

Impact management Report

As a company that has clearly embed strategic corporate sustainability dimensions into its business model, we continued to gear our strategic goals and objectives towards stakeholder wealth creation, whilst minimizing our negative footprint on the environment and the society. Though we had to face multifaceted macro-economic challenges throughout the year, we continued to adopt sustainable business practices even during these volatile times whilst being vigilant to ensure that we create a positive influence to all our key stakeholders. As we stayed watchful on negative impacts from our operations, we were able to reduce activities that have a detrimental impact on each stage of the value creation process and fill up operational procedure gaps.

This impact management report highlights the economic, social and environmental impacts we generated during this period under review and how we mitigated any negative effects in these trying conditions while assuring our commitment and adherence to the sustainability pledge we made.

Our Sustainability Pledge

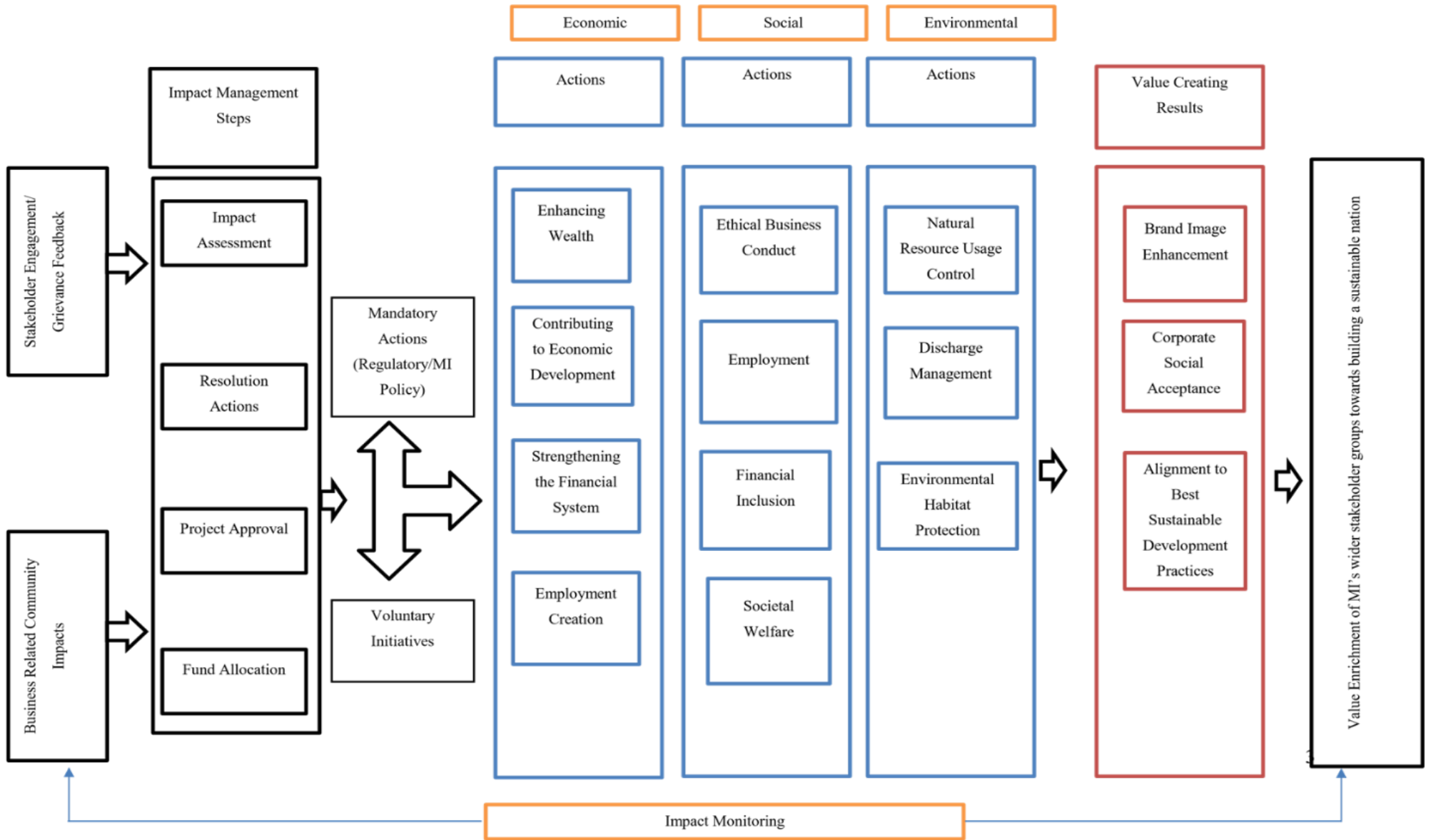
MI's "Sustainability Pledge" preserves MI's visionary aspiration of staying committed to the cause of building of a more sustainable nation. For this broader aspirations to transpire and this commitment to extend beyond the Company's commercial boundaries, MI Board has empowered the Sustainability Governance Committee, to drive the company sustainability strategies and initiatives. Whilst the Sustainability Governance Committee (SGC) is largely responsible for the duties connected with managing impacts, we have established a clear governance structure to uphold sound sustainable development practices to safeguard wider stakeholder interests.

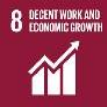





Impact Management Process


Our impact management process commenced with engaging stakeholders to gather their evolving needs, expectations and grievances. These valuable insights were given strong consideration when formulating our corporate strategy. Throughout the value creation process, we closely monitored our impacts across economic, social, and environmental dimensions, aiming to identify any gaps in meeting stakeholder expectations. By implementing industry best practices, we were able to take corrective measures to optimize our positive impacts while mitigating any negative outcomes.



We disclose our impacts in accordance with the framework provided by the Global Reporting Initiatives (GRI), whilst aligning impact management actions with the United Nations' Sustainable Development Goals (SDGs), which we have voluntarily adopted. To ensure credibility and transparency in our reporting, we have obtained independent assurance to this section from Messrs Ernst & Young, Chartered Accountants as stated on page 74 to 75 of our Annual Report.

Process of Impact Management



Stakeholder	Sustainability Goals	UN SDGs aligned	Global Compact Consideration Principles aligned with our Goals	Our progress in the current year
Shareholders	<ul style="list-style-type: none"> Staying financially solid and resilient despite adversities, whilst maintaining steady profitability level. Maintain satisfactory growth in net assets and shareholder funds whilst offering sustainable growth in investor returns Improve asset quality 	 		<ul style="list-style-type: none"> Record an over Rs 100 million post tax profit, despite the macro-economic challenges and industry wide pressure on net interest margin Commendably controlled the 120 day NPL to 10.74% by March 2023, despite the industry wide NPL remaining at 17.5 % by December 2022
Clients and Business Partners	<ul style="list-style-type: none"> Enhance client experience and convenience Safeguard customer trust and loyalty by assuring their wealth and privacy Demonstrate a steady growth in customer base 	   	<ul style="list-style-type: none"> Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights Human Rights: Make sure that they are not complicit in human rights abuses Environment; Encourage the development and 	<ul style="list-style-type: none"> Catered to 28,000 new clientele, growing clientele base by 35% Extended our physical outreach by opening new branch at Chunnakam. Broad based loans and fixed deposit operations across our branch network to facilitate

	<ul style="list-style-type: none"> Secure new banking and financial institution partnerships to support liquidity needs 		<p>diffusion of environmentally friendly technologies</p>	<p>evolving financing & investing needs</p> <ul style="list-style-type: none"> ➤ Uplifting trust, confidence and customer loyalty. ➤ Expedited the system migration to set up IT landscape to improve operational excellence and customer convenience
<p>Staff</p>	<ul style="list-style-type: none"> Safeguard employee wellbeing Increase average training hours per employee Increase employee volunteerism Ensure sound Health and Safety of Staff 		<ul style="list-style-type: none"> Labour: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Labour: The elimination of all forms of forced and compulsory labour Labour: The effective abolition of child labour Labour: The elimination of discrimination in respect of employment and occupation 	<ul style="list-style-type: none"> ➤ Average Training Hours was at Per Employee 9.01 ➤ Employee emoluments Rs.1.3 billion ➤ Female Composition 25% ➤ Employee Promotions 243 ➤ Investment in Training stood at Rs. 4.2 million

<p>Society</p>	<ul style="list-style-type: none"> • Initiate social responsibility actions, projects and increase the number of beneficiaries annually • Act responsibly during this tumultuous period to safeguard community wellbeing 		<ul style="list-style-type: none"> • Environment: Businesses should support a precautionary approach to environmental challenges • Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights • Human Rights: Make sure that they are not complicit in human rights abuses 	<ul style="list-style-type: none"> ➤ Investment in CSR initiatives stood over Rs. 1.5 million, despite the pressure on cost control. ➤ Direct beneficiaries stood > 200
<p>Regulators</p>	<ul style="list-style-type: none"> • Successful adoption of new regulations applicable for the sector • Timely submission of regulatory information to maintain zero penalty position 		<ul style="list-style-type: none"> ➤ Anti-Corruption: Businesses should work against corruption in all its forms, including extortion and bribery ➤ Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights 	<ul style="list-style-type: none"> ➤ Complied with the relevant Directions & Guidelines ➤ Submitted all information required by the regulations in a timely manner and maintained zero penalty status

Economic Environment Impact Management

Despite the multifaceted macro- economic challenges, we faced throughout the year, we strived to align our corporate strategy with national priorities while incorporating global best practices to manage our triple bottom line. This encompasses the value we generate for the economy, society, and the environment through our business operations and community engagements. Our economic impact is far reaching, as we cater to diverse individuals and corporates across different regions and communities. During the year, by expanded our presence by opening a new branch in Northern Province, we broad based access points and stood committed to broad basing our product mix.

In pursuing our strategic corporate objectives, we aligned with the United Nations Sustainable Development Goals (UN SDGs) and the principles of the Global Compact, whilst prioritizing our strategic initiatives considering the evolving challenges we faced during the year. Though we were far from our targeted business performance and prospects of the year, MI continued to add value to the economy by recording modest after tax profit of Rs 106 million, whilst enhancing shareholder wealth, employee benefits, and contributions to the government through taxes.

Economic Contribution	Mechanism	Our Actions	Stakeholder Value creation
Direct Economic Contribution ❖ Generate satisfactory growth in revenue and asset base	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Assimilated Business Strategy</div>	❖ Contributing to the economic output through business growth ❖ Extended financial assistance through array of product mix including Gold loan expansion. ❖ Promoting mobilization of branch deposits inculcating savings and investments habits. Expanding Branch Network ❖ Expansion of branch footprint for wider market attraction and convenience	Shareholders – Increased investor wealth through sustainable growth in shareholder funds and net assets Customers – Secure Investment opportunities and enriched product value Employees – Job Security and Career development plans Regulators – Contribution to economic stability Business Partners – Mutual Benefits Contracts Society – Welfare hoists
Indirect Economic Contribution ❖ Assist in Financial Stability ❖ Support government social welfare by paying Statutory Taxes ❖ Creating Employment Opportunities ❖ Welfare Uplift through CSR Programs	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Exceptional Stewardship</div>		
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Integrated Risk Management</div>		
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Creativity and Innovation</div>		
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">Extended Corporate Culture</div>		

Direct Economic Impacts (GRI 201-1)

We demonstrated our commitment to contribute to the national economy by providing financial assistance to businesses and individuals, thereby boosting national output and investment opportunities. Whilst bearing the reprising hit of the interest rate hike, we played a vital role in bolstering overall national savings and living standards of community by creating investment opportunities through deposit and savings products. Though we were conscious on employee head count and related costs cost in enhancing our productivity, we continued to safeguard job security and staff’s monetary obligations despite facing adverse effects of the macro-economic challenges. Moreover, amidst market volatilities and trying business conditions, we extended an uninterrupted service from all our branch locations affording assistance to fulfill financial needs of communities.

Throughout these endeavors, we have diligently monitored our Direct Economic Impacts, remaining steadfast in our commitment to our core values and upholding the highest ethical standards in all our operations.

Economic Value Generated Distributed & Retained (GRI 201-4)

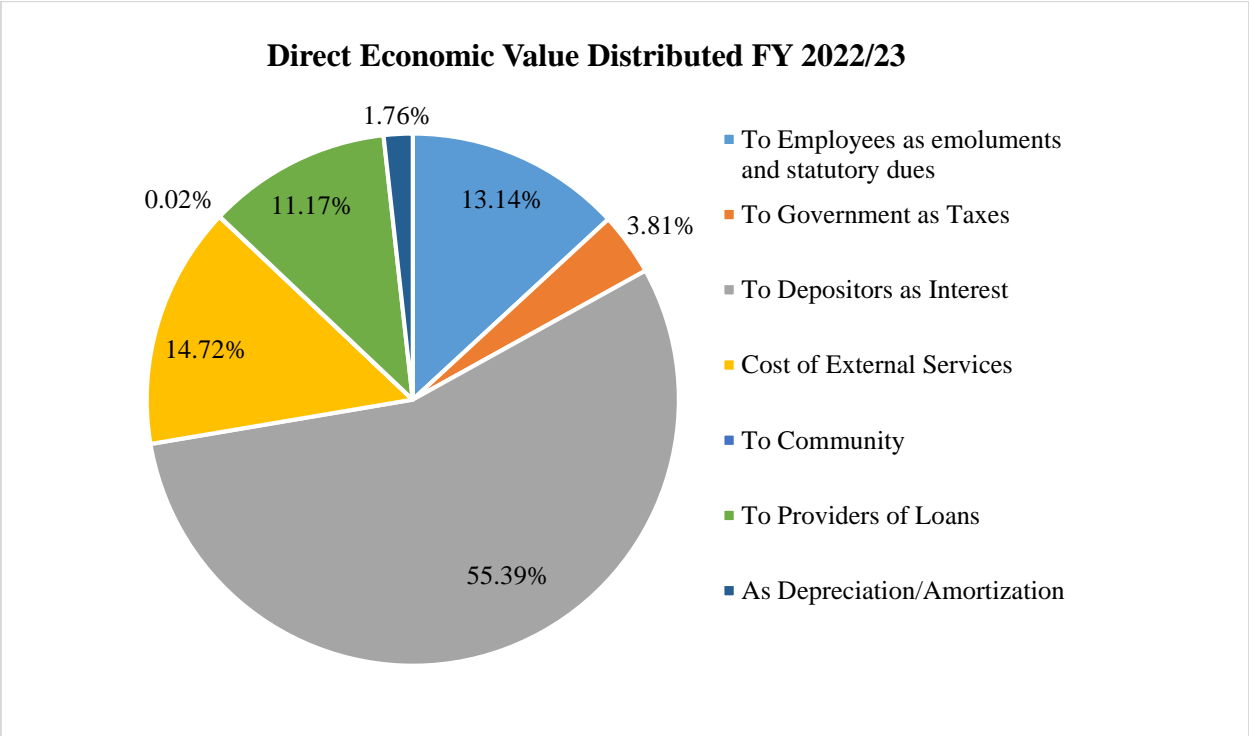
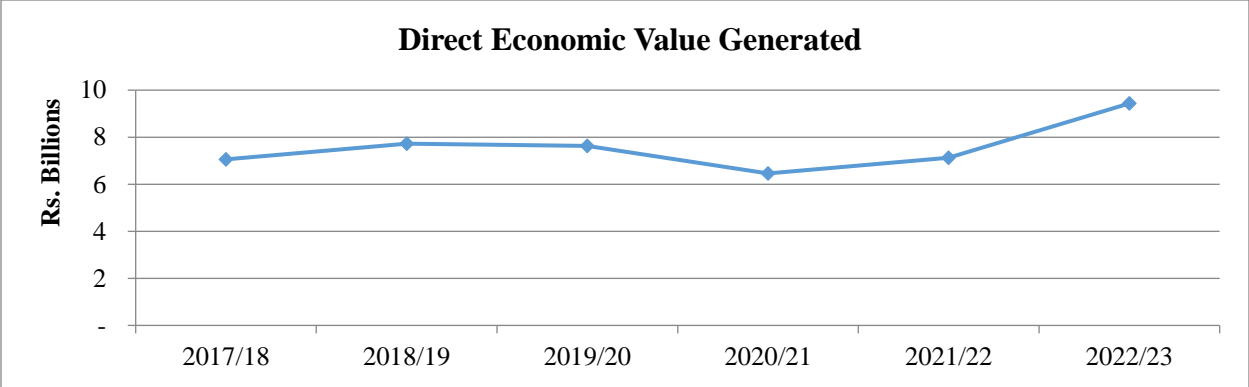
(GRI 201-2)

Despite the heightened uncertainties and ongoing macroeconomic difficulties, we were able remain resilient by recording a modest bottom-line for the year, whilst generating an economic value of Rs. 9 billion, which reflected a steady 27 % YOY growth. Keeping long-term growth prospects of the Company in mind, 1.7% of the total value addition was preserved within the business and the remainder was distributed. Accordingly, 13.3% was distributed as emoluments and statutory dues to employees and 3.8% by way of taxes to the Government. During this period, we have not received or obtained any financial assistance from the government for any business operational need or for any other purpose.

For the Year ended March 31st	2023	2022	2021	2020	2019
	Rs 000'	Rs 000'	Rs 000'	Rs 000'	Rs 000'
Interest Income	8,749,868	6,759,925	6,273,624	7,475,320	7,436,054
Commission Income	75,568	67,496	74,378	82,943	94,955
Investment Income		-	-	-	-
Share of Associate Company Profit	19,365	2,504	(36,654)	16,459	79,724
Others	210,288	300,285	148,630	51,906	107,488
	9,055,088	7,130,210	6,459,977	7,626,629	7,718,221

Direct Economic Value Distribution (Rs 000')

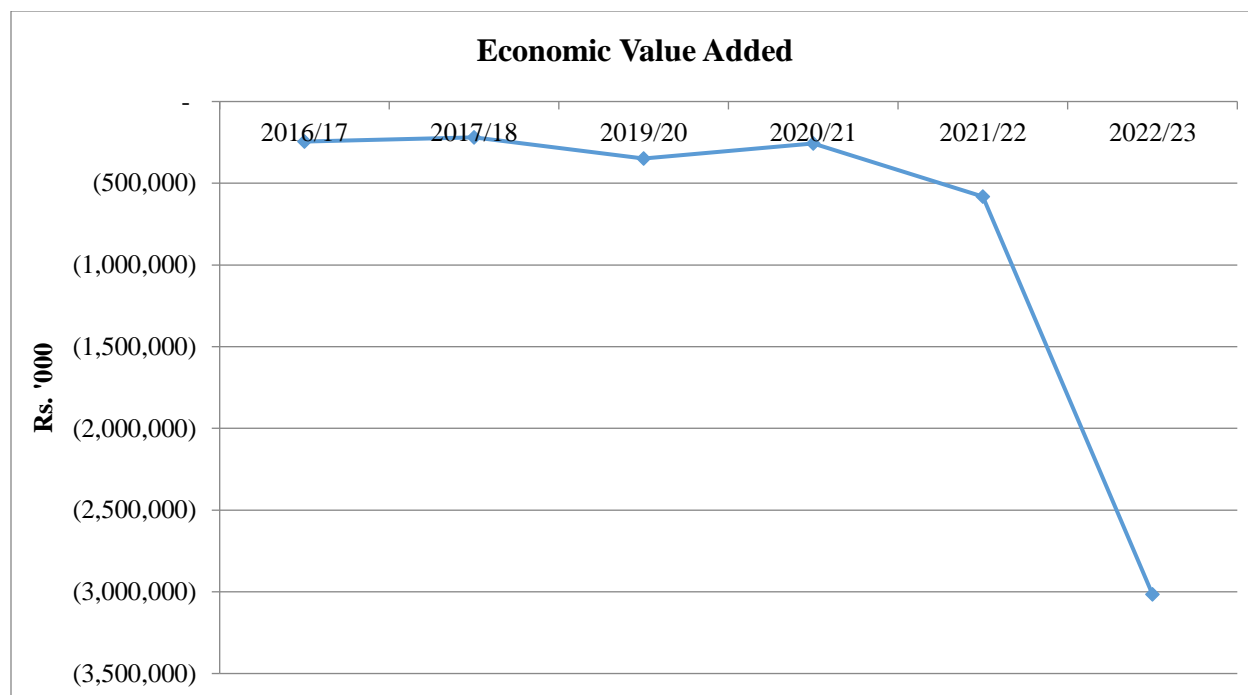
For the Year ended March 31st	2023		2022		2021		2020		2019	
To Employees as emoluments and statutory dues	1,211,116	13.3%	1,346,538	18.88%	988,823	15.31%	989,859	12.98%	923,352	11.96%
To Government as Taxes	350,975	3.81%	1,158,865	16.25%	511,287	7.91%	894,609	11.73%	890,500	11.54%
Operating Costs										
To Depositors as Interest	5,105,237	55.39%	2,002,432	28.08%	2,263,410	35.04%	2,591,133	33.97%	2,633,891	34.13%
Provision for Loan Losses/Impairment Charges	-		-	0.00%	42,134	0.65%	484,009	6.35%	681,648	8.83%
Cost of External Services	1,357,253	14.72%	1,224,360	17.17%	955,499	14.79%	1,010,985	13.26%	959,786	12.44%
To Community	1,597	0.02%	1,506	0.02%	1,203	0.02%	2,268	0.03%	2,350	0.03%
Payments to Providers of Capital										
To Shareholders as Dividends	-	-	345,690	4.85%	-	0.00%	60,120	0.79%	-	0.00%
To Providers of Loans	1,029,586	11%	583,787	8.19%	956,261	14.80%	1,201,019	15.75%	1,227,987	15.91%
Economic Value Retained within the Business					-					
- as Depreciation/Amortization	161,831	1.76%	156,759	2.20%	136,725	2.12%	144,478	1.89%	99,494	1.29%
- as Reserves	-	-	310,271	4.35%	604,636	9.36%	248,148	3.25%	299,213	3.88%
	9,217,595	100%	7,130,210	100.00%	6,459,977	100.00%	7,626,629	100.00%	7,718,221	100.00%



Economic Value Added (EVA)

Economic Value Added, being another key measure for us in observing our economic footprint, remained negative Rs. 3,016 million for the year, compared to a the negative Rs. 581 million reported for the previous year, which reflected a high 418.6 % YOY dip resulting mainly from the rapid upward trajectory in Treasury bill rates impacting cost of funding.

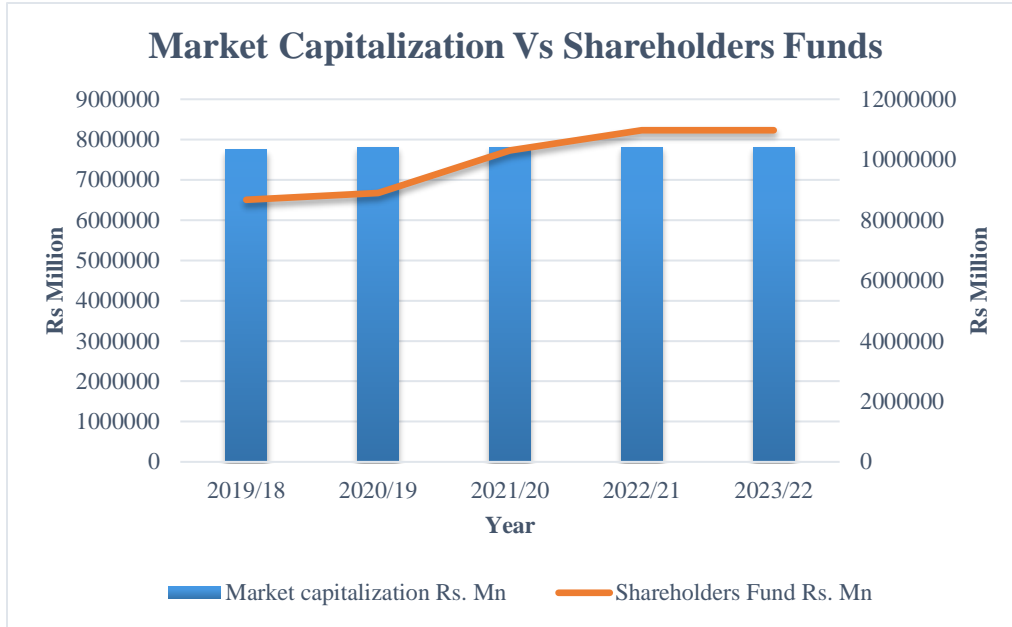
As at 31 March	2022/23 (Rs. 000)	2021/22 (Rs. 000)	2020/21 (Rs. 000)	2019/20 (Rs. 000)	2018/19 (Rs. 000)
Invested Equity					
Shareholders' funds	11,016,006	10,974,336	10,309,570	8,898,327	8,672,864
Add: Provision for impairment	1,614,850	1,961,619	2,320,484	2,371,177	2,357,345
Total	12,630,856	12,935,955	12,630,054	11,269,503	11,030,209
Earnings					
Net Profit after tax	106,053	1,011,550	614,143	371,708	458,073
Add: Impairment charge	-	-	42,134	484,009	681,648
Less: Bad debt written off	(14,441)	(147,318)	(32,827)	(82,336)	(60,640)
Total	91,612	864,233	623,450	773,382	1,079,081
Cost of equity (based on 12 months Weighted Average Treasury Bill Rate plus 2% for the Risk Premium)					
Treasury Bill Rate plus 2% for the Risk Premium)	24.31%	11.31%	7.37%	10.06%	12.09%
Cost of average equity	3,107,646	1,445,758	880,201	1,121,676	1,298,429
Economic Value Added	(3,016,034)	(581,525)	(256,750)	(348,293)	(219,348)



Market Value Added

Market Value Addition (MVA) is a measure of a company's performance based on the movement of its share prices in the market, which is calculated by comparing the shareholder funds to the market capitalization. A higher MVA indicates successful wealth creation for shareholders, while a lower MVA reflects contracted results. At MI, value of shareholders' funds was greater than the market value of the company. In the context of a comparatively smaller ordinary investor share base, and limited trading of MI's stock, market capitalisation remained stagnant compared to the increasing of shareholder assets, resulting in this negative MVA position. As the net worth of MI is on a growth trajectory, the company expects its MVA to step up once greater trading takes place in with to reflect this net assets growths.

Rs 000'	2022/23	2021/22	2020/21	2019/20	2018/19
Market capitalization/ Market value of equity	7,815,600	7,815,600	7,815,600	7,815,600	7,756,382
Less: Equity owner's funds					
Shareholder's funds	11,016,005	10,964,237	10,309,570	8,898,327	8,672,864
Total equity owners' funds	11,016,005	10,964,237	10,309,570	8,898,327	8,672,864
Market value added	(3,200,405)	(3,148,637)	(2,493,970)	(1,082,727)	(916,482)



Indirect Economic Impact Assessment (GRI 203-2)

Throughout our business journey, Mercantile Investment’s indirect economic impact on society remains broad based and ever widening. Whilst staying committed in creating sustainable business platforms for all our partners, the heightened uncertainties prevailed in the market directed us to come up with innovative and sustainable business models which connect with all of our business partners in a more efficient manner. These repetitive battles groomed us to reform our approach by viewing operations through a 360-degree lens and thereby, it going beyond profit generation to take into account the actual business impact on people and the environment as well. In order to ensure that our indirect economic impact is favorable to the society as well as to the environment, on one hand we have integrated Economic Social Governance (ESG) aspects in to the day-to-day operations of the company, while on the other hand we focused on wider social and environmental issues in these unprecedented times.

We are committed to extend our service to the lesser developed and less affluent areas of the country, especially through our microfinance arm and now through expansion of gold loan operations expanding to Northern Province through a new branch established in Chunnakam, we managed to broaden our regional influence as we recruited new employees from those regional areas. Through our widened presence in eight provinces, our contributions continued to have a

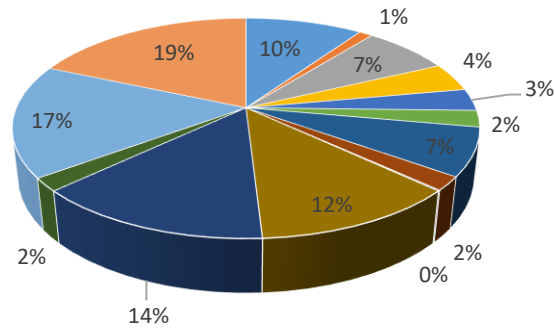
cascading effect on communities with a tremendous dispersion of impact across key sectors and regions.

Province	Number of Branches	Number of Jobs	New Loan Disbursement in FY
Central	1	9	164,008
Eastern	2	18	282,297
North Central	3	47	756,803
North Western	5	84	1,690,139
Northern	1	7	12,114
Sabaragamuwa	4	67	836,707
Southern	6	90	2,234,544
Western	21	775	9,828,380
Total	43	1097	15,804,992

Our Credit Disbursements

During this challenging past year of operation, we continue to reach out to all market segments, extending financial assistance to a wider segment of market right down to the grass root levels of society and varying business sectors growth post covid period, with the aim of contributing to national economic revival.

Total Credit Support - Sector Wise



- AGRICULTURE, FORESTRY & FISHING
- ARTS, ENTERTAINMENT & RECREATION
- CONSTRUCTION & INFRASTRUCTURE DEVELOPMENT
- CONSUMPTION
- EDUCATION
- FINANCIAL SERVICES
- HEALTH CARE, SOCIAL SERVICES & SUPPORT SERVICES
- INFORMATION TECHNOLOGY AND COMMUNICATION
- LENDING TO MINISTRY OF FINANCE
- MANUFACTURING
- PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES
- TOURISM
- TRANSPORTATION & STORAGE
- WHOLESALE & RETAIL TRADE

MI Presence in Financial System (GRI 203-2)

While our primary focus remains on creating wealth for investors, we have also made significant contributions to the stability and development of the financial sector by actively participating in the efforts of the Finance House Association (FHA) to establish industry best practices and address emerging industry-specific issues. Despite the challenging economic conditions, we faced throughout the year, our commitment to prudent, ethical, and transparent governance practices has allowed us to stay resilient, uplifting trust and confidence among our stakeholders. Additionally, we upheld a unique value system with transparency and good governance and was committed in conducting our business with honesty and integrity, while promoting credibility among regulators and the public, thereby contributing to industry and finance sector stability.

Contribution towards Employment Creation (GRI 203-2)

The Company currently provides direct employment to over 1000 people and as we expanded our operations and branch network, we also have extended our support towards creating employment opportunities, by recruiting branch staff from the surrounding communities that we have presence. As we consider this year as a year of respite and recovery, we were mindful to generate an optimum number of new employment opportunities while driving employee efficiency. During the year, we recruited 170 employees and provided 243 career growth opportunities, despite the multifaceted challenges we faced. These efforts enabled us to contribute to the economy by compensating our employees with attractive remuneration packages that are on par with industry standards, while uplifting their skills and competencies through continuous training and development programmes, enhancing their productivity.

As a testament to our commitment to financial empowerment of employees, we have allocated 13.3 % of our earnings towards emoluments and statutory dues. Information on our staff strength, the percentage of employees hired, and the number of new jobs created over the last five years are included in the Human Strength sector on pages 03 to 28.

Contribution towards the Society & Environment (GRI 203-1)

MI's commitment to improving living standards and promoting Corporate Social Responsibility initiatives has successfully generated positive economic outcomes within local communities. Though we were compelled to limit our investment in CSR activities in the backdrop of adverse economic conditions, we continued to extend our assistance to uplift the economic wellbeing of the society and environment conservation projects, whilst minimizing our negative impact. However, we haven't directly funded any projects for the development of infrastructure this year.

Investment in Community, Environment and Related Aspects

Sector	Activity	Intended Outcome	Monetary Cost
Education	Distribution of school Books to Methodist Church	Many students found themselves unable to complete their studies as a result of the high cost	25,000.00
	Donation of Books (Lanka Jathika Estate Workers)	involved in the necessary school supplies as a result of import restrictions on stationary items. MI, as a business with a strong social conscience, saw this significant problem faced by less fortunate children and generously donated books to Methodist church and Lanka Jathika Estate pupils.	100,000.00
Environment	Purchasing of a chainsaw		52,500.00
	Contribution towards staff insurance policy of wildlife authority	The work of the wildlife authority's staff has been crucial in conserving the bio diversity of the country for many years. As a result, we were happy to pay for the staff members' insurance to strengthen their resilience against unforeseen externalities.	100,000.00

Societal Impact Management (GRI 413-1)

As a socially responsible corporate, MI remained committed toward creating a better sustainable future for communities through financial empowerment and same time providing direct social assistance where it is needed the most. We consistently upheld the highest ethical standards and implemented global best practices, aiming to create an inclusive future for all individuals associated with our organization. Throughout our sustainable business journey, we have endeavored to improve the lives of people across different social strata while mitigating any indirect negative impacts resulting from our operations.

Though the prevailing macro- economic challenges forced us to extend only a less number of social activities for the year as opposed to previous years, we yet embarked on a selected value adding projects that helped boost peoples living standards and social wellbeing.

Social Contribution	Mechanism	Our Actions	Stakeholder Value Creation
Financial assistance to boost economy	Assimilated Business Strategy	<ul style="list-style-type: none"> ➤ Financing for needy to enhance quality of living ➤ Expanded reach ➤ Extending moratorium reliefs ➤ Maximize employee value proposition whilst assuring job security and wellbeing ➤ Uninterrupted Customer Service ➤ Continued to invest in social and community development projects ➤ Commitment towards good governance and transparent business practices 	<p>Shareholders – Higher corporate reputation</p> <p>Customers – Enhanced convenience and experience</p> <p>Employees – Increased Motivation and Job Security</p> <p>Government – Assisting Financial System Stability</p> <p>Alliance Partners – Trustworthy Business partnerships</p>
Expansion of business operations to less developed areas	Exceptional Stewardship		
Secure employment opportunities	Labor Standards		
Safeguarding Customer wealth and privacy	Creativity and Innovation		
Societal development and welfare	Extended Corporate Culture		
Ethical business conduct			

Integrity in Business

Ethical Business Conduct

Our business operations are governed by a strong set of values and a robust organizational culture that prioritizes professionalism, responsibility, and ethics. We ensure compliance with relevant regulatory standards while implementing industry best practices to safeguard the interests of the public and address stakeholder concerns. In accordance with the Shop and Office Act, we diligently contributed Rs. 141 million to the statutory employee fund. Our corporate policies, procedures, and practices are designed to prevent any unlawful or unethical behavior that could have a detrimental impact on social values. Additionally, we have implemented stringent know your customer review policies to mitigate money laundering risks, and we actively promote a culture of whistle-blowing to prevent corruption and malpractices.

Creating a Stable Employment Platform

Despite the pandemic and macroeconomic challenges we faced, we persisted in cultivating a people-centric culture and offering our employees solid job possibilities as a firm recognized as a "great place to work" in the past. The trust we upheld throughout our heritage was further strengthened during these unprecedented times as we protected our staff's financial security and well-being, contributing to fulfill monetary and non-monetary rewarding obligations including affording of enough career growth opportunities for the talented. Our fair and competitive pay practices contributed to the improvement of living standards for our employees and their families. Despite going through challenging times as a result of the economic crisis, we maintained our reputation as a reputable employer and avoided any unjust or unfair employee terminations. These initiatives not only boosted employee morale, motivation, innovation, and teamwork but also ensured their satisfaction and loyalty.

Financial Inclusion

Our financial inclusion programs are specifically designed to address the unmet credit needs of low-income earners, empowering them to build sustainable communities and strengthen their financial well-being. Refer to pages 11 to 14 of Alliances for a detailed overview of the financial services provided and for other offerings extended.

Social Assistance in 2023/22

Sector	Activity	Intended Outcome	Monetary Cost
Social	Beach Cleaning	The "Beach Cleanup" campaign is conducted annually as a forward-thinking measure with the sole purpose of ensuring a clean environment for both locals and appealing visitors who visit Sri Lankan beaches, This year too, we were able to conduct this program with greater participation from our staff members who are constantly committed to helping society to the fullest extent possible.	90,000.00
	Purchasing of Goods (Diviyata Diriyak)	Every year, the company runs the Diviyata Diriyak initiative to offer daily necessities for micro	19,760.00

		customers who are in extreme need of assistance.	
	Providing Vouchers to 215 clients	Most micro-customers were experiencing turbulence in their life and were under a lot of mental stress due to the economic downturn and hyperinflationary setting. As a leader in the field of social assistance, MI took the initiative to lessen the problems that micro customers faced by offering gift vouchers with better transparency in selection. .	1,037,375.00
	Day meal for Lady Ridgeway hospital	In order to improve the mental and physical wellness of the children at Lady Ridgeway Hospital, MI organized a meal with the help of the staff.	115,485.21
Health	Blood Donation	In the backdrop of declining blood donations to national blood bank MI extent its involvement in organizing and providing blood donation to national grid with the participation of our employees.	27,000.00



Environmental Impact Management

MI, as a provider of financial services, has a negligible impact on the consumption of natural resources, thereby resulting in minimal direct environmental effects from its daily operations. However, given the evolving environmental challenges posed by the depletion of natural resources and the climate emergency, we have made significant efforts to enhance our environmental resilience and further reduce our negative environmental footprint. To achieve this, we have implemented robust tracking systems that effectively limit our utilization of natural resources, while also undertaking various conservation initiatives. For a comprehensive overview of the initiatives implemented during this period, refer to pages 24 to 30 of this report.

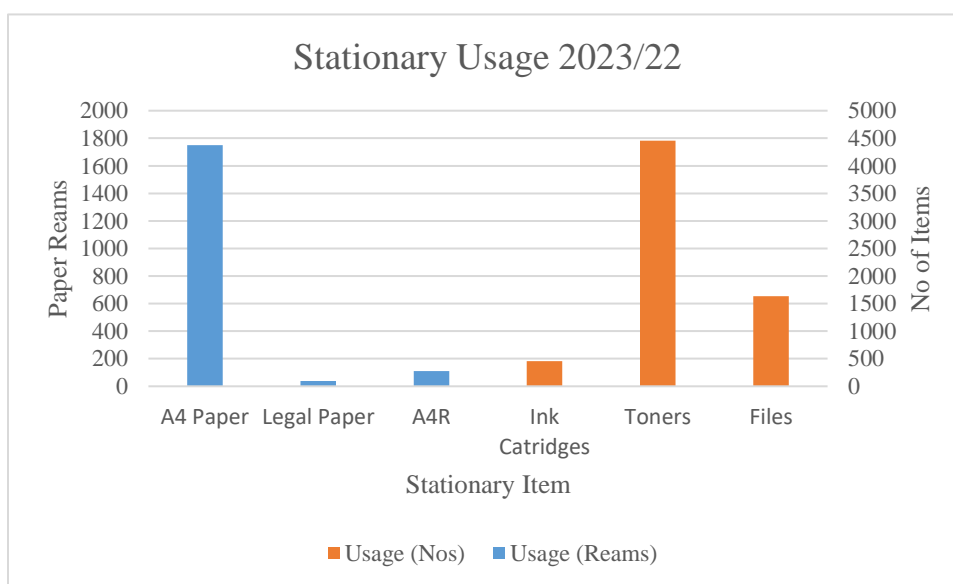
Environmental Concerns	Mechanism	Our Actions	Stakeholder Value Creation
Optimised Resource Usage	Eco-Friendly Business Operations	<ul style="list-style-type: none"> ➤ Commitment towards resource optimisation through automation, business process re-engineering and lean management practices. ➤ Investment in CSR Activities towards natural conservation ➤ Establishing Branch network without affecting Bio-Diversity Designated areas ➤ Promote Sustainable Financing 	<p>Shareholders & Investors – Improved brand image</p> <p>Customers – Enhanced customer satisfaction</p> <p>Partnerships – Trustworthiness</p> <p>Government – Improved compliance and governance</p>
Minimising negative environmental footprint	Sustainability & CSR Committee		
Conservation of Natural Resources	Responsibility Centers		
	Creativity and Innovation		
	Extended Corporate Culture		

Input Management

Material (GRI 301-1)

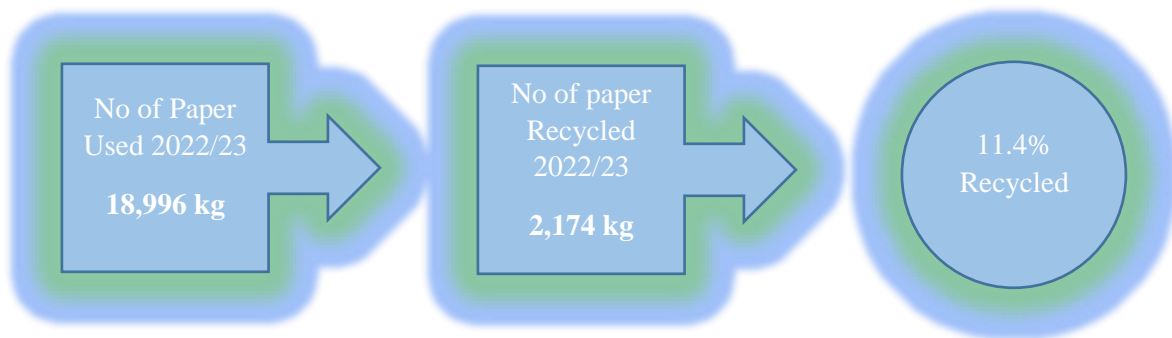
While our business operations do not heavily rely on material consumption, we do utilize consumables for various office administration processes. As MI has experienced significant growth over the past five decades, the consumption of these consumables has gradually increased. However, as we strengthened our cost optimization strategies, we have made conscious efforts to manage and control these consumables in a more effective and efficient manner.

Type of item	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Photo copy paper : (reams)					
- A4	4,376	6,396	5,765	7,500	7,297
- Legal	98	160	129	180	197
- A4R	275	471	357	580	438
Total	4,749	7027	6,251	8,260	7,932
Ink cartridges /Fax/Printers (No. of Cartridges)	183	240	200	223	168
Photo copy toner, fax toner & laser jet printer Toners (No)	1,782	2,400	2,032	2,200	2,046
Box Files (No)	653	825	774	890	1,024



Recycle Effort (GRI 301-2, 301-3)

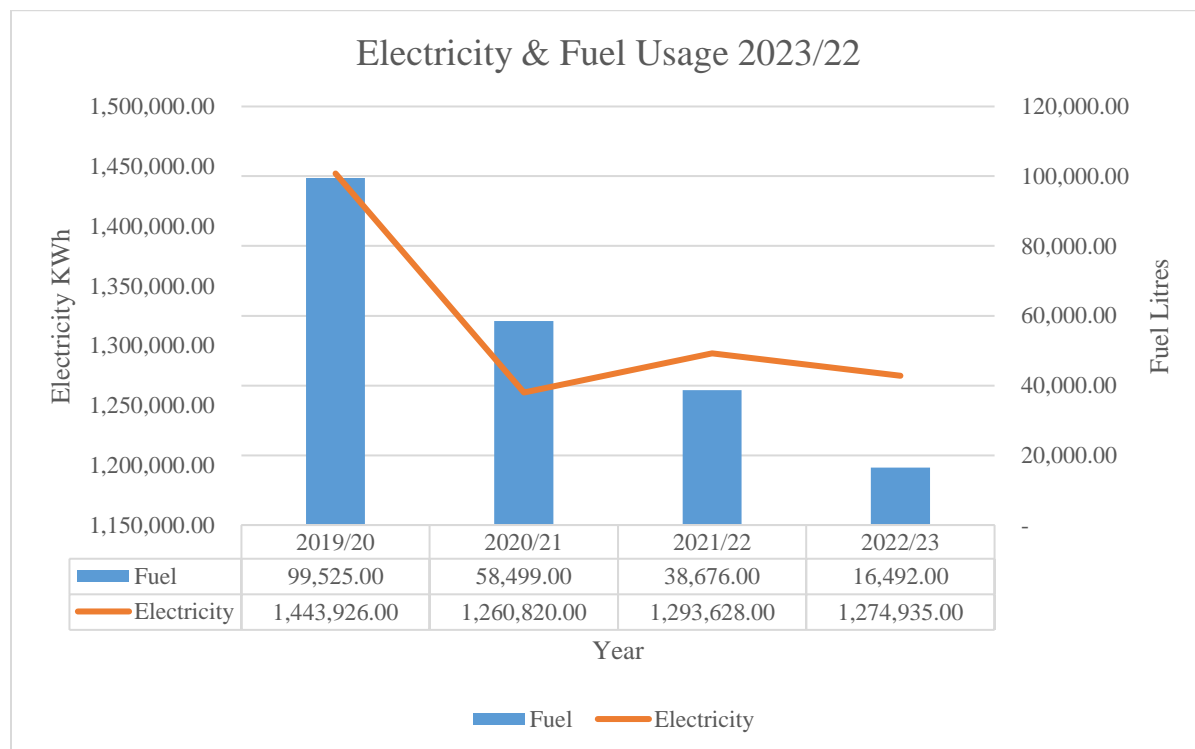
In our day-to-day operations, paper remains a significant consumable for us. However, during the year, we placed importance on reducing paper usage as part of our cost optimization efforts and our commitment to minimizing our environmental footprint. While we do not primarily consume recycled items, we took steps to recycle non-essential paper communications by engaging a third-party recycling service. To ensure effective monitoring, we have quantified the amount of paper items we recycled during the period which amounts to 2174 Kgs for FY 2023/22. This proactive approach allows us to closely track and manage our paper consumption and recycling practices

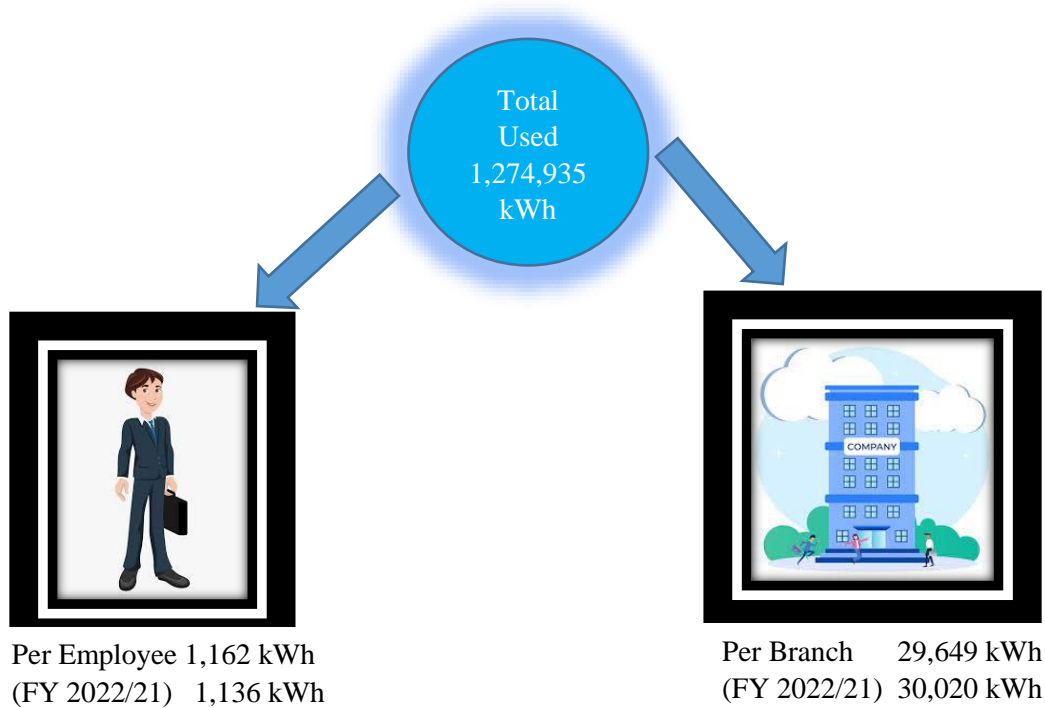


Use of Energy Sources (GRI 302-1, 302-2, 302-3, 302-4, 302-5)

While our commercial operations do not have a direct demand for energy, as a service-oriented sector, we rely on electricity as the primary source of energy to power all MI-operated premises.

Throughout the year, in response to persistent power cuts, we resorted to using fuel to generate electricity as an alternative solution across our branch network. Additionally, fuel was also utilized for supporting staff commuting, business visits, and other outbound logistics. The upward trend in fuel usage can be attributed primarily to the expansion of branch operations and the power interruptions experienced during first three quarters of the year.



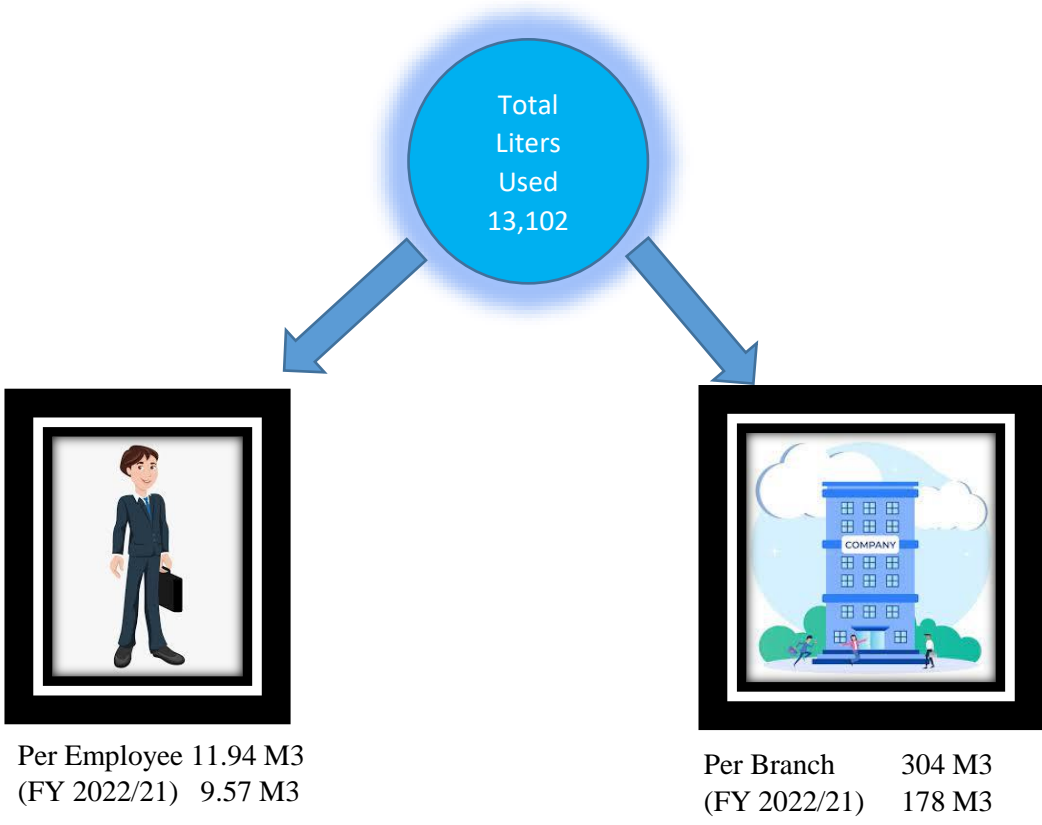
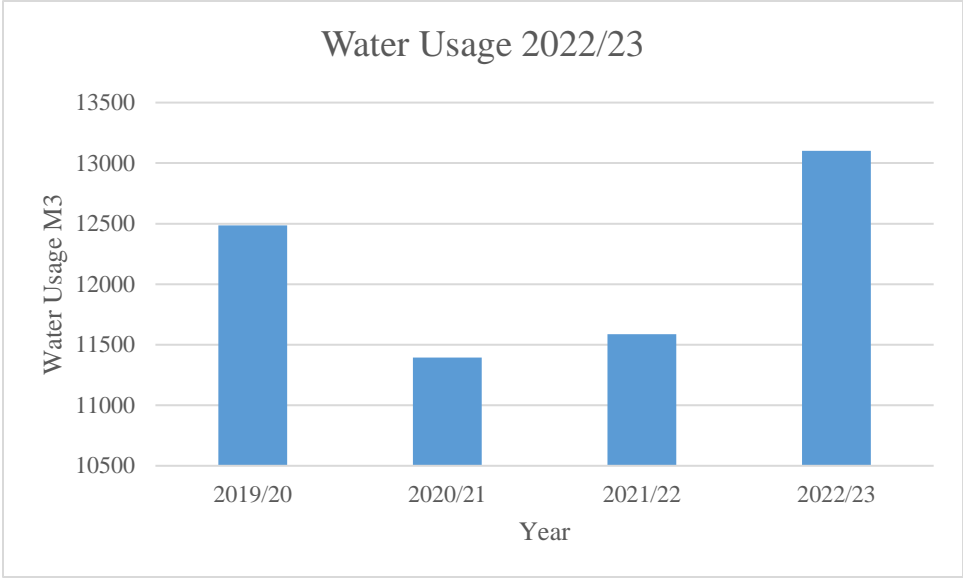


Energy Intensity Grid

Energy Source	Consumption Levels		
	2022/23	2021/22	2020/21
Energy used within organization (KWh)	1,274,935	1,260,820	1,443,926
Total employees	1,097	1,110	1,094
Energy consumed per employee (KWh per employee)	1,162	1,136	1,320

Water usage (GRI 303-1, 303-2, 303-3,303-4, 303-5)

Considering the nature of our business, our commercial activities absorb minimal water consumption, primarily utilization is limited to drinking and sanitary purposes. As majority of our branches rely on municipal water supply, our direct impact on natural water resources is minimal. Therefore, we do not engage in water reuse or recycling practices. Throughout the year, we ensured the hygienic discharge of water by adhering to the disposal protocols set by the National Water Supply and Drainage Board. Our operations have had no adverse effects on any water sources, as we have taken necessary measures to prevent any negative environmental impact.



Waste Handling (GRI 413-1, 306-2, 306-3, 306-4, 306-5)

We have implemented an efficient waste management system in compliance with the guidelines set by the Municipal Council. Through this system, we have effectively separated and monitored our waste. We teamed up with Think Green (Pvt) Ltd. to handle e-waste efficiently so that we can minimize our negative environmental effects and ensure that our e-waste is properly disposed.

Our waste management practices have successfully reduced adverse effects on the environment and prevented water pollution and damage to ecosystems and habitats. We have also prioritized the avoidance of hazardous waste generation and the transportation of such waste, aligning with the provisions of the Basel Convention. Our activities do not contribute to marine pollution through the transport of hazardous waste. General waste, excluding paper waste, is discharged in accordance with government regulations and best practices, with the valuable support of the Colombo Municipal Council.

Waste Handling Approach

Type of Waste	Disposal Frequency	Mode of Disposal
Paper Based Waste	Weekly	Waste paper was collected daily from the departments at Head Office and disposed to an authorised third party on a weekly basis.
E-Waste	Quarterly/Semi-Annually	A separate storage area was assigned to store e-waste. Periodically, an inventory was taken and quotations called for e-waste disposal with items being sold at best price.
Food and Related	Daily	Food waste was collected daily by the municipal council.

Impact on Climate

Since the climate catastrophe has created a substantial influence on society and business operations, management is conscious of both the direct and indirect effects of the climate emergency and has kept up its efforts to negate its adverse effects. We consistently concentrated on lowering our resource use (energy, water, stationary, etc.) and strived to reduce emission levels, while implementing employee awareness programs on minimizing our negative environmental footprint. We promoted green lending as a proactive approach to confront the climate emergency in accordance with the Sustainable Development Goals of the United Nations. Our Business Process Re-engineering Division has played a vital role in this endeavor by reducing resource wastage, eliminating non-value-adding activities, and promoting environmentally sustainable practices. Through these initiatives, we aim to optimize on the utilization of scarce resources and mitigate rising costs, while also contributing to the global effort to combat climate change

Impact Monitoring Mechanism

We recognize the importance of monitoring our economic, social, and environmental impacts as a crucial aspect of optimizing our value creation. Given the prevailing market volatilities and increased uncertainties, we maintained a close watch on both internal and external changes in order to identify emerging challenges and threats. Through proactive strategies, we aimed to enhance our resilience and drive towards our goals and targets.

MI's Corporate Planning Unit played a vital role in conducting periodic assessments and monitoring of broader economic aspirations. They provided regular updates to the Board and Management on the progress made in these areas. Additionally, the Sustainability Governance Committee, in collaboration with the Finance Department and the Internal Audit team, assumed the responsibility of monitoring our social and environmental footprint and evaluated areas that required immediate attention and implemented measures to mitigate or eliminate any resulting negative impacts.

Customer Contacts and Grievance Handling

Our company has implemented a comprehensive grievance management system that is integrated throughout all levels of our organizational hierarchy. This system ensures that all types of grievances raised by stakeholders against the company are addressed promptly. In particular, social and environmental concerns and grievances are channeled to the Sustainability Governance Committee headed by AGM deposits and sustainability through our branch network and relevant officers at the Head Office. These complaints have been instrumental in driving our initiatives focused on social and environmental value creation.

Furthermore, we provide stakeholders with an opportunity to express their opinions and concerns through a feedback form included in our Annual Report. As of the time of publishing this report, we are pleased to note that no social or environmental grievances, nor any negative feedback, have been formally communicated by any interested party to the Company during this year.