



# SOCIAL AND RELATIONSHIP CAPITAL COMMUNITY

## TURNING PROTECTION INTO SOCIETAL PROGRESS

At Softlogic Life, we go beyond protection to create purpose. By empowering communities, expanding access, and redefining how life insurance is perceived, we transform financial security into a catalyst for confidence, dignity, and lasting societal progress.



### Village Gam Maduwa

A Village Gam Maduwa comes alive when everyone gathers, not as individuals, but as one community. Each person plays a part, and together they create something meaningful. That is how we see community: interconnected lives, shared hopes, and collective strength. Our role is to stand alongside, offering support that helps families, neighbourhoods, and livelihoods thrive. Because when a community is supported, everyone moves forward, together.

Introduced a **positive, empowerment-driven marketing approach**, moving beyond traditional fear-based life insurance messaging.

Introduced **microinsurance** solutions to expand affordable life insurance access for underserved and low-income communities.

## VALUE DRIVERS TO STRATEGIC IMPACT

### GOVERNANCE FRAMEWORK



#### Strategic Capital Infusion

- Relationship with diverse business partners
- Combating Corruptions
- Preventing social issues
- Regular Compliance oversight



#### Value Addition Mechanisms

- Ethical and socially responsible marketing
- Protection of customer rights



#### Performance Milestones

- Enhancing community well-being



#### Strategic Impact

- No. of micro insurance paid
- Claims paid for micro insurance policyholders

**1. GOVERNANCE OF SRC – COMMUNITY**

As a life insurance provider, our community impact primarily arises through our underwriting decisions, investment activities, and financial intermediation. While our direct environmental footprint is limited, our capital allocation and market conduct influence broader social and economic outcomes.

To manage these responsibilities, we maintain Board-approved policies including, but not limited to, the following:

- 1) *Environment, Social and Governance Policy* <sup>LA</sup>
- 2) *Whistleblower Policy* <sup>LA</sup>
- 3) *Fraud Risk Management Policy* <sup>LA</sup>
- 4) *Anti-Money Laundering and Counter-Terrorist Financing Policy* <sup>LA</sup>

These mechanisms mitigate social and regulatory risks, promote ethical conduct, and safeguard stakeholder trust reinforcing our social license to operate and supporting sustainable value creation within our Social & Relationship Capital.

**1.1 Responsible Underwriting and Investment**

Through the Environmental, Social and Governance (ESG) Policy, the Company integrates responsible business principles into underwriting and investment decisions. An established exclusion list prohibits insuring or investing in activities associated with forced or child labour, illegal trade, environmental destruction, hazardous materials, weapons and ammunition, pornography, and other socially or environmentally harmful sectors.

This approach ensures that financial capital deployment does not contribute to adverse social impact within the communities we serve.

**1.2 Ethical Conduct and Speak-Up Mechanism**

SLI promotes a culture of integrity and transparency through its **Whistleblower Policy**, which encourages employees, agents, and stakeholders, including public community to raise concerns at the earliest opportunity without fear of retaliation.

The policy provides secure reporting channels to address matters including breaches of policy, misconduct, corruption, fraud, misappropriation, harassment, unethical behaviour, or regulatory non-compliance. All reported matters are reviewed confidentially and addressed in accordance with established investigation procedures, with appropriate corrective, disciplinary, or legal action taken where necessary. By enabling early identification and resolution of issues, the framework strengthens accountability and protects stakeholder confidence.



**1.3 Anti-Corruption and Fraud Risk Management**

**Risk-Based Assessment Approach**

SLI adopts a risk-based approach in assessing operational processes to identify suspicious activities. High-risk areas including premium handling, intermediary activities, underwriting, and claims are assessed more

frequently, while lower-risk processes are reviewed by the Internal Audit team at proportionate intervals. This ensures that monitoring intensity aligns with inherent risk exposure.

**Risk Oversight and Control**

Our **Fraud Risk Management policy** identifies risk-prone areas across internal operations, intermediary channels, and policyholder interactions. Clear accountability is defined across governance levels:

- **Board Risk Committee** – Oversight, review and approve the policies
- **Management** – Control environment, segregation of duties, monitoring mechanisms
- **Internal Audit** – Independent investigations with reporting to Management and the Board Audit Committee
- **Employees & Advisors** – Mandatory reporting of suspected misconduct

**Fraud and Bribery Prevention Strategy**

SLI prevents fraud and bribery through a structured framework grounded in regulatory compliance, risk management practices, strong corporate governance, and the promotion of an ethical culture.

**Incidents Reported During the Reporting Period**

*During the reporting period, SLI recorded zero confirmed incidents of corruption. Accordingly, no employees were dismissed or disciplined for corruption-related matters, no contracts with business partners were terminated due to corruption violations, and no public legal cases relating to corruption were brought against the Company or its employees.* <sup>LA</sup>

A limited number of fraud-related cases involving field staff were reported and investigated.

Table 51: Fraud-Related Cases Involving Field Staff

Type	Category	No. of cases received	No of cases settled	Proved as frauds
Customer complaints	Misappropriations	33	26	0
	Misconducts/ misleading	69	61	2
	Other	2	2	0
<b>Total</b>		<b>104</b>	<b>89</b>	<b>2</b>
Internal investigations	General Inquiries	50	48	3

**1.4 Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF)**

As a regulated life insurance provider facilitating premium collections, policy benefits, surrenders, and other financial transactions, SLI recognises potential exposure to money laundering and terrorist financing risks.

This AML/CTF policy applies to all employees, agents, intermediaries, vendors, and business partners engaged with SLI and supports the integrity of our financial operations, protects policyholder interests, and strengthens our responsibility within the broader financial system.

SLI maintains a Board-approved AML/CTF policy with quarterly reporting to the Board and oversight by the Audit Committee. A designated Chief Audit and Compliance Officer, supported by a Three Lines of Defense model, oversees enterprise-wide assessments conducted quarterly. Non-compliance is subject to strict disciplinary action, supported by comprehensive record-keeping and independent Internal Audit review.

**Incidents Reported During the Reporting Period**

During the reporting period, no regulatory breaches relating to AML/CTF were identified, reflecting the effectiveness of SLI's compliance framework and control environment.

**1.5 Policy Awareness, Communication & Training**

We communicate the policy and its key insights to stakeholders and offer training sessions to ensure its effective integration.

Stakeholder Group	Awareness & Communication Mechanism <sup>LA</sup>
<b>Board &amp; Governance</b>	Policies are reviewed and approved annually by the Board.
<b>Employees</b>	<ul style="list-style-type: none"> <li>Digital flyers with simplified policy content communicated via email</li> <li>Full policy documents accessible through the Company intranet</li> <li>Laptop wallpaper pop-up messages and internal text notifications reinforcing key compliance messages</li> <li>Mandatory annual online compliance training</li> </ul>
<b>Advisors</b>	<ul style="list-style-type: none"> <li>Weekly compliance posters and reminders shared via the E-Advisor App</li> <li>Prohibited actions and ethical expectations communicated during advisor training programmes</li> </ul>
<b>PCU Offices</b>	<ul style="list-style-type: none"> <li>Compliance messages integrated into the "Click for Pay" application interface</li> <li>Supported through internal text notifications</li> </ul>
<b>Public &amp; Stakeholders</b>	<ul style="list-style-type: none"> <li>Whistleblower contact details publicly available on the Company website to enable confidential reporting of suspicious activities</li> </ul>

**1.6 Regulatory Compliance Oversight**

The compliance officer at Softlogic Life actively monitor all statutory payments and regulatory requirements, providing the Board with monthly reports. The organisation's dedication to rigorous adherence to regulatory standards is demonstrated by the fact that there were no penalties or infractions pertaining to compliance concerns throughout the year.

Beyond regulatory compliance and statutory oversight, our governance approach extends to the responsible

management of our workforce and the promotion of inclusive employment practices across the organisation.

**2. INCLUSIVE EMPLOYMENT AND EQUAL OPPORTUNITY COMMITMENT**

As a life insurance provider operating across Sri Lanka, SLI engages a workforce of over 5,000 individuals, including employees and field staff drawn from diverse communities.

Through this broad employment base, we contribute meaningfully to economic participation and livelihood generation within the society we serve.

In doing so, we remain committed to fostering an inclusive and equitable work environment free from discrimination. We respect gender equality, promote fair treatment, and support decent work opportunities across all levels of the organisation. Employment decisions are guided by merit, capability, and performance, ensuring that diversity and inclusion remain integral to our organisational culture and long-term value creation.

**Non-Discrimination Practices Enforcement**

SLI is committed to maintaining a fair, inclusive, and respectful workplace where dignity and equal opportunity are fundamental principles. Our Human Resources policies are designed to prevent discrimination and ensure equitable treatment in recruitment, promotion, training, and performance management.

During the reporting period, no incidents of discrimination were recorded, reflecting our continued commitment to fostering a diverse and inclusive workplace environment.

Extending these principles beyond our internal operations, we also uphold the same standards of integrity, fairness, and responsibility in how we engage with customers and the broader community through our marketing and communication practices.

**3. ETHICAL AND SOCIALLY RESPONSIBLE MARKETING**

At Softlogic Life, we are committed to conducting marketing activities with integrity, transparency, and social responsibility. Our approach ensures that all communications are fair, accurate, and respectful, fostering consumer trust while supporting sustainable, long-term relationships with our stakeholders.

**3.1 Ethical Advertising Practices**

In a dynamic and interconnected marketplace, advertising plays a

vital role in building meaningful relationships between businesses and consumers. Recognising its influence, SLI is committed to ensuring that all marketing communications are ethical, culturally sensitive, and socially responsible.

We uphold principles of transparency, accuracy, and integrity in our advertising, ensuring that all content complies with applicable legal and regulatory standards. Our communications are designed to provide clear and truthful information, avoiding misleading claims or exaggerated representations. We also adhere strictly to fair competition principles, maintaining responsible conduct that protects consumer trust and public confidence.

**Commitment to Responsibility, Accountability, Transparency and Fairness**

Our marketing and product practices are guided by strong principles of responsibility, accountability, transparency, and fairness.

Our marketing campaigns are accompanied by transparent communication, ensuring that customers receive accurate and balanced information about our

products and services. We avoid fear-driven messaging and instead focus on raising awareness about the importance of financial protection, helping customers make informed decisions to secure their long-term financial well-being.

**CHOOSING HOPE WHEN IT MATTERED MOST**

As Sri Lanka continued its recovery from a period of economic and social uncertainty following the Ditwah effects, Softlogic Life concluded the year with “Me Rate Minissu”, a nationwide communication initiative that welcomed 2026 with renewed confidence and optimism.

The campaign paid tribute to the resilience, warmth, and indomitable spirit of the Sri Lankan people, highlighting everyday stories of perseverance, kindness, and collective strength. By closing the year with a unifying message that looked firmly toward the future, Softlogic Life reaffirmed its role as a trusted life insurer, one that not only safeguards financial security, but also inspires belief, hope, and shared progress toward a better tomorrow.



## SOCIAL AND RELATIONSHIP CAPITAL » COMMUNITY

### Incidents Reported During the Reporting Period

No incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship. (FN-IN-270a.1)

### 4. LEGAL CLAIMS

For more information on legal claims, please refer to page 180 of this report.

### 5. STRENGTHENING NATIONAL HEALTH AND SOCIAL RESILIENCE

Beyond responsible operations, SLI actively contributes to strengthening social outcomes through its focus on health and wellness. As a life insurer operating within Sri Lanka's broader healthcare ecosystem, we support financial protection mechanisms that reduce the social and economic burden of illness.

### 6. ENHANCING COMMUNITY ECONOMIC WELL-BEING

Supporting the economic well-being of communities is a core part of our business approach. Through our micro-distribution channels, we offer life insurance solutions that are affordable, innovative, and relevant, making insurance accessible to a wider segment of the Sri Lankan population. These initiatives strengthen financial protection while also creating income-generating opportunities within

communities. By designing insurance products specifically for low-income groups, we help improve living standards and encourage greater financial inclusion. Our micro insurance portfolio has made a meaningful impact on industry by extending life insurance coverage to underserved communities.

**471,717**

No. of micro insurance policies sold

**Rs. 385 Mn**

Claims paid for micro insurance policy holders

### 7. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
<b>Preventive Health &amp; Wellness</b>	Expand community health awareness programmes and leverage the HealthScore app to promote preventive health.	Integrate community wellness outcomes into product design, CSR strategy, and ESG reporting.
<b>Personalised Products &amp; Services</b>	Enhance the ability to access insurance for underserved communities.	Develop inclusive insurance solutions for low-income and rural communities.
<b>Digital Transformation &amp; InsurTech</b>	Expand digital access points and mobile-first engagement for community stakeholders.	Build digitally inclusive communities where insurance awareness, access, and servicing are available to all Sri Lankans regardless of geography or income level.
<b>Sustainability &amp; ESG</b>	Strengthen ESG governance to ensure the social and environmental well-being	Increase the quality of lives in communities



**~USD 58 Mn**  
Societal value created

Represents the estimated societal value generated through reduced out-of-pocket medical expenses and enhanced household financial resilience.



**~5,000 DALYs**  
averted (2025)

Softlogic Life policies helped reduce the burden of illness by preventing disability-adjusted life years, reflecting improved health and financial protection outcomes.



**~USD 15 Mn**  
Relieved Public Health Pressure

Private healthcare access facilitated through policies helped ease pressure on Sri Lanka's public health system.

**8. CONTRIBUTION TO VALUE CREATION (TRADEOFF)**

