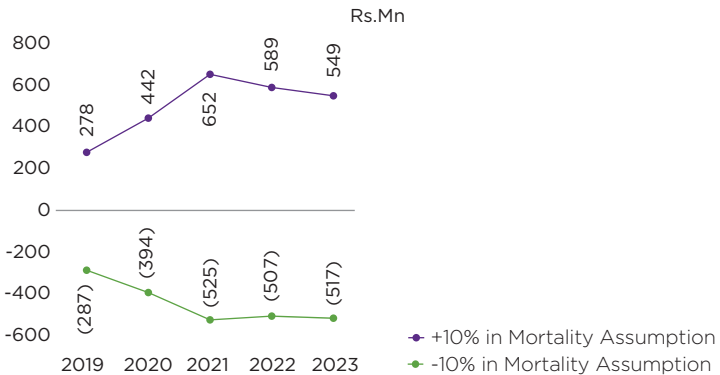
The company engages in thorough risk analysis, quantification, and sensitivity testing to comprehensively assess its risk profile. Continuous monitoring of the business impact stemming from each risk is conducted alongside regular reviews of sensitivity thresholds. The analysis of the risk landscape will be outlined in the following manner, based on its materiality.

a. Analysis of Insurance Risk

i. Mortality Risk

The risk of incurring losses due to the actual death experience rates of policyholders surpassing the anticipated probabilities during the product design phase is a critical consideration. When the actual mortality rates exceed the pricing assumptions, the company faces an increase in death claims.

<p>RISK RATING</p> <p>Risk Rating as at 31-Dec-2023 ●</p> <p>Risk Rating As at 31-Dec-2022 ●</p>	<p>AFFECTED STRATEGIC PILLARS</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Most Caring Life Insurer</p> </div> <div style="text-align: center;">  <p>Phenomenal Sales</p> </div> </div>	<p>AFFECTED CAPITALS</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Financial</p> </div> <div style="text-align: center;">  <p>Social and Relationship</p> </div> </div>	<p>MATERIAL MATTERS</p> <div style="display: grid; grid-template-columns: 1fr 1fr; gap: 10px;"> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; text-align: center;">MM-1</div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; text-align: center;">MM-3</div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; text-align: center;">MM-4</div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; text-align: center;">MM-5</div> </div>
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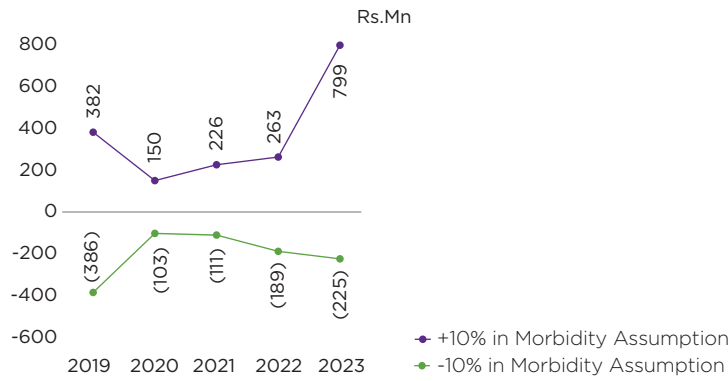
Risk Analysis	Mitigation Strategies Adopted																		
<p>The sensitivity analysis reveals that a 10% increase in mortality assumptions leads to a liability increase of Rs. 549 Mn in 2023, compared to the Rs. 589 Mn reported in 2022. Conversely, a 10% decrease results in a liability decrease of Rs. 517 Mn in 2023, compared to Rs. 507 Mn in 2022.</p> <p>The company observed that there was no notable increase in risk identified from the mortality study conducted during the year.</p> <p>The accompanying graph illustrates the trajectory of mortality risk sensitivity over the past five years.</p> <p>SENSITIVITY OF INSURANCE CONTRACT LIABILITIES</p>  <table border="1" style="margin-top: 10px;"> <caption>Sensitivity of Insurance Contract Liabilities (Rs. Mn)</caption> <thead> <tr> <th>Year</th> <th>+10% in Mortality Assumption</th> <th>-10% in Mortality Assumption</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>278</td> <td>(287)</td> </tr> <tr> <td>2020</td> <td>442</td> <td>(394)</td> </tr> <tr> <td>2021</td> <td>652</td> <td>(525)</td> </tr> <tr> <td>2022</td> <td>589</td> <td>(507)</td> </tr> <tr> <td>2023</td> <td>549</td> <td>(517)</td> </tr> </tbody> </table>	Year	+10% in Mortality Assumption	-10% in Mortality Assumption	2019	278	(287)	2020	442	(394)	2021	652	(525)	2022	589	(507)	2023	549	(517)	<ul style="list-style-type: none"> The company employs standard mortality tables during the product design phase to establish anticipated mortality rates, thereby tailoring product pricing to mitigate potential mortality risks effectively. Regular monitoring of expected mortality rates, as outlined in the risk management policies, is conducted on a quarterly basis to assess significant variances. Adjustments to product pricing are undertaken as necessary to ensure alignment with anticipated risk levels.
Year	+10% in Mortality Assumption	-10% in Mortality Assumption																	
2019	278	(287)																	
2020	442	(394)																	
2021	652	(525)																	
2022	589	(507)																	
2023	549	(517)																	

● Low Risk ● Medium Risk ● High Risk

ii. Morbidity Risk

The risk of financial losses resulting from unexpected variations in actual health outcomes compared to the anticipated experience during the product design phase is a critical consideration. This risk profile is subject to change based on the evolving product portfolio sold over the years.



<p>RISK RATING</p> <p>Risk Rating as at 31-Dec-2023 ●</p> <p>Risk Rating As at 31-Dec-2022 ●</p>	<p>AFFECTED STRATEGIC PILLARS</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Most Caring Life Insurer</p> </div> <div style="text-align: center;">  <p>Phenomenal Sales</p> </div> </div>	<p>AFFECTED CAPITALS</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Financial</p> </div> <div style="text-align: center;">  <p>Social and Relationship</p> </div> </div>	<p>MATERIAL MATTERS</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin: 5px;">MM-1</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin: 5px;">MM-3</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin: 5px;">MM-4</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin: 5px;">MM-5</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin: 5px;">MM-6</div> </div>
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Risk Analysis	Mitigation Strategies Adopted																		
<p>The sensitivity analysis conducted reveals that a 10% increase in morbidity assumptions leads to a liability increase of Rs. 799 million in 2023, compared to the Rs. 263 million reported in 2022. Conversely, a deviation of -10% results in a liability decrease of Rs. 225 million in 2023, compared to Rs. 189 million in 2022.</p> <p>The company experienced heightened claim outflows primarily attributed to an epidemic that impacted a significant portion of the year. In response, pricing adjustments have been introduced for new business.</p> <p>The accompanying graph illustrates the trajectory of morbidity risk sensitivity over the past five years.</p> <p>SENSITIVITY OF INSURANCE CONTRACT LIABILITIES</p>  <table border="1" style="margin-top: 10px;"> <caption>Sensitivity of Insurance Contract Liabilities (Rs.Mn)</caption> <thead> <tr> <th>Year</th> <th>+10% in Morbidity Assumption</th> <th>-10% in Morbidity Assumption</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>382</td> <td>(386)</td> </tr> <tr> <td>2020</td> <td>150</td> <td>(103)</td> </tr> <tr> <td>2021</td> <td>226</td> <td>(111)</td> </tr> <tr> <td>2022</td> <td>263</td> <td>(189)</td> </tr> <tr> <td>2023</td> <td>799</td> <td>(225)</td> </tr> </tbody> </table>	Year	+10% in Morbidity Assumption	-10% in Morbidity Assumption	2019	382	(386)	2020	150	(103)	2021	226	(111)	2022	263	(189)	2023	799	(225)	<ul style="list-style-type: none"> The company employs standard mortality tables during the product design phase to establish anticipated mortality rates, thereby tailoring product pricing to mitigate potential mortality risks effectively. Regular monitoring of expected mortality rates, as outlined in the risk management policies, is conducted on a quarterly basis to assess significant variances. Adjustments to product pricing are undertaken as necessary to ensure alignment with anticipated risk levels.
Year	+10% in Morbidity Assumption	-10% in Morbidity Assumption																	
2019	382	(386)																	
2020	150	(103)																	
2021	226	(111)																	
2022	263	(189)																	
2023	799	(225)																	

INTEGRATED RISK MANAGEMENT

iii. Underwriting Risk



Inaccurate evaluations of risk during the underwriting process pose significant risks for insurance companies, wherein the company assumes the transferred risks from policyholder behaviour.

<p>RISK RATING</p> <p>Risk Rating as at 31-Dec-2023 ●</p> <p>Risk Rating As at 31-Dec-2022 ●</p>	<p>AFFECTED STRATEGIC PILLARS</p>  <p>Most Caring Life Insurer Phenomenal Sales Lean and Fast</p>	<p>AFFECTED CAPITALS</p>  <p>Financial Social and Relationship Human</p>	<p>MATERIAL MATTERS</p> <p>MM-1 MM-3</p> <p>MM-7 MM-8</p> <p>MM-9</p>
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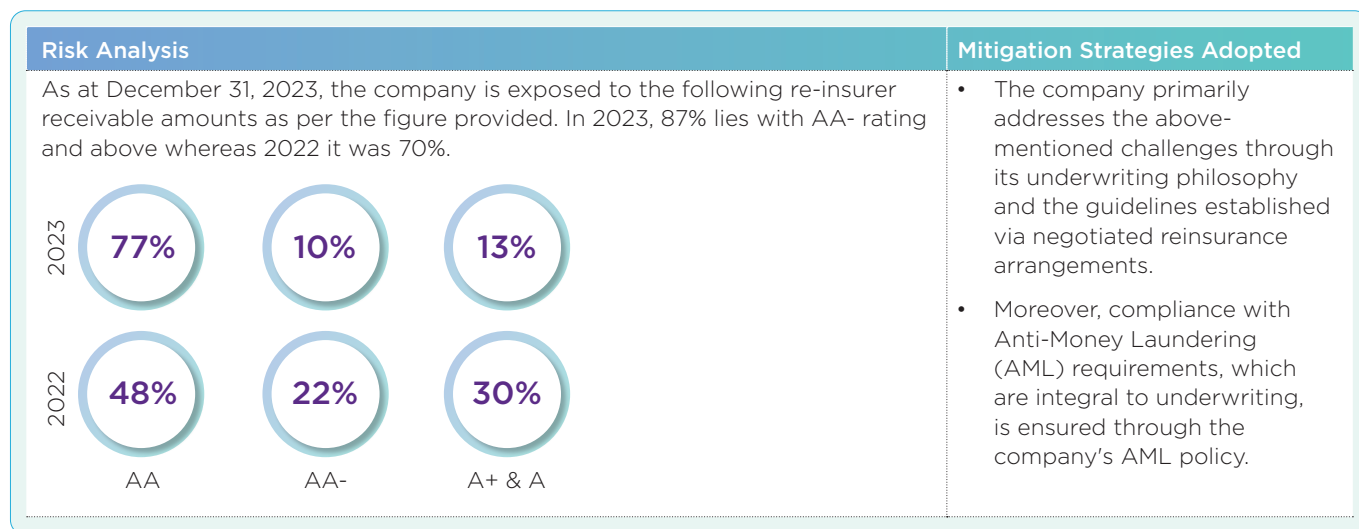
Risk Analysis	Mitigation Strategies Adopted																
<p>The underwriting procedures undergo the impact of unfavourable economic circumstances observed in Sri Lanka during 2023.</p> <p>However, a significant focus remains on the Western Province, which constituted 69% of the Gross Written Premium (GWP) in 2023, mirroring the same percentage as reported in 2022.</p> <p>GWP Concentration Analysis</p> <table border="0"> <tr> <td>2023</td> <td>69%</td> <td>9%</td> <td>7%</td> </tr> <tr> <td></td> <td>Western</td> <td>Southern</td> <td>North Western</td> </tr> <tr> <td>2022</td> <td>69%</td> <td>9%</td> <td>7%</td> </tr> <tr> <td></td> <td>Western</td> <td>Southern</td> <td>North Western</td> </tr> </table>	2023	69%	9%	7%		Western	Southern	North Western	2022	69%	9%	7%		Western	Southern	North Western	<ul style="list-style-type: none"> The company primarily addresses the above-mentioned challenges through its underwriting philosophy and the guidelines established via negotiated reinsurance arrangements. Moreover, compliance with Anti-Money Laundering (AML) requirements, which are integral to underwriting, is ensured through the company's AML policy.
2023	69%	9%	7%														
	Western	Southern	North Western														
2022	69%	9%	7%														
	Western	Southern	North Western														

iv. Reinsurance Risk

The company has established reinsurance agreements with multiple reinsurers. The assessment of reinsurance risk relies on evaluating the likelihood of the reinsurer defaulting on payments for claims and The primary indicator considered in this matter is the credit rating of the reinsurer.

<p>RISK RATING</p> <p>Risk Rating as at 31-Dec-2023 ●</p> <p>Risk Rating As at 31-Dec-2022 ●</p>	<p>AFFECTED STRATEGIC PILLARS</p>  <p>Most Caring Life Insurer King of Data</p>	<p>AFFECTED CAPITALS</p>  <p>Financial Social and Relationship Intellectual</p>	<p>MATERIAL MATTERS</p> <p>MM-1 MM-5</p> <p>MM-9</p>
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● Low Risk ● Medium Risk ● High Risk



b. Analysis of Market Risk

i. Interest Rate Risk

Interest rate risk is a key consideration for the company's financial instruments, particularly concerning investments in debt securities. The risk involves the potential for unfavourable fluctuations in fair values or future cash flows due to variations in market interest rates, alongside impacts on liability values caused by interest rate adjustments.



Risk Analysis		Mitigation Strategies Adopted						
The Company is exposed to the following interest rate risk as at 31 December 2023.		<ul style="list-style-type: none"> The Treasury Middle Office (TMO) maintains its ongoing responsibility to detect, assess, and oversee all Investment and Market Specific Risks associated with the company's asset portfolio on a daily basis. 						
In LKR Mn	2023							
	Variable Interest Rate					Fixed Interest Rate	Non Interest Bearing	Total
Financial Assets	6,762					34,651	2,087	43,500
Financial Liabilities	(5,392)					-	-	(5,392)
Exposure to Interest Rate Risk	1,370	34,651	2,087	38,108				

● Low Risk ● Medium Risk ● High Risk

INTEGRATED RISK MANAGEMENT

Risk Analysis					Mitigation Strategies Adopted
In LKR Mn	2022				<ul style="list-style-type: none"> The Treasury Middle Office has set market risk thresholds aligned with the company's overall risk tolerance across multiple parameters. They conduct daily surveillance to ensure compliance with these established limits. The company strictly adheres to established guidelines and mandates approvals from both the Risk Committee and the Board of Directors if the limits/guidelines outlined in the TMO Policy are surpassed.
	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	
Financial Assets	8,393	32,770	1,437	42,600	
Financial Liabilities	(5,952)	-	-	(5,952)	
Exposure to Interest Rate Risk	2,441	32,770	1,437	36,648	

ii. Credit Risk

Credit risk represents the potential financial loss faced by Softlogic Life if a counterparty fails to settle outstanding balances. By the end of December 31, 2023, the company's exposure to credit risk amounted to Rs. 45.8 billion, an increase from Rs. 44.6 billion reported as of December 31, 2022.

RISK RATING

Risk Rating as at 31-Dec-2023 ●

Risk Rating As at 31-Dec-2022 ●

AFFECTED STRATEGIC PILLARS



King of Data



Lean and Fast

AFFECTED CAPITALS



Financial



Social and Relationship

MATERIAL MATTERS

MM-1

MM-9



Risk Analysis					Mitigation Strategies Adopted
The company's exposure to credit risk originates from the following classifications of financial assets.					<ul style="list-style-type: none"> Formulate credit policies in partnership with business units, that address collateral mandates, credit appraisals, risk grading, reporting, in addition to ensuring compliance with documentary, legal, regulatory, and statutory requisites. The Treasury Middle Office has set market risk thresholds aligned with the Company's overall risk appetite across multiple parameters, conducting daily surveillance to ensure compliance with all established limits.
In LKR Mn	2023 Exposure		2022 Exposure		
	Amount	%	Amount	%	
Financial Investment	41,413	91%	41,163	92%	
Premium Receivable	2,449	5%	1,763	4%	
Cash at Bank	1,092	2%	729	2%	
Reinsurance Receivable	465	1%	568	1%	
Loans to Life Policyholder	331	1%	265	1%	
Receivable and Other Assets	72	0%	71	0%	
Total	45,823	100%	44,559	100%	

● Low Risk ● Medium Risk ● High Risk

Risk Analysis			Mitigation Strategies Adopted
<p>The following table presents data detailing the credit risk exposure of the Company's financial investments, categorised based on their respective credit ratings assigned by local agencies. The Company did not exceed any credit exposure limits during the reporting period.</p>			<ul style="list-style-type: none"> Establishing the authorisation structure to approve and renew credit facilities, intermediaries, and reinsurers, aligning with credit policies. Business units are assigned authorisation limits accordingly. Implementing measures to restrict concentrations of exposure to counterparties, industries, and issuers, while also managing risk within defined credit rating bands and market liquidity parameters.
Risk Rating	2023 LKR Mn	2022 LKR Mn	
Government Guaranteed	27,342	26,750	
Debt instruments having credit ratings			
AAA	381	-	
AA+ to AA-	820	2,064	
A+ to A-	4,326	7,514	
BBB+ to BBB-	4,007	1,030	
Below BBB-	1,023	1,227	
Unit trust			
AAA to A-	2,785	1,790	
BBB+ to BBB-	729	788	
Total	41,413	41,163	

iii. Liquidity Risk

The Company evaluates liquidity risk, focusing on the possibility of inadequate liquid resources to meet its obligations in a timely manner. This assessment takes place regularly within the Assets and Liability Management Committee (ALCO), where efforts are made to maintain a diversified funding base to mitigate such risks effectively.

RISK RATING Risk Rating as at 31-Dec-2023 ● Risk Rating As at 31-Dec-2022 ●	AFFECTED STRATEGIC PILLARS  Most Caring Life Insurer King of Data Lean and Fast	AFFECTED CAPITALS  Financial Social and Relationship	MATERIAL MATTERS MM-1 MM-9
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Risk Analysis	Mitigation Strategies Adopted
<p>The table below depicts a maturity analysis, providing insights into the liquidity risk exposure of the Company as of 31 December 2023.</p>	<ul style="list-style-type: none"> Periodic review undertaken by the Company's asset and liability management committee.

INTEGRATED RISK MANAGEMENT

Risk Analysis						Mitigation Strategies Adopted
The table below depicts a maturity analysis, providing insights into the liquidity risk exposure of the Company as of 31 December 2023.						<ul style="list-style-type: none"> Maintaining a diversified range of highly liquid assets in the portfolio, ensuring a quick conversion into cash to mitigate unexpected short-term disruptions to cash flows. Ensuring compliance with specified limits on maturity gaps in accordance with approved risk thresholds and maintaining investment compositions as outlined in the investment policy.
Description	No Maturity	Less than 1 year	1-3 years	More than 3 years	Total	
As of 31 December 2023						
Total Financial Assets	2,881	12,408	8,733	22,796	46,818	
Total Financial Liabilities	-	4,347	7,444	12,024	23,815	
Excess Assets / (Liabilities)	2,881	8,061	1,289	10,772	23,003	
As of 31 December 2022						
Total Financial Assets	2,219	14,754	8,405	19,890	45,268	
Total Financial Liabilities	-	5,513	1,775	9,274	16,562	
Excess Assets / (Liabilities)	2,219	9,241	6,630	10,616	28,706	

iv. Equity Risk

The risk of potential losses stemming from fluctuations in the price of equity holdings is a significant consideration. In equity markets, risk measurement often relies on calculating the standard deviation of a security's price across various periods. The Company implements its investment strategy by investing in equity, mitigating equity price risk through diversification and imposing constraints on individual and aggregate equity portfolio investments.




RISK RATING Risk Rating as at 31-Dec-2023 ● Risk Rating As at 31-Dec-2022 ●	AFFECTED STRATEGIC PILLARS  Most Caring Life Insurer King of Data Lean and Fast	AFFECTED CAPITALS  Financial Social and Relationship	MATERIAL MATTERS MM-1 MM-9
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● Low Risk ● Medium Risk ● High Risk

Risk Analysis					Mitigation Strategies Adopted
<p>The Company reported a market value of Rs. 1.76 billion for its equity investments as of December 31, 2023, an increase from Rs. 1.44 billion in 2021. The subsequent section provides insight into the portfolio diversification of equity investments (sector analysis) for the Company.</p>					<ul style="list-style-type: none"> The Treasury Middle Office (TMO) diligently assesses, quantifies, and oversees all Investment and Market Specific Risks associated with the Company's Asset portfolio on a daily basis. Ensuring alignment with the Company's overall risk appetite, the Treasury Middle Office has instituted market risk boundaries across various metrics, conducting daily monitoring to validate adherence to these prescribed limits.
In LKR Mn	2023 Exposure		2022 Exposure		
	Amount	%	Amount	%	
Banks	1,300	74%	875	61%	
Diversified financials	92	5%	177	12%	
Healthcare equipment and services	368	21%	385	27%	
	1,760	100%	1,437	100%	

v. Foreign Exchange Risk

Foreign exchange risk affects the Company's Fin Re transaction and Tier II Capital transactions. To mitigate this risk, the Company had invested in USD assets, including International Sovereign Bonds (ISB) and Sri Lanka Development Bonds (SLDB). However, amidst the ongoing debt restructuring process in Sri Lanka, the government has already exchanged SLDB for LKR Bonds and is expected to implement a haircut on ISB as part of the restructuring program. The following analysis provides foreign exchange risk analysis.































<p>RISK RATING</p> <p>Risk Rating as at 31-Dec-2023 ●</p> <p>Risk Rating As at 31-Dec-2022 ●</p>	<p>AFFECTED STRATEGIC PILLARS</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Most Caring Life Insurer</p> </div> <div style="text-align: center;">  <p>King of Data</p> </div> </div>	<p>AFFECTED CAPITALS</p> <div style="text-align: center;">  <p>Financial</p> </div>	<p>MATERIAL MATTERS</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px;">MM-1</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px;">MM-9</div> </div>
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Risk Analysis					Mitigation Strategies Adopted
<p>The Company's foreign currency exposure as of December 31, 2023, is as follows.</p>					<ul style="list-style-type: none"> Routine assessments of the timing of foreign currency cash inflows and outflows are conducted regularly, accompanied by proactive decision-making regarding reinvestments based on forecasted rates and scenarios as needed. Assess the possibility of settling USD liabilities ahead of schedule as a strategy to mitigate prolonged exposure to foreign currency risks.
Description	2023 USD Mn.	2022 LKR Mn.	2023 USD Mn.	2022 LKR Mn.	
Assets	13.9	4,497	37.6	13,731	
Liabilities	16.5	5,339	18.6	6,794	
Net Exposure	(2.6)	(842)	19.0	6,937	

● Low Risk ● Medium Risk ● High Risk

INTEGRATED RISK MANAGEMENT

7.2 Mitigating Strategies for key risks faced by the Company

Risk Factor	Mitigation Strategies Adopted	Affected Strategy	Affected Capital	Material Matters	Risk Rating	
					2023	2022
Strategic Risk						
Economic and Political Risk	<ul style="list-style-type: none"> The risk unit conducts economic analyses, economic forecasts identifies industry trends on quarterly basis. These insights are presented to the Board Risk and Investment Committees for strategic decision-making support. 	 	 	MM-1 MM-4		
Competitor Risk	<ul style="list-style-type: none"> Continuously benchmark performance against peers and leverage market intelligence to track competitor activity. These insights are shared with the product committee, assisting to maintain a competitive product portfolio informed by gathered intelligence. 	 	 	MM-2 MM-7		
Regulatory Risk						
Minimum Capital Adequacy Ratio	<ul style="list-style-type: none"> The Capital Management Policy is designed to maintain sufficient capital resources, utilising internal models and monthly CAR calculations to ensure regulatory compliance. Concurrently, the risk and compliance units remain vigilant, to adapt strategies accordingly and ensure ongoing compliance with capital adequacy requirements. 	 	 	MM-9 MM-1		
Increased Regulatory / Compliance Requirements	<ul style="list-style-type: none"> The risk and compliance units remain vigilant in monitoring potential regulatory changes, proactively adapting strategies to ensure alignment with evolving requirements. Compliance Unit facilitates communication of regulatory updates to relevant business units, and report compliance status quarterly to the Audit Committee. 	 	 	MM-9 MM-1		
Reputation Risk						
Reputation Risk	<ul style="list-style-type: none"> Clear operational risk policy to measure reputation risks effectively. Closely monitor our social media page and address customer complaints through our customer relationship management unit. All customer complaints are managed according to guidelines from the IRCSL 	 	 	MM-1 MM-2		

● Low Risk ● Medium Risk ● High Risk

Risk Factor	Mitigation Strategies Adopted	Affected Strategy	Affected Capital	Material Matters	Risk Rating	
					2023	2022
Operational risk						
Business Continuity	<ul style="list-style-type: none"> Availability of a formal business continuity plan detailing critical services and systems, along with their recovery time objectives. Teams undergo annual knowledge sharing and testing to meet recovery time objectives in case of a disaster. 			MM-1 MM-5		
Business Continuity of Critical Systems	<ul style="list-style-type: none"> Availability of independent Disaster Recovery Site for our servers. Regular Disaster Recovery Simulation exercises are conducted for critical systems. 			MM-7 MM-8		
Occupational Health and Safety	<ul style="list-style-type: none"> Distributed awareness flyers to all staff about fire procedures throughout the year Success rates of all fire drills conducted were above 75% Identified key staff and created succession plans for all departments. 			MM-4		
Staff Turnover	<ul style="list-style-type: none"> Hired branch staff with customer service experience and advanced skills. Used Town Hall Sessions to address staff issues and offer solutions. 			MM-3 MM-4		
Internal Controls	<ul style="list-style-type: none"> Internal controls are regularly reviewed based on an annual plan approved by the Audit Committee Units such as Claims Monitoring and Fraud Detection are established to strengthen preventive measures Adoption rates for suggestions and recommendations are consistently high, approximately 95%-100%. 	 	 	MM-9		
ESG Risks	<ul style="list-style-type: none"> ESG Policy at Softlogic Life was reviewed and seamlessly integrated ESG risk reporting into the Risk Management Process. Risk Limit Statement was categorised into E, S, and G risks, and an ESG impact statement was developed to assess yearly impacts on E, S, and G pillars. 			MM-1		




























Low Risk Medium Risk High Risk

INTEGRATED RISK MANAGEMENT

8. BETTER INSIGHT INTO MATERIALISATION STATUS OF FORECASTED KEY RISKS FOR 2023

The Company has disclosed predicted risks in its 2022 annual report for the year 2023. In this section we have assessed their materialisation throughout 2023. Materialisation status has been categorised into three options as follows:












-  Actual risk rating is higher than the predicted risk
-  Actual risk rating is lower than the predicted risk
-  Actual risk rating is Similar to the predicted risk

Predicted Risk	Risk Forecast Disclosed in 2022 Annual Report	Materialisation Occurred During 2023	Risk Direction
Prevalent Covid -19 Risk			
Food Scarcity			
Foreign Exchange Risk			
Supply Chain Disruptions			
Inflation			
Lower Disposable Income of end Consumer			
Volatile Energy Prices			
Increasing Interest Rates			
Climate Risks			

9. BOLDER PREDICTIONS: KEY RISK ANTICIPATED IN 2024 AND BEYOND

Given the ongoing shifts in Sri Lanka's economic and political landscape, and efforts underway to boost the economy, the Risk unit foresees several notable challenges ahead in 2024. As a result, we're actively ramping up our proactive measures to effectively address and mitigate these challenges.

The following outlines the forecasted risk ratings for 2024.

Predicted Risk Factors For 2024	Forecasted Risk Rating
Political Risks	
Consolidation of Financial Services Industry	
Reputation Risk	
Competitor Risks	
Morbidity Claims Risk (Communicable)	
Morbidity Claims Risk (Non-Communicable)	
Regulatory Requirements around Data	
Cyber Risks	
People Risk / Talent Shortage	
Risks of Unregulated AI	
Climate Risks	

-  Low Risk
-  Medium Risk
-  High Risk