



## MANUFACTURED CAPITAL

**Essential** assets that support value creation

**BIGGER.  
BETTER.  
BOLDER.**



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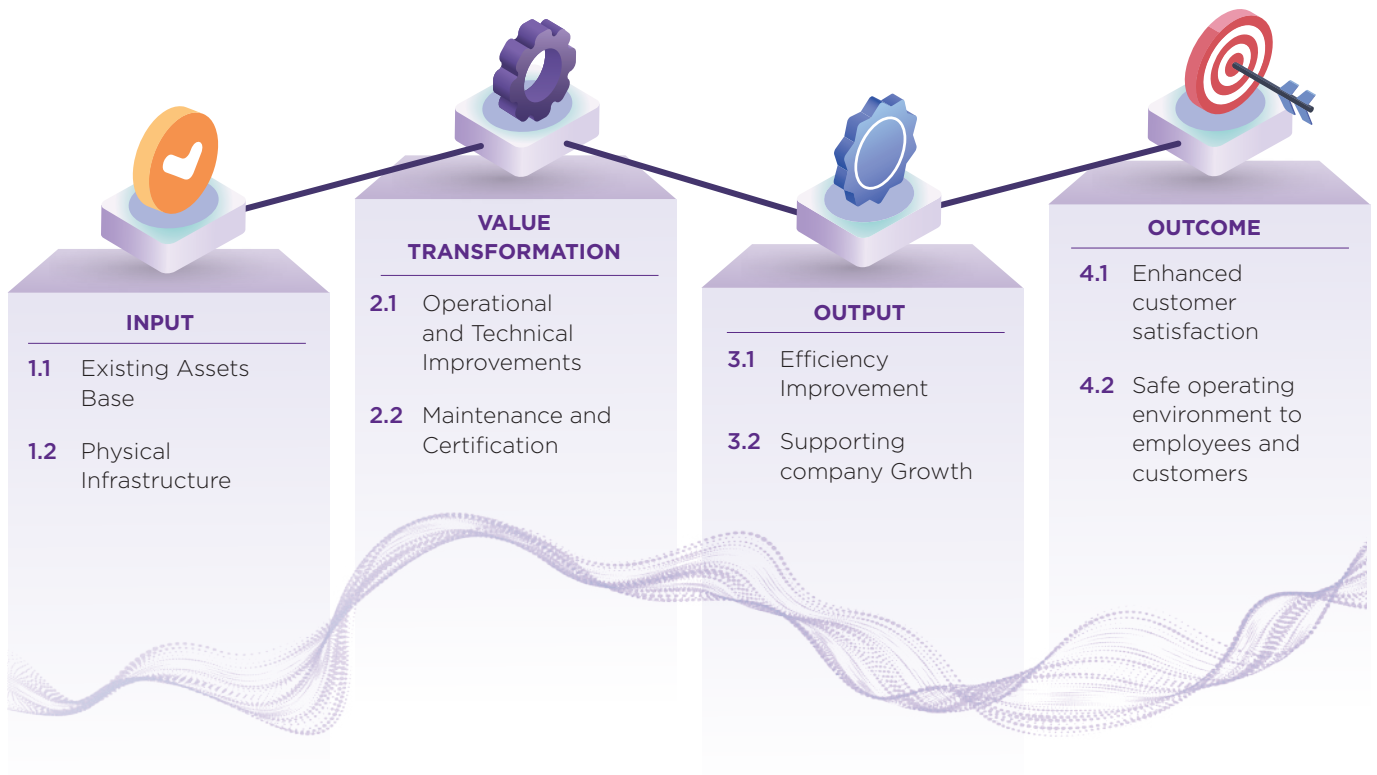


Our Manufactured Capital consists of our physical and digital infrastructure which facilitate our customer reach and enable the smooth functioning of operations and provide employee friendly spaces. Our transformation to a client centric, digitally-enabled organization is heavily dependent on the quality and adequacy of our Manufactured Capital



Our Manufactured Capital encompasses both our physical and digital infrastructure, essential for expanding our customer base, ensuring operational efficiency, and fostering employee-friendly environments. The success of our shift towards a client-centric, digitally-driven organization hinges greatly on the quality and sufficiency of our Manufactured Capital. Below diagram shows how intellectual capital add value to our organization

**Manufactured Capital Value Creation Process**



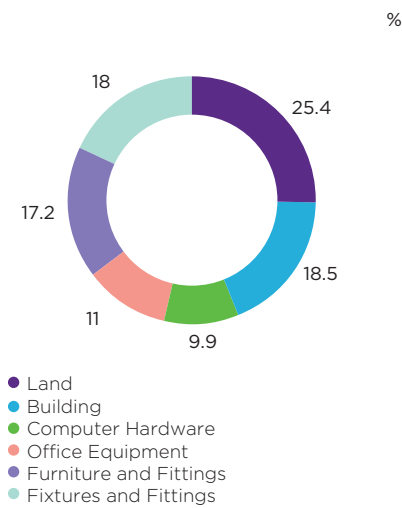
## MANUFACTURED CAPITAL

We manage our physical asset base in an efficient manner to achieve extraordinary results. Our digitalization and automation plans, as discussed in the strategy section, also support the efficient use of the company's asset base.

### 1.1 Existing Assets Base

Composition of out fixed assets base is provided below.

#### G17-FIXED ASSET MIX -2023



### 1.2 Physical Infrastructure (Branch Network)

We have an advantage of leveraging on extensive island-wide branch reach of 116 own branches and we are well positioned to further penetrate untapped segments of the market. Goals of maintaining such a large branch network are increase in our customer base and customer accessibility, improve the brand visibility and enable more employment opportunities to localities. During the year we added 13 branches to our network. Majority of these branches are operating in outside the western province proving employment to surrounded people.

### New branches

Province	Count
Northern province	03
Eastern province	02
Southern province	02
Sabaragamuwa province	01
Western province	03
Central province	02

### Usage of Public Infrastructure

SLI utilizes public facilities provided by the government, including roads, water, and waste management. In reciprocation, we contribute to the community by ensuring timely payment of taxes and actively participating in community development projects (About the community development projects described under social and relationship capital).

### 2.1 Operational and Technical Improvements

Our technology plays a pivotal role in boosting effectiveness and enables us to transition towards implementing automation, digitalization, and streamlining processes such as tele-underwriting and digital proposals.

As a testament to our dedication in developing digital infrastructure, we are proud to announce that our efforts have been recognized with the "Best Use of IT and Technology" award at the South Asian Business Excellence Awards in 2023.

The majority of these branches operate outside the western province, providing employment opportunities to the surrounding population.



## 2.2 Maintenance and Certification

We ensure that we extract the utmost value from our manufactured capital through regular maintenance, upgrades, and necessary certifications. SLI currently holds the following certifications.

- ISO certified Internet Service Providers from SLT and Dialog
- “ORACLE” as our ERP system which is one of the best among ERP Systems
- “Enterprise User” of Microsoft

## RISK AND CHALLENGES

During the year management of SLI faced many challenges in managing our Manufactured Capital. The impact and action taken are listed below.



Risk	Impact	Action Taken
<b>Cyber security</b>	The heightened pace of digitalization, coupled with an innovative drive, has introduced new vulnerabilities, raising the risk of potential cyber attacks	<ul style="list-style-type: none"> <li>• We have implemented robust management and technical controls to ensure effective oversight and safeguarding measures</li> <li>• Regularly review and update the IT security system for ongoing effectiveness</li> </ul>
<b>Increase in physical infrastructure acquisition and maintenance cost</b>	With the rising inflation physical infrastructure acquisition as well as maintenance including rent have increased. Further, with the increase of operating expenses, the resources are limited to invest for capital expenditure	<ul style="list-style-type: none"> <li>• Prioritise the resource utilization based on the strategic priority and urgency.</li> <li>• Maintain vendor register to increase company bargaining power</li> </ul>

Short Term Target	Medium to Long Term Target
<p>Continuing our commitment to technological advancement, we are poised to further invest in and enhance our technical infrastructure</p> <p>In pursuit of expanding our market presence and enhancing customer outreach, we are strategically planning to broaden our branch network island-wide. This expansion initiative is designed to bring our products and services closer to customers across the entire region, ensuring accessibility and convenience. By establishing a comprehensive branch network, we aim to not only increase our market share but also strengthen our connection with the community.</p>	<p>Our aspiration is to excel as leaders in the life insurance sector by championing the use of Information Technology (IT) and digital infrastructure. We are committed to pushing the boundaries of innovation and efficiency, utilizing cutting-edge technologies to elevate customer experiences, streamline operations, and transform the industry landscape. Through continuous investment in advanced IT systems, cybersecurity, data analytics, and digital platforms, our goal is not only to meet industry standards but to set new benchmarks. We aim to redefine industry norms and position ourselves as pioneers in leveraging technology for the betterment of our stakeholders, solidifying our role as leaders in the digital transformation of the life insurance sector.</p>