

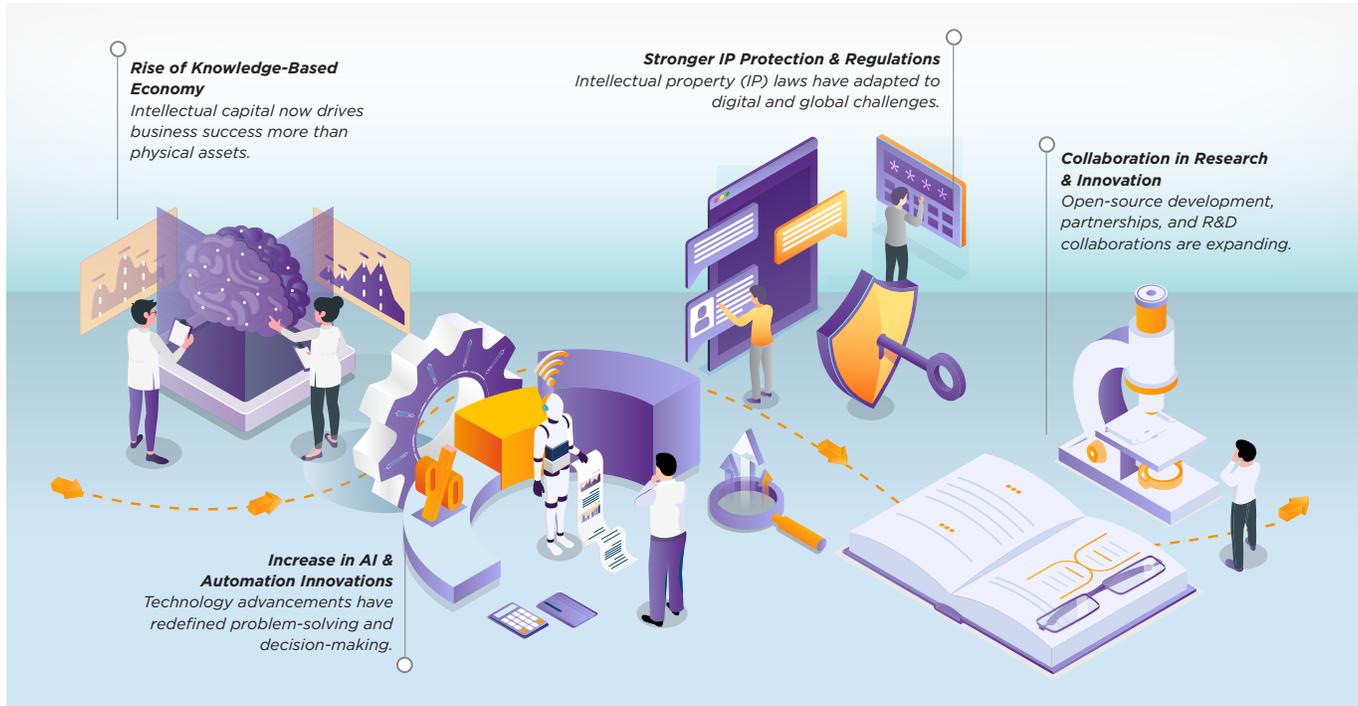


# INTELLECTUAL CAPITAL

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## LEVERAGING INTELLECTUAL CAPITAL IN THE MODERN ECONOMY

The modern economy prioritizes knowledge and information over physical assets. Intellectual capital refers to the intangible assets of an organization or individual that create value and competitive advantage. In today's fast-evolving world, our success depends on effectively managing intellectual capital, which includes intangible assets that drive value and competitiveness. Our definition to intellectual capital has shifted from individual expertise to a broader focus on innovation, strategy, and relationships. AI is transforming human capital by integrating specialized skills with AI-driven capabilities, enhancing structural capital through intelligent knowledge systems, and strengthening relational capital by improving customer and partner engagement which we have successfully integrated into our business processes.



## CHALLENGE TO CHANGE PROCESS

With the expertise, SLI leverages intellectual capital to turn challenges into opportunities for change, gaining competitive advantage and establishing ourselves as a change-maker in the insurance industry.



# INTELLECTUAL CAPITAL

## 1 GOVERNANCE OF INTELLECTUAL CAPITAL

As intellectual capital becomes a key driver of our business value creation, a structured governance framework is essential for organizations to effectively manage, measure, protect, and leverage Intellectual Capital.

At SLI, our Digital Innovation Department, lead by the Chief Digital Innovation Officer, spearheads cutting-edge digital initiatives, ensuring our systems remain at the forefront of technology, especially in the field of Artificial Intelligence (AI). While this dedicated team focuses on advancing our digital capabilities, every department is committed to enhancing its intellectual capital by developing and leveraging knowledge-based intangibles. Additionally, our IT policies, as detailed in the Social and Relationship Capital section on page 135, safeguard our data and govern our digital platforms, reinforcing our position as a highly digitalized enterprise.

Our well-defined governance framework ensures that an organization's intellectual capital is aligned with its business goals and corporate strategy. It helps in defining how knowledge, skills, relationships, and processes contribute to competitive advantage and the methodology of using such in a sustainable manner within the agreed procedures.

Above narrative of management of intellectual capital within SLI provide investors and stakeholders insights on how Intellectual capital contributes to business performance while employees can understand how their knowledge and contributions impact the organization.

## 2 MANAGING OUR INTELLECTUAL CAPITAL

To effectively manage our intellectual capital, we have implemented several

initiatives aimed at addressing emerging challenges while executing our strategy to achieve a competitive advantage.

### 2.1 Strategic Relationship with stakeholders

The basis of our intellectual capital value creation lies in the strong relationships we build with our employees, customers, investors, business partners, and the community. The collective insights gained from these interactions are vital for cultivating even more positive engagements in the future. The cooperative contributions of these stakeholders to our value creation are outlined within the individual capitals, while further details about our interactions can be found in the "Stakeholder Engagement" section on page 97.

### 2.2 Pioneering Innovation through Research and Development

Our efforts to stay at the forefront of technological advancements are evident in our substantial investments in integrating the latest technologies into our core business processes, including claims processing, underwriting, and customer engagement. Currently, we are on an AI transformation journey, investing in AI initiatives such as Co-pilot and employee upskilling, which are detailed on page 159. These initiatives aim to enhance decision-making, streamline operations, and provide more personalized services to our customers.

At Softlogic Life, Research and Development is integral to our business strategy, driving innovation, customer engagement, and operational efficiency. By leveraging data-driven insights and emerging technologies, we continuously refine our products and strengthen our market presence, ensuring a competitive edge in Sri Lanka's insurance sector.

Brand Health Tracker 2024 Research, a comprehensive study to assess Softlogic Life's brand performance, customer perceptions, and market positioning. Conducted across key regions—Colombo, Kandy, Galle, Kurunegala, and Jaffna. By analysing critical brand health metrics, the study provided actionable insights to enhance customer engagement, refine communication strategies, and reinforce our reputation as Sri Lanka's most trusted and innovative insurer.

### CLAIMS THROUGH AI

Softlogic Life has revolutionized claims processing by using AI, beginning with the InstaClaim app for fast and efficient claims. Their new AI system, 'Lifey', processes claims in two minutes, automating document verification and fraud detection. Built on Microsoft Azure OpenAI, it ensures a secure, transparent process, enhancing service for 1.3 million policyholders.

Softlogic Life now uses AI to process claims in about two minutes through its InstaClaim app, enhancing efficiency, accuracy, and customer convenience.



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### 2.3 Distribution Channel Expansion

Market penetration for SLI is challenging due to intense competition and need for extensive strategic business efforts to attract and retain policyholders in a saturated market.

Softlogic Life Insurance PLC operates through three traditional distribution channels: Agency, Alternate, and Micro Mobile designed to meet customer expectations and ensure sustainable growth.

The Agency Channel, serving as the key distribution network, plays a pivotal role in introducing groundbreaking strategies to enhance efficiency and customer satisfaction. In response to evolving customer needs and expectations, we are committed to fostering professional growth, developing a robust talent pool, and ensuring that the insurance industry remains agile and responsive to emerging customer demands. To support this vision, we have introduced two new sub-segments specifically designed to recruit both internal and external Million Dollar Round Table (MDRT) qualifiers. By leveraging their expertise and industry experience, these professionals are well-positioned to drive the acquisition of new customer bases. This initiative has been instrumental in establishing SLI as a leader in the insurance industry.

### 2.4 Leveraging Digital Infrastructure

Digital infrastructure necessitates innovative breakthroughs to keep pace with evolving customer expectations and stringent regulatory requirements, ensuring seamless operations, enhanced security, and improved user experiences.

Softlogic Life Insurance enhances efficiency, accuracy, trustworthiness, and risk management through digital infrastructure. Cloud-based platforms

enable seamless policy issuance, automated underwriting, and instant claims processing, improving service delivery. Automation reduces administrative burdens, lowers costs, and increases productivity. Strong cybersecurity measures ensure data protection and regulatory compliance, while real-time claims management tools speed up processing. By investing in digital infrastructure and intangible assets valued at Rs. 2.5 million, SLI has optimized operations, driven digital transformation, and delivered faster, more secure, and customer-centric services.

The following key digital infrastructures have played a key role in SLI transformation road map.



### Process and high-tech solution brought to industry

Ever changing insurance landscape has reflected the need of empowering business processes to meet ever changing customer expectation. We mark 2024 as the year of elevation to mark ourselves as the change maker in insurance industry. Below, we present our disruptive innovations introduced over the period.

# INTELLECTUAL CAPITAL

## AI-Powered Annual report Analyser

Launched Sri Lankas first AI-powered tool that analyses and interprets information from its annual reports.

## Health with Face recognition Health score

The AI-powered solution tracks health metrics, provides a Health Score, alerts risks, offers tips, rewards good health of users to manage their well-being effectively.

## Fully Automated Savings Plan Journey

Enables hassle-free onboarding, instant premium receipt, and automatic policy document generation to enhances customer convenience and boosts efficiency.

## Single Touch Main PowerBI and Qlik Dashboards

Softlogic Life implemented PowerBI and Qlik dashboards for various channels, providing business insights, claims trends, and budgeting. Automated emails and real-time dashboards enhance health claim management for hospitals, doctors, and patients.

## Claim settlement through AI

Softlogic life's AI-developed claim process, leveraging Microsoft Azure OpenAI's scalable and high-performance AI capabilities, automates document submission, verification and authorization, ensuring instant payment via CEFT without human intervention.

## Automation of Signature Verification

Softlogic Life continued its technology-driven approach by automating signature verification for customer servicing activities. This initiative aims to increase operational efficiency and accuracy, providing customers with smooth and secure experience.

## LMS

A 24/7 digital learning platform and e-library have been established, reducing dependency on physical training and materials

## Co-Pilot implementation

SLI implemented Co-pilot during the year with a view of bring in Agentic AI automation processes to improve productivity of the business.



## 2.5 Investment In Brand Building

Given that market conditions remain constant throughout the year, the company implemented a diverse range of strategic and impactful initiatives to enhance brand visibility and recognition. Through these well-planned efforts, Softlogic Life successfully strengthened its market presence, distinguishing itself from competitors. These activities not only elevated brand awareness but also reinforced customer trust and loyalty. As a result, Softlogic Life continues to shine as a leading brand in the industry, setting new benchmarks for excellence.



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## WHAT MADE US UNIQUE?

- o Sponsorship for Olympian Athlete
- o Sponsorship for elite school Rugby team in the 2023/24 schools Under 19 Rugby League.
- o AR Vesak decoration
- o "Better Tomorrow" – Children's Day campaign
- o Crowd sourced letter for all presidential candidates
- o Drone show – Christmas Eve

## OUR "THAT'S A PROMISE" CAMPAIGN

Central to our efforts was the "That's a Promise" campaign, designed to reinforce Softlogic Life's unwavering commitment to policyholders. This campaign highlighted our promise to go to every length to protect our customers, with our core strengths serving as tangible proof of this commitment. The thematic campaign delivered this core message across all platforms, while digital and press channels were utilized to amplify our key differentiators. We strategically aligned our initiatives with the campaign, ensuring relevance and impact.



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### 3 COMPLIANCE AND ETHICS

#### 3.1 Ethical Marketing

Ethical marketing is a cornerstone of our company’s values and practices. Before launching any marketing communication, the Marketing and Communications team rigorously assesses all proposals against stringent ethical marketing standards. The Head of Marketing bears ultimate responsibility for ensuring adherence to these principles.

### 4 INDUSTRY RECOGNITION - AWARDS AND ACCOLADES

Softlogic Life Insurance PLC has been consistently honoured at numerous prestigious award ceremonies, receiving recognition for excellence across various facets of business performance, as detailed below. Refer Page 24.

EXCELLENCE IN CORPORATE REPORTING	EXCELLENCE IN BRANDING	EXCELLENCE IN BUSINESS	EXCELLENCE IN CUSTOMER SERVICE	INNOVATION AND USE OF INSURE TECH
The only stand-alone company to be awarded amongst the TOP 03 for four consecutive years at CA TAGS AWARDS 2024	Most Awarded brand at SLIM DIGIS 2024	Ranked among Sri Lankas Top 40 Businesses by business today magazine.	Emerging Asia Insurance Awards 2024 - two awards for best health insurance coverage and best customer oriented company in Sri Lanka.	Emerging Asia Insurance Awards 2024 - Best innovation led by Technology and Insuretec’s
Silver Award for overall excellence in integrated reporting at CMA AWARDS 2024	Dragons of Asia 2024 Awards for Best Innovative marketing campaign in Asia Silver Award	To be recognized among top 25 exemplary corporates in Sri Lanka at LMD AWARDS 2024		
Bronze Award for integrated reporting at SAFA AWARDS 2024	Most awarded brand winning 11 awards at 4A’S Advertising awards 2024			

### 5 BRAND

#### 5.1 Our Brand Promise

Refer Social and Relationship Capital on page 141 for information of our brand promise.



#### 5.2 Brand Communication

We communicate our brand through;

- Mass Media
- Outdoor Visibility
- Digital Channel
- Social Media

### 6 FUTURE FOCUS

Softlogic Life Insurance PLC is driving digital transformation through AI-powered automation and customer-centric innovations. It aims to lead Sri Lanka’s insurance sector by enhancing preventive healthcare solutions via AI-driven risk analysis. Investments in Microsoft Azure OpenAI, RPA, and blockchain will optimize operations, improve underwriting, and enhance security.

At Softlogic Life, we strategically embrace transformative advancements, continuously adapting to the evolving operational landscape to maintain a competitive edge. As a leader in Sri Lanka’s life insurance digitalization and innovation, we proactively integrate emerging technologies. Our dedicated innovation team, including IT experts and data scientists,

drives this transformation, with key implementations highlighted in this report.

As part of our strategic initiative to integrate AI-driven processes into our operations, we plan to deploy “agentic AI” utilizing “Co-Pilot Agent” and “Co-Pilot Studios.” These agentic AI systems are designed to operate autonomously, analysing data, making decisions, and achieving predefined goals. To ensure optimal application and relevance, each department will utilize specialized AI language models (LLMs) tailored to their specific operational needs. These department-specific LLMs will enhance productivity, decision-making, and innovation within their respective domains. To support this initiative, we aim to educate, train, and enable each department to design and implement their own AI agents.

# INTELLECTUAL CAPITAL

The future of Intellectual Capital at Softlogic Life Insurance PLC will likely to be driven by cutting-edge digital transformation, continuous innovation, and human capital development. Here are key trends shaping its future:

Short term targets	Medium to long term target
Dominate the health insurance space with preventive health using AI and technology.	Global market expansion
Enhanced digital infrastructure	Cybersecurity & data privacy enhancements
Further enhance our brand value	Enhancing and preserving our employees and organizational knowledge which gives a value addition to our business model.

## 7 RISKS AND CHALLENGES

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

Risks	SLI Responses
<b>Cyber security</b> As businesses adopt advanced digital tools and cloud-based platforms, cyber vulnerabilities expand.	Investing in cutting-edge cybersecurity technologies, such as AI-driven threat detection, encryption, and multi-factor authentication, enhances data protection.  Cybersecurity awareness programs are conducted to equip employees with the skills to identify and mitigate cyber threats, reducing human error risks.

## 8 INTELLECTUAL CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)



**Relevance to Strategy**

**DIGITAL TRANSFORMATION AND INSURTECH**  
AI-driven analytics, and automation in underwriting and claims to improve efficiency.

**PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES**  
Data-driven insights to improve customer engagement.

**PREVENTIVE HEALTH AND WELLNESS**  
Digital health platforms and AI-powered assessments promote proactive well-being.



**Creating a Value**

Intellectual capital acts as an intangible asset which facilitates to earn exceptional growth and superior profitability. It creates value by way of innovations, cost savings and facilitating the exceptional growth of the company. It is instrumental in productivity improvements and drive towards value creation.



**Connectivity and Trade-offs**

The organization continues to balance stakeholder expectations and strategic priorities:

- ➔ **HUMAN CAPITAL**
  - + Nurturing a unique base of organizational intellect through training and development
- ➔ **FINANCIAL CAPITAL**
  - + Long-term positive impact through process efficiencies and
  - Short-term impact on investments in brand building and employee training
- ➔ **SOCIAL & RELATIONSHIP CAPITAL**
  - + Leveraging on group synergies, process efficiencies