

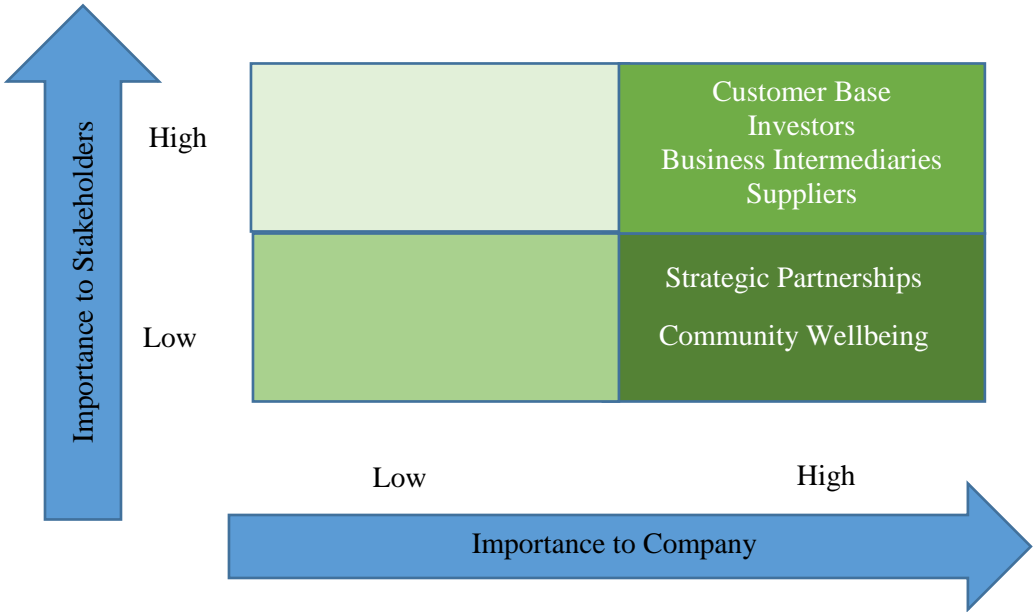
# Alliances

In today’s dynamic and competitive business climate, we believe a corporates long term sustainability hinges on the social licence inculcated and the strength of stakeholder relationships built. Being a premier finance company with over 58 years of legacy, we are proud of the cemented bonds and long term partnerships we continue to enjoy with our stakeholders. We call these intangible must haves “alliances”.

These integrative alliances helped us create MI’s top-of- the mind brand recall and streamline our efforts to deliver a superlative personalised service that is unmatched in the market. Moreover, these lasting bonds enabled us to capture evolving needs, adapt and respond in the face of adversities and to stay resilient amidst the prevailing multifaceted challenges.

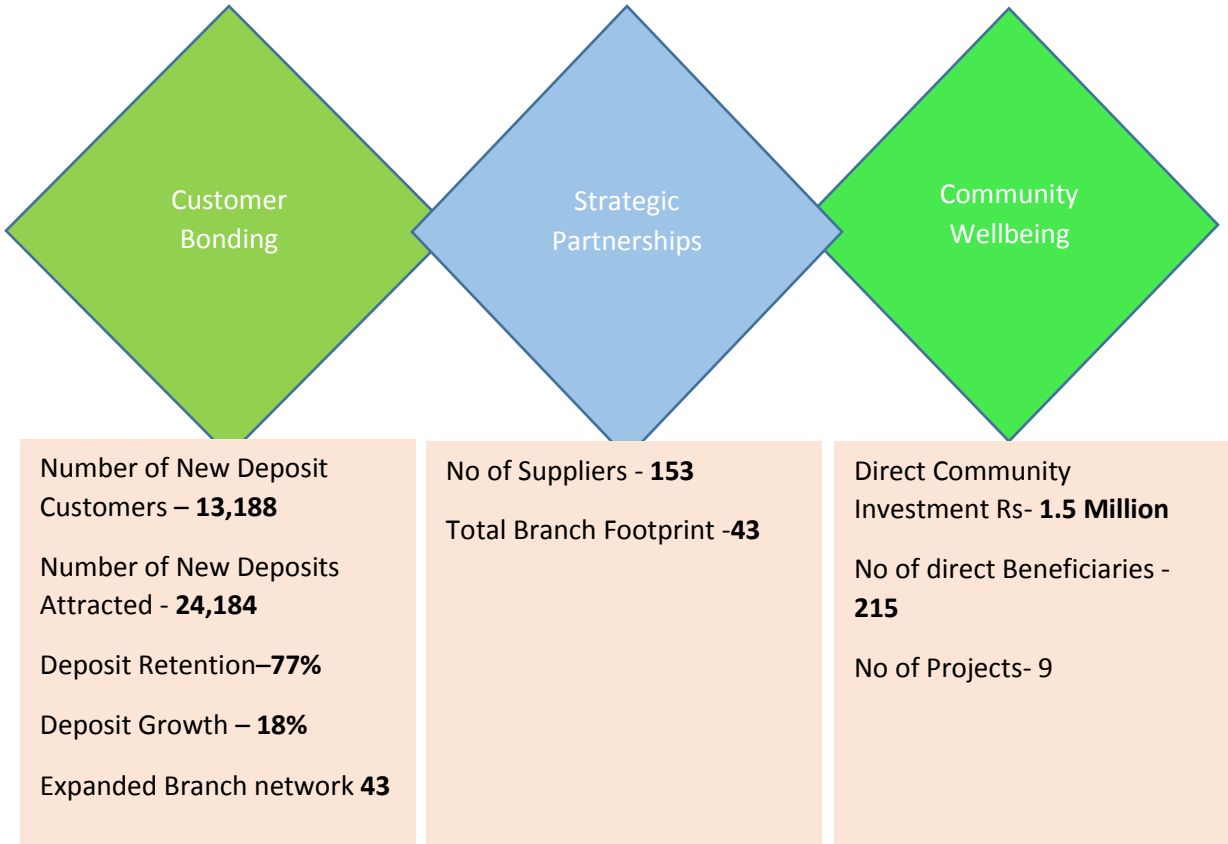
As a responsible corporate citizen, MI has always sought to create a more inclusive future for our stakeholders by adhering to a shared growth approach that delivers mutually beneficial solutions to satisfy varied stakeholder expectations and guarantees that everyone has the chance to prosper. Our two-dimensional strategy for creating corporate relationship-building has given us a competitive edge in the industry, elevating commercial and social alliances built over decades to new heights.

## Impact Assessment

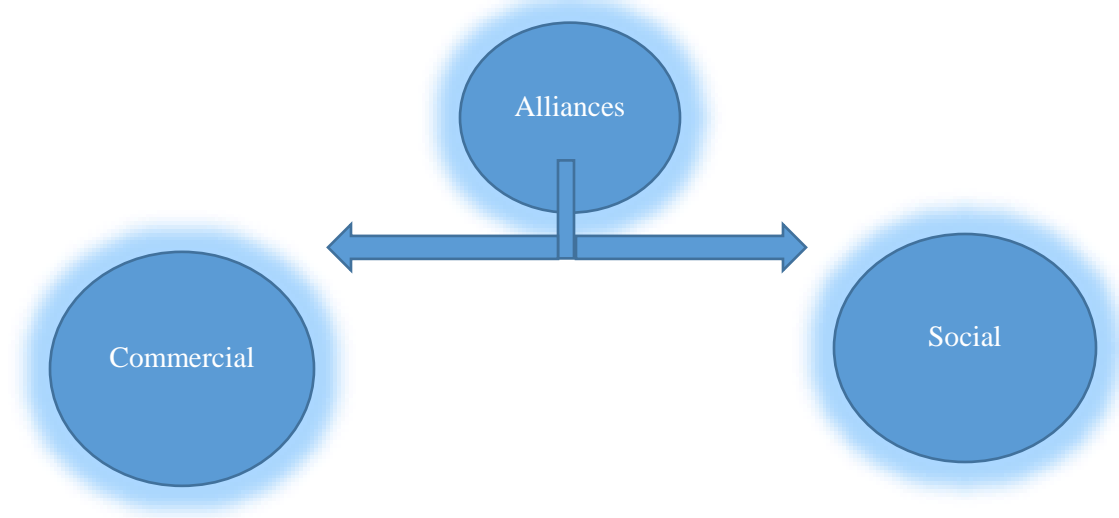


Our significant customer base and integrated partnerships with investors, business intermediaries, suppliers and community, being our social and relationship capital, play a pivotal role in our sustainable value creation process. We believe our ability to build and nurture strong ties with “our business partners” enabled us to build our resilience during this challenging period and reinforce our efforts to achieve sustainable growth targets. Thus, whilst engaging our stakeholders in our strategic decision-making process, we continued to cement lasting bonds through a shared growth approach, facilitating a win-win working environment to optimise their growth prospects. Going beyond the commercial boundaries, we focused on supporting varying societal requirements, especially those unmet needs of the poor and underprivileged with our seamless efforts to create a sustainable future for the whole of society.

### Performance Highlights



## Types of Alliances



### Commercial Alliances

As a financial service provider, we understand that fostering enduring partnerships and cultivating unwavering loyalty among our customers, investors and intermediaries are pivotal to differentiating our service and driving towards a sustainable business growth. Thus, we continued to broaden these relationships and developed a comprehensive corporate strategy to reinforce commercial partnerships and leverage them to build our resilience during this challenging period.

### Managing Customer Relationships

Our business strategy revolves around our tagline: ‘Service that extends beyond’. We practice ‘customer centricity’, placing the customer at the heart of everything we do. We are committed to delivering exceptional value, offering a wide array of financial choices and top-notch service with value addition that exceeds customer expectations (refer our product offerings ranging from credit to investments). While expanding our product mix and branch footprint, we leveraged market intelligence and cutting-edge technology, thereby enhancing convenience and satisfaction while optimising customer value proposition. Our approach has enabled us to build a loyal customer base and strengthen MI’s brand image despite pandemic-related challenges.

## **Building Customer Intelligence**

Building customer intelligence remains an indispensable part of MI's efforts to maintain constant value. Our fully fledged call centre operations, wide-ranging regular surveys and customer feedback mechanism help us stay receptive and build invaluable intelligence. By gaining insight into customer behaviour and expectations, MI has introduced innovative financial solutions that meet the shifting needs of the market. Having identified the increasing demand for gold loans and motorcycles, we expanded our product mix and opened new branch at Chunnakam to extend our financial support to the Northern Province. These efforts enabled us to stay resilient and generate required business levels in difficult conditions.

## **Expanding Customer Outreach**

We implemented a range of strategies to expand our customer base, gaining over xx new client. We expanded our physical branch footprint, diversified our product portfolio to offer tailored, traditional and nontraditional financing options and introduced special repayment avenues to borrowers. Moreover, we broadened MI's reach by extending our services beyond physical locations through mobile sales teams, web inquiries and social networking platforms. To improve accessibility and convenience, we introduced online solutions such as Sri Lanka interbank payment system, mobile cash and internet payment gateway solutions in addition to the ATM services offered to deposit customers.

## **Conscientious Business Conduct (GRI 417-1, 417-2, 417-3)**

At MI, we prioritised responsible business operations by customising our services to meet varying customer needs and expectations. Despite the multifaceted challenges and resulting adverse impact to our bottom line, we continued to extend our service to those who needed financial support during this period of distress and offered moratoriums to those eligible, in keeping with regulator guidance. We expedited our digital journey while taking extra precautions to protect customer information through effective IT protective mechanisms including firewalls, security systems and other safeguards. Our efforts were successful. We did not receive any substantiated complaints concerning privacy breaches and losses of customer data or fines or non-monetary sanctions for noncompliance with social, economic or product responsibility regulations, including those related to product and service information and labeling, during the reporting period

We were empathetic in engaging with our clients and maintained close relationships with them. We also extended nonfinancial support to our customers through mentoring, suggestions and advice to help improve their mental wellbeing and overcome challenges.

### **Unique Marketing Style**

At MI, we prioritise responsible marketing practices to educate our current and potential customers about our product offerings, terms and conditions, enhancing the transparency of our business operations. We have implemented a customer protection framework that aligns with regulatory standards and industry best practices, strengthening our good governance.

Despite operating in a fiercely competitive industry, we conducted our marketing communications with utmost honesty and in a socially acceptable manner. We kept every promise, sustaining the trust and loyalty of our customers. During the year, we conducted our marketing activities predominantly through digital platforms while adhering to ethical marketing tactics and cost optimisation strategies. We continued to build product and brand awareness through street promotions and town streaming, using dealer boards at car sales to attract new customers.

To provide our customers with accurate information, we release our product information in Sinhala, Tamil and English. We continuously train and educate our product marketing and sales teams. We received zero complaints and no actions were filed against the company for noncompliance in relation to marketing communications or not abiding with legislation on unfair competition.

### **Customer Grievance Handling (GRI 2-25, 2-26)**

As a company committed to fulfilling evolving customer expectations, we carefully analyse varying demands and strive to improve our service. Through our solid grievance handling mechanism, we closely engage in handling and resolving customer complaints and grievances as part of our service delivery. We continued with our open-door policy, so anyone could convey any distress to the top. Each complaint was referred to a focused team for review and resolution.

Upon receipt of a complaint, we notify the relevant department. The complaint is then escalated in accordance with the seriousness of the problem. This procedure continues until the customer is satisfied with the outcome. All pertinent records relating to complaints and grievances are stored.

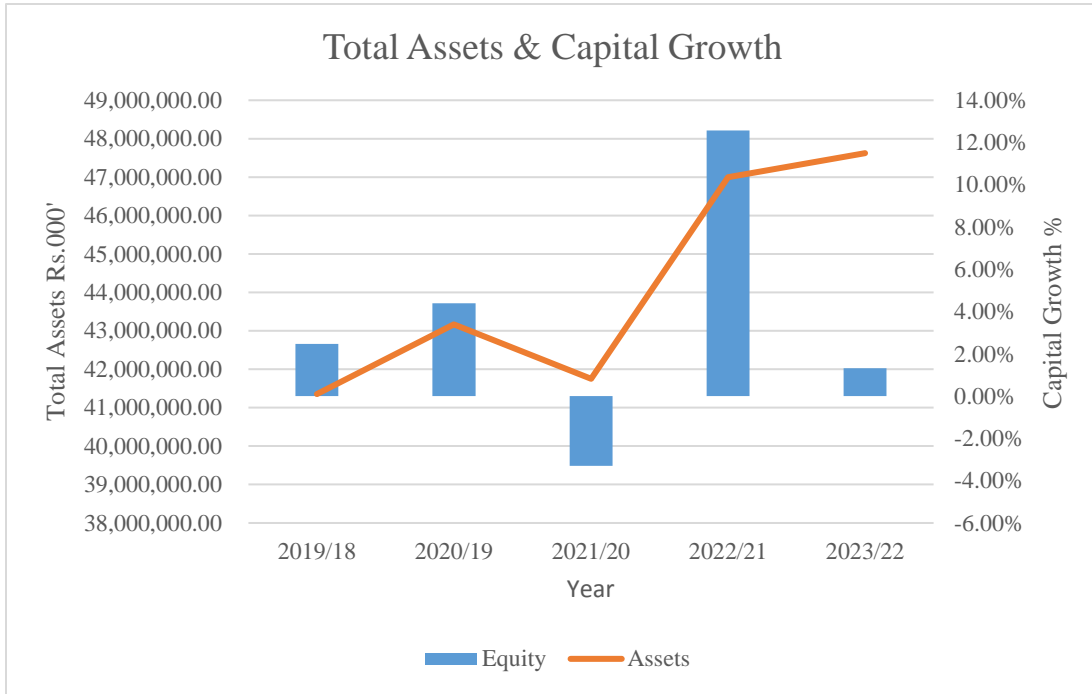
We pay close attention to recurring customer complaints and have implemented branch level KPIs to prevent such circumstances.

### **Strengthening Customer Data Privacy (GRI 418-1)**

Against the backdrop of increasing cyber risks, safeguarding customer privacy and data protection remained a high priority. Whilst expanding our digital platforms and online solutions, we strengthened security measures to protect client information from cyberattacks and unauthorised access, use or disclosure. We periodically reviewed and updated the Board- approved information security policies and procedures. We ensured frequent communiqués and training sessions were conducted to enhance employee knowledge of upholding customer privacy. We also implemented clear internal rules and regulations regarding disclosure of customer information and other private data to third parties, and we have taken additional precautions such as implementing effective firewalls, system security and other system safeguards. There were no complaints or negative feedback regarding violation of customer privacy through the release of confidential information to regulatory agencies or other internal or external parties.

### **Investor Relationship Management**

Staying true to our core objectives of optimising shareholder value and aligning our strategies with their expectations, we have remained committed to investor wealth over the decades. Although this year's performance saw unprecedented challenges impacting the bottom line, we deem it to be a temporary phenomenon. We managed to show resilience with an unwavering dedication to safeguarding investor capital, despite difficult macroeconomic realities. Notwithstanding our small ordinary share base, we place great importance on strong and transparent relationships with all our investors, including by meeting their informational needs and safeguarding their rights. Our quarterly publications, website communication, periodic articles and Annual General Meeting (AGM), highlighting our triumphs and challenges, provided investor communication in a timely manner. Throughout the financial year, we also updated our shareholders on our corporate strategy, discrepancies between expected and actual performance, control strategies to bring performance into line with expectations, future projections, critical strategic concerns and significant risks. We leveraged social media to reach a wider audience, recognising its importance as a marketing tool.



### **Partnering with Business Intermediaries (GRI 2-6)**

We recognize the importance of building sustainable relationships with business intermediaries and strengthened our bonds with wide-ranging financial intermediaries, vendors and suppliers through mutually beneficial strategic initiatives. We worked closely with our business partners who include agents, financial service providers, suppliers, etc., to understand their needs and concerns. We made effort to resolve any issues that arose and this enabled us to build trust and goodwill, uplifting our brand image. The existing supplier selection and termination procedures were continued as there were no major changes to the size and structure of the organisational supply chain.

#### **Agents, Vendors and Other Intermediaries**

As our core business revenue primarily stems from lease finance and vehicle-based lending, the contributions of vehicle sales agents and other intermediaries remained pivotal to our operational performance. Thus, we stayed focused on building strong relationships with them in alignment with our values and objectives, helping us use their expertise and resources to expand our reach and productivity.

Amidst challenging macroeconomic conditions, we visited our key agents and vendors in numerous districts to identify their concerns and extend our support. By doing so, we strengthened our bonds with them. We successfully added 1472 new vehicle sales agents to our value chain, bringing the total number of sales agents to 14658 at the end of the financial year.

### **Fund Providers**

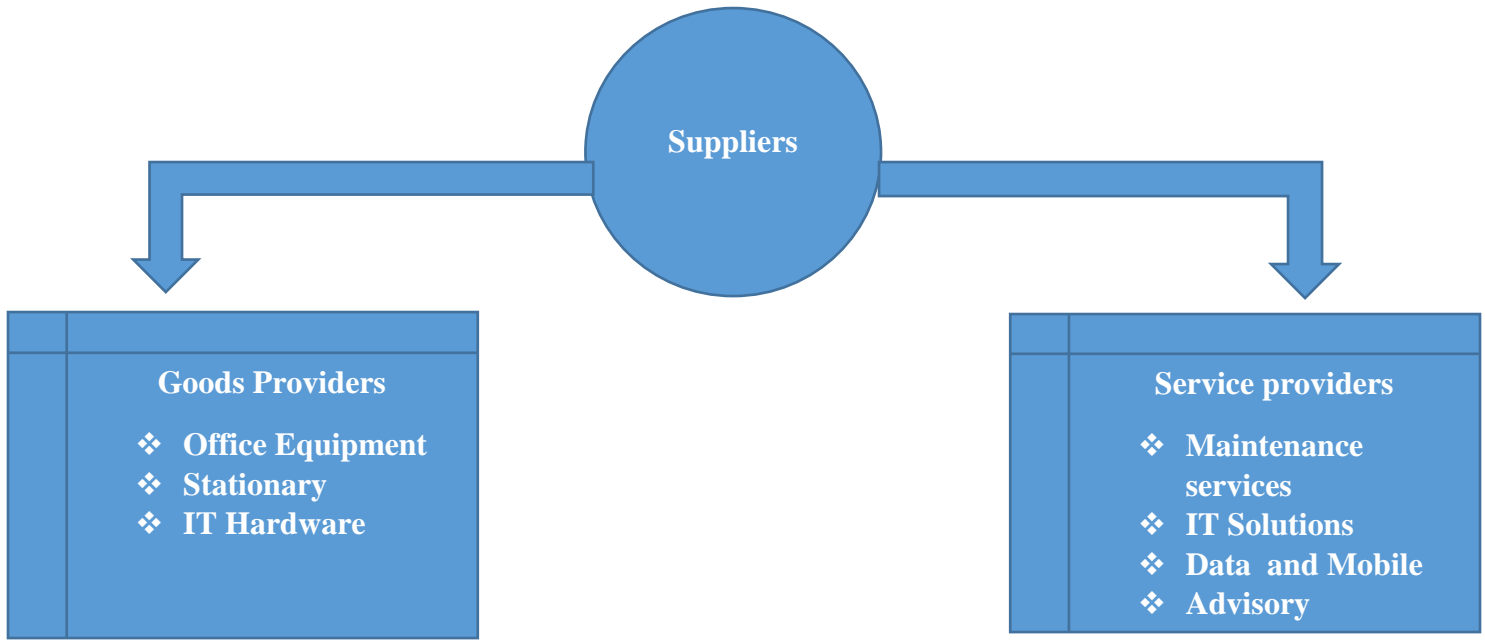
Through the treasury unit, we sustained healthy ties with various fund providers to optimise on funding costs while managing liquidity at an optimum level. Notwithstanding the economic volatility, we maintained a robust liquidity position while controlling, somewhat. The repricing hit to our bottom line. We maintained strong ties with our fund suppliers including our trusted banking partners, financial institutions, and other funding sources. We were, therefore, able to secure and extend existing funding lines optimally, when needed. Through our collaborations, we obtained long-term funding to support matching loan book growth. We were diligent to maintain debt covenants, backed by a sound capital base that exceeded Rs. 11 Bn, in order to guarantee regular funding. Our commitment to building and preserving strong relationships with our funders remained a critical success factor that helped us navigate the prevailing macroeconomic challenges with resilience and confidence.

### **Procurement Management**

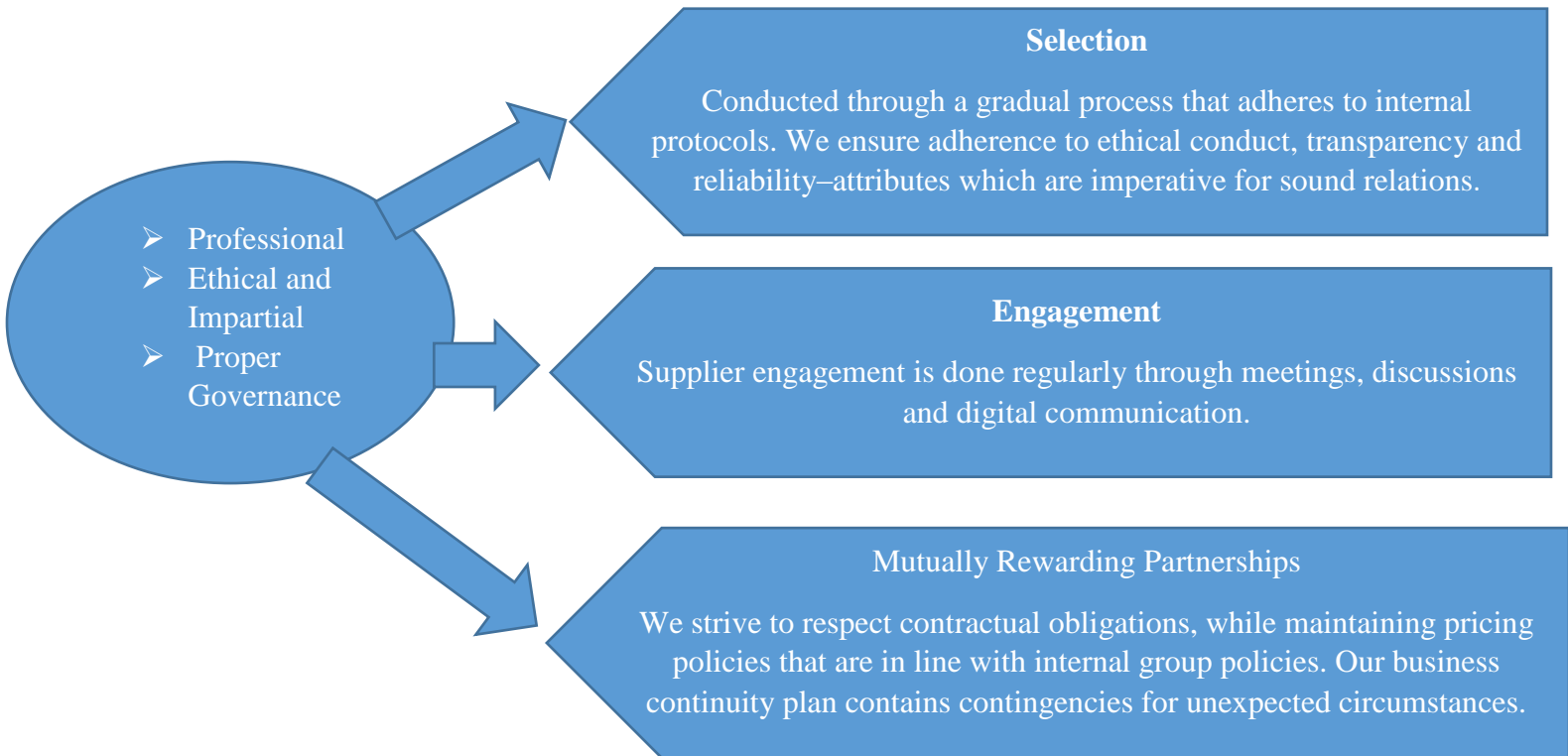
Our centralised procurement strategy facilitated the building of strong and healthy supplier relationships while supporting sustainable procurement practices. Our procurement division maintained transparency in all purchases so that that all suppliers were treated fairly. Our strong ties with suppliers ensured we received high-quality products at competitive prices while reducing operating interruptions and lead times. Additionally, our procurement team was mindful of the negative environmental impacts suppliers could cause and worked closely with those who shared our commitment to environmental sustainability.

During the financial year, we welcomed 6 new suppliers, bringing the total to 153. Our procurement team made sure there were no substantial changes in the organisational supply chain during the financial year 2022/23. This underscores our undertaking to maintaining stable and reliable supply chains that support business operations without disruption, whilst upholding our values of fairness, transparency and environmental sustainability.





**Supplier Relationship Management**



### Supplier Payments (GRI 204-1)

Type	2023/22				2022/21				2021/20			
	Head Office		Other Locations		Head Office		Other Locations		Head Office		Other Locations	
	Rs.000	%	Rs. 000	%	Rs.000	%	Rs. 000	%	Rs.000	%	Rs. 000	%
Electricity	21,955	5.00%	22,185	7.08%	17,687	4.54%	17,930	7.80%	16,475	5.06%	16,533	10.54%
Telephone	31,068	7.07%	41,493	13.24%	21,255	5.46%	32,899	14.32%	19,085	5.86%	30,737	19.59%
Maintenance of premises	69,221	15.75%	84,154	26.85%	22,623	5.81%	35,276	15.35%	14,174	4.35%	19,730	12.58%
Security Charges	18,711	4.26%	15,311	4.89%	16,869	4.33%	7,500	3.26%	17,672	5.42%	5,765	3.67%
Water	1,523	0.35%	2,340	0.75%	1,348	0.35%	1,849	0.80%	1,153	0.35%	1,915	1.22%
Stationery	12,586	2.86%	28,011	8.94%	26,206	6.73%	19,758	8.60%	13,682	4.20%	15,205	9.69%
Fuel	96,758	22.02%	77,321	24.67%	59,005	15.15%	47,737	20.77%	37,180	11.41%	47,321	30.16%
Insurance	49,591	11.29%	18,170	5.80%	38,931	10.00%	9,550	4.16%	38,790	11.91%	8,692	5.54%
Advertising & Promotions	66,209	15.07%	16,243	5.18%	148,934	38.24%	18,134	7.89%	148,349	45.54%	7,130	4.55%
Computer Equipment and Maintenance	71,815	16.34%	8,147	2.60%	33,366	8.57%	7,638	3.32%	16,248	4.99%	3,848	2.45%
<b>Total Spending on Suppliers</b>	<b>439,437</b>	<b>100%</b>	<b>313,375</b>	<b>100%</b>	<b>389,126</b>	<b>100%</b>	<b>198,271</b>	<b>100%</b>	<b>325,785</b>	<b>100%</b>	<b>156,875</b>	<b>100%</b>

## **Societal Alliances (GRI 413-1, 413-2)**

We stayed committed to our wider aspirations of enriching the livelihoods of people we serve and communities in which we have a business presence. Through a combination of sound business practices and forward-thinking strategies, we have cultivated strong social ties and galvanised our efforts towards a more inclusive and sustainable future for communities.

Our efforts to improve the quality of life for low-income individuals, the poor and middle-class earners were guided by pragmatic approaches empowering people financially and via other social support during these unprecedented times. As a responsible corporate entity, we leveraged our resources towards community development, further enhancing our reputation and strengthening our prospects towards our own sustainable progress. We did not conduct any operations throughout the reporting period that had a significant actual or potential negative impact on local communities.

## **Community Assistance (GRI 413-1)**

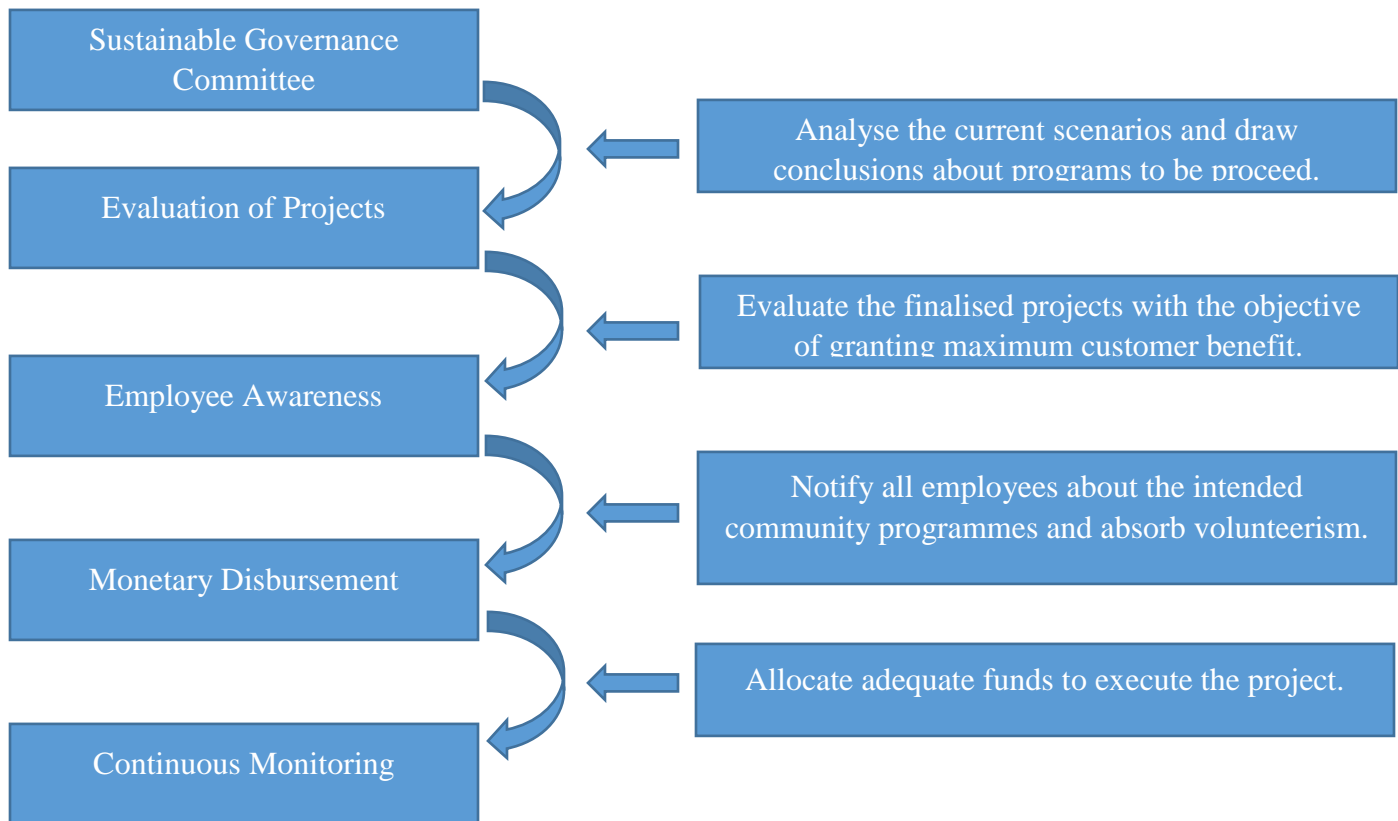
Our focus on promoting financial empowerment is a cornerstone of building a sustainable future. We expanded microfinance and gold loans operations and empowered people from all walks of life. This promoted greater financial inclusion during an adverse economic state, extending financial support to the underprivileged and segments of society with little or no access to funds to fulfill their needs. By promoting financial literacy and offering affordable financial services, we fostered a culture of financial wellbeing critical to building sustainable communities. As a result, we not only enhanced our brand reputation, but also contributed to a more prosperous future for all.

As we grew our gold loan product across our branch network, we better served the demands of low-income earners and met their urgent and emerging financial needs. Via our microloan and savings products, we also assisted communities in raising their living standards by aiding them to develop their entrepreneurial skills and instilling in them the habit of saving.

## CSR Activities in 2022/23

Sector	CSR Activity	Direct Cost
Education	Distribution of school books to Methodist Church	25,000.00
	Donation of Books (Lanka Jathika Estate Workers)	100,000.00
Environment	Purchasing of a Chainsaw	52,500.00
	Contribution towards staff Insurance policy	100,000.00
Health	Day meal for Lady Ridgeway Hospital	115,485.21
	Blood Donation	27,000.00
Social	Beach Cleaning	90,000.00
	Purchasing of goods (Diviyata Diriyak)	19,760.00
	Purchasing of vouchers to 215 clients	1,037,375.00

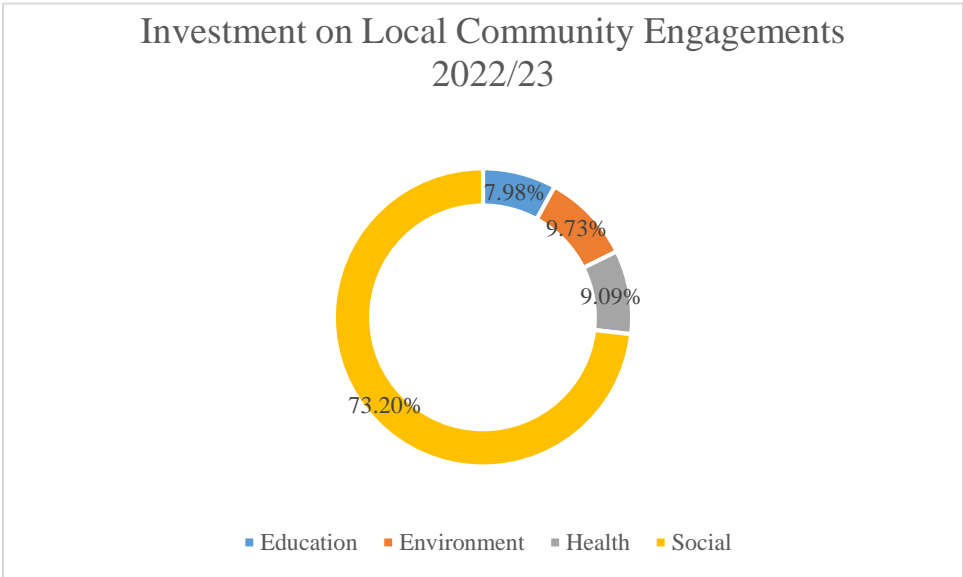
## Community Program Management Process



## Local Community Engagement and Development Programmes

We went beyond commercial boundaries to engage with communities, identifying unmet social needs such as education, healthcare, sanitation and others while striving to support the fulfilment of those needs. We used diverse forms of community engagement in our impact assessments, including surveys and community networks to identify characteristics. Although forced to restrict direct social engagement activities during the year owing to the multifaceted macroeconomic challenges, we continued to support a number of community development initiatives in areas of healthcare, education, SME and other critical needs.

We partook in a number of socially responsible projects that fueled our dreams for social sustainability, mostly inspired by the outcomes gained from the stakeholder engagement process and feedback from surveys and community networks. We analysed and prioritised community development projects through our Sustainability Governance Committee, ensuring that the anticipated results of these projects were in line with the UN Sustainable Development Goals.





*Donation made to Lady Ridgway Hospital*



*Donation made to Methodist College*



*"Diviyata Diriyak" Programme Highlights*

### **Inculcating Cultural and Ethical Attributes (GRI 2-24)**

We take pride in upholding our core values at all levels of organisational hierarchy, whilst guaranteeing our corporate activities are conducted in a professional, responsible, ethical and lawful manner with utmost integrity and in adherence with regulatory standards and industry best practices within a sound governance framework. By upholding an open-door policy at senior level up to managing director, and by combining this with clear whistle-blowing mechanisms, we have laid a solid platform for anyone to raise issues related to unethical or unlawful behavior. To foster a culture of honesty and objectivity, mandatory and volunteer training programmes as well as employee awareness-building sessions were carried out. We are proud to report that these efforts were effective, as we have not received any reports of malpractices or fraud through formal channels.

### **Our AML Policy (GRI 205-1, 205-2, 205-3)**

As part of our compliance with the Financial Transactions Reporting Act (FTRA) and regulations set by the Financial Intelligence Unit, we have implemented a robust Anti-Money Laundering (AML) policy. We prioritise customer due diligence and verification, and implement an enhanced 'Know Your Customer (KYC)' policy, thereby preventing illegal activities that could have had negative impacts on society. Moreover, we have gone beyond regulatory requirements to tighten our internal processes and foster an AML culture through regular training and risk assessments.

To strengthen our compliance, we introduced a comprehensive compliance policy and conducted additional training programmes for managerial staff at the head office and branches. By staying up-to-date with new Central Bank circulars and amendments, our staff is better equipped to identify and mitigate AML risks. This year, we carried out AML training programmes to reinforce our commitment to anti-corruption policies and procedures. Our efforts have resulted in effective control over AML risks and a corporate culture that prioritises compliance, ethics and corporate governance.

### **MI's Stand against Corruption (GRI 205-1, 205-2, 205-3)**

Recognising integrity as a key driver of our value creation, we have implemented effective anti-corruption rules and procedures based on contextually grounded, systemic analyses of fraud and corruption as part of MI's code of employee conduct. Our proactive stance on strong, ethical

corporate culture is reinforced by transparent channels of communication and a whistle-blowing policy which provides employees with a safe avenue to raise their concerns.

Furthermore, we continued to conduct training for employees, to highlight the value of maintaining superior standards of ethics and integrity in their work. Our internal audit team collaborated closely with the Audit Committee to identify and report flaws and gaps in internal procedures including any instances of corruption, whilst exercising professional skepticism, to detect, prevent, and respond to mitigate internal control deficiencies within the organization such as the three fraud triangle components. As a result, during the year, all operations were routinely evaluated, and no occurrences involving risks of corruption were reported.

We extend our ethical commitments beyond our commercial boundaries, encouraging employees and business partners to uphold the code of conduct and associated practices. These efforts have not only bolstered MI's brand reputation, but have also positively impacted the community, contributing to social sustainability and enhancing living conditions.

**Capital Interdependencies**

Capital/Activities	Community Empowerment Programme	Customer Engagement with Technology	Strategic Partnerships
Financial Wealth	Financial Profit ↓	Capital Outflow ↑	Profitability ↑
Human Strength	Employee Engagement ↑	New Recruitments ↑ Trainings ↑	Employee Satisfaction ↑
Infrastructure			Value Addition ↑
Intellect	Company Value ↑ Brand	ICT Infrastructure	Growing Knowledge ↑ Shared
Nature	Environment Protection ↑	Usage of Paper ↓	



## Future Aspirations

### Short Term (Within 1 Year)

- Leveraging digital platforms to meet evolving needs and enhance customer convenience.
- Enhanced customer accessibility and seamless experience

### Medium Term (2 – 5 Years)

- Offer enhanced integrated end to end solutions
- Capitalizing lasting bonds for sustainable business growth

### Long term (5 & Beyond)

- Uplifting brand image
- Uplifting the Sri Lankan lives through financial empowerment and social wellbeing