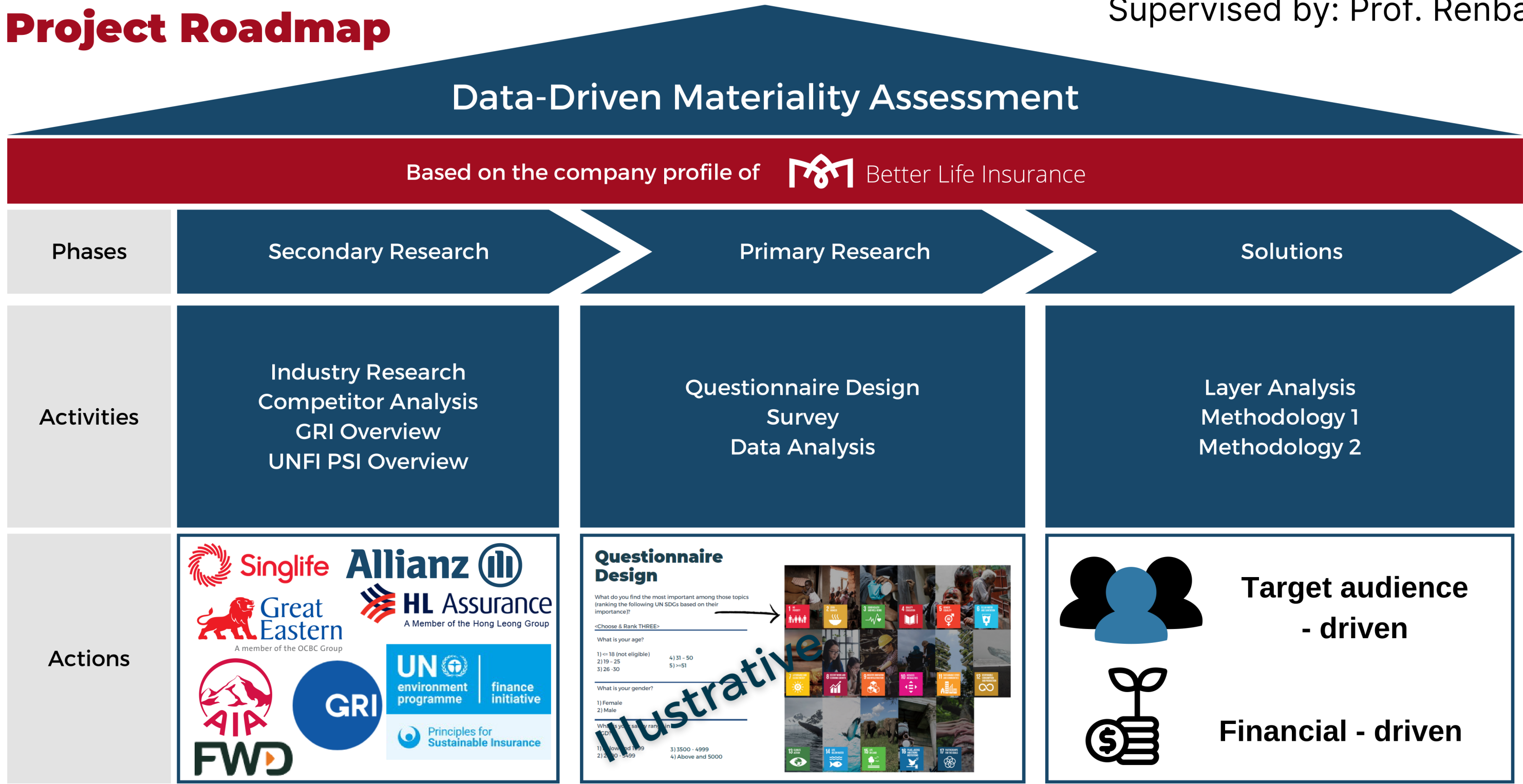# DATA-DRIVEN MATERIALITY ASSESSMENT OF GLOBAL INSURERS WITH SG PRESENCE

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Better Life Insurance
Quasi Company Profile

Project Roadmap

Data-Driven Materiality Assessment
Based on the company profile of **Better Life Insurance**

	Secondary Research	Primary Research	Solutions
Phases	Secondary Research	Primary Research	Solutions
Activities	Industry Research / Competitor Analysis / GRI Overview / UNFI PSI Overview	Questionnaire Design / Survey / Data Analysis	Layer Analysis / Methodology 1 / Methodology 2
Actions	Singlife, Allianz, Great Eastern, HL Assurance, AIA, FWD, GRI, UN environment programme finance initiative, Principles for Sustainable Insurance	Questionnaire Design (Illustrative)	Target audience - driven / Financial - driven

VISION STATEMENT
Take care of your life, shape your better future.

BLI has developed a targeted strategic approach and hopes that these initiatives will enable BLI to achieve a dominant market position in the health and life insurance sector and lay a solid foundation for BLI's business growth and long-term success.

1	Focus on the development of health and life insurance products.
2	Asset management and environmental risk control.
3	Improve ESG management and reputation.
4	Strengthen digital management and risk control.
5	Employee satisfaction and community contribution.

US$9 billion Yearly insurance premiums
US$4 billion Yearly claims amount
76 Years of service
AA- Fitch Rating 2022
800K

Demographics → Audience Group
SDG Importance Ranking → Material Topic Pools
ESG <> SDG

● Primary Source
● Secondary Source
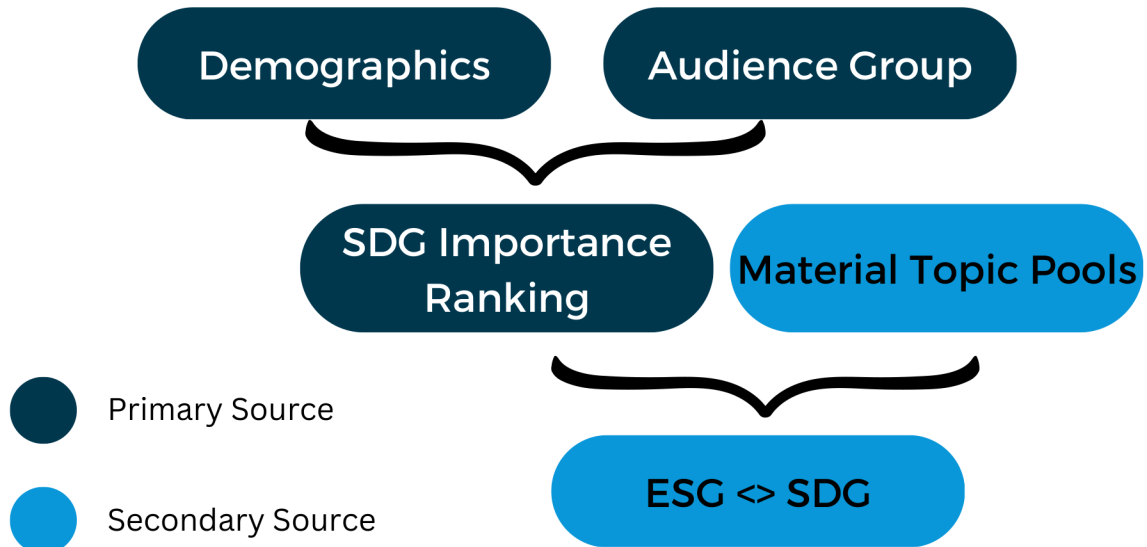
Questionnaire Design

SAMPLE SHEET

What do you find the most important among those topics (ranking the following UN SDGs based on their importance)?
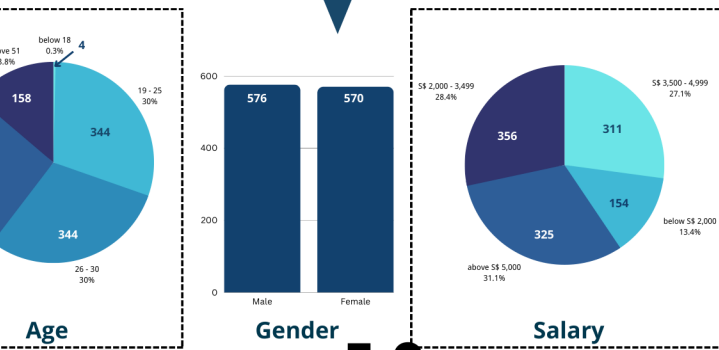
<Choose & Rank THREE>

What is your age?
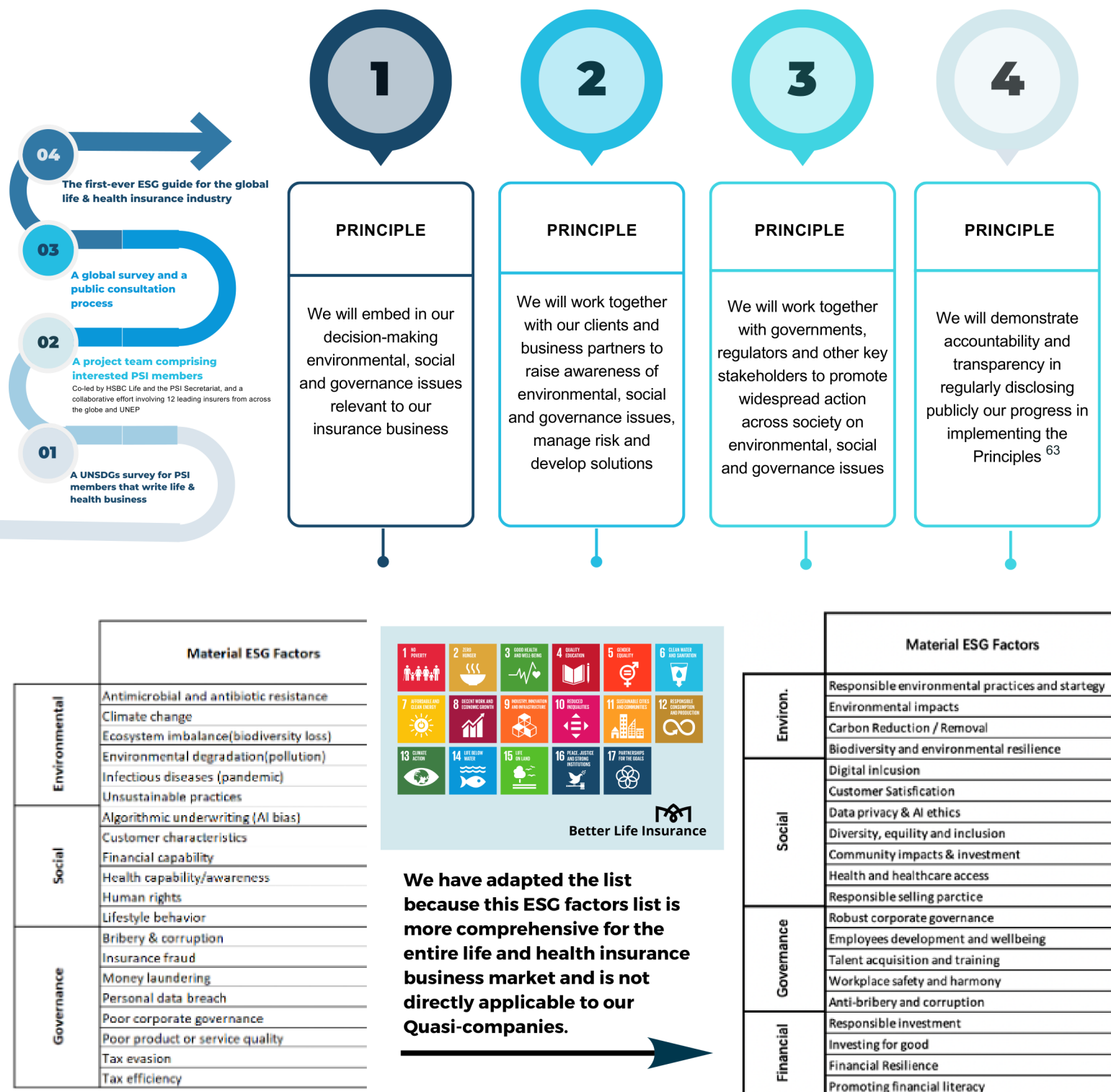1) <= 18 (not eligible)
2) 19 – 25
3) 26 -30
4) 31 – 50
5) >=51

What is your gender?
1) Female
2) Male

What is your salary range in SGD?
1) Below and 1999
2) 2000 - 3499
3) 3500 - 4999
4) Above and 5000

We filtered participants under 18, as we consider them to be incapable of making wise and trustworthy financial decisions. In the eligible sample, the age breakdown is well-balanced. The financially robust group (aged between 26 and 50) accounts for over 50% of the population. Furthermore, our survey covers a balanced gender mix as well as financial standing.

Age / Gender / Salary

Defining Material ESG Factors List

1 PRINCIPLE — We will embed in our decision-making environmental, social and governance issues relevant to our insurance business

2 PRINCIPLE — We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

3 PRINCIPLE — We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

4 PRINCIPLE — We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles [63]

04 — The first-ever ESG guide for the global life & health insurance industry
03 — A global survey and a public consultation process
02 — A project team comprising interested PSI members formed by HSBC Life and the PSI Secretariat, and a collaborative effort involving 12 leading insurers from across the globe and UNEP
01 — A UNSDGs survey for PSI members that write life & health business

Material ESG Factors

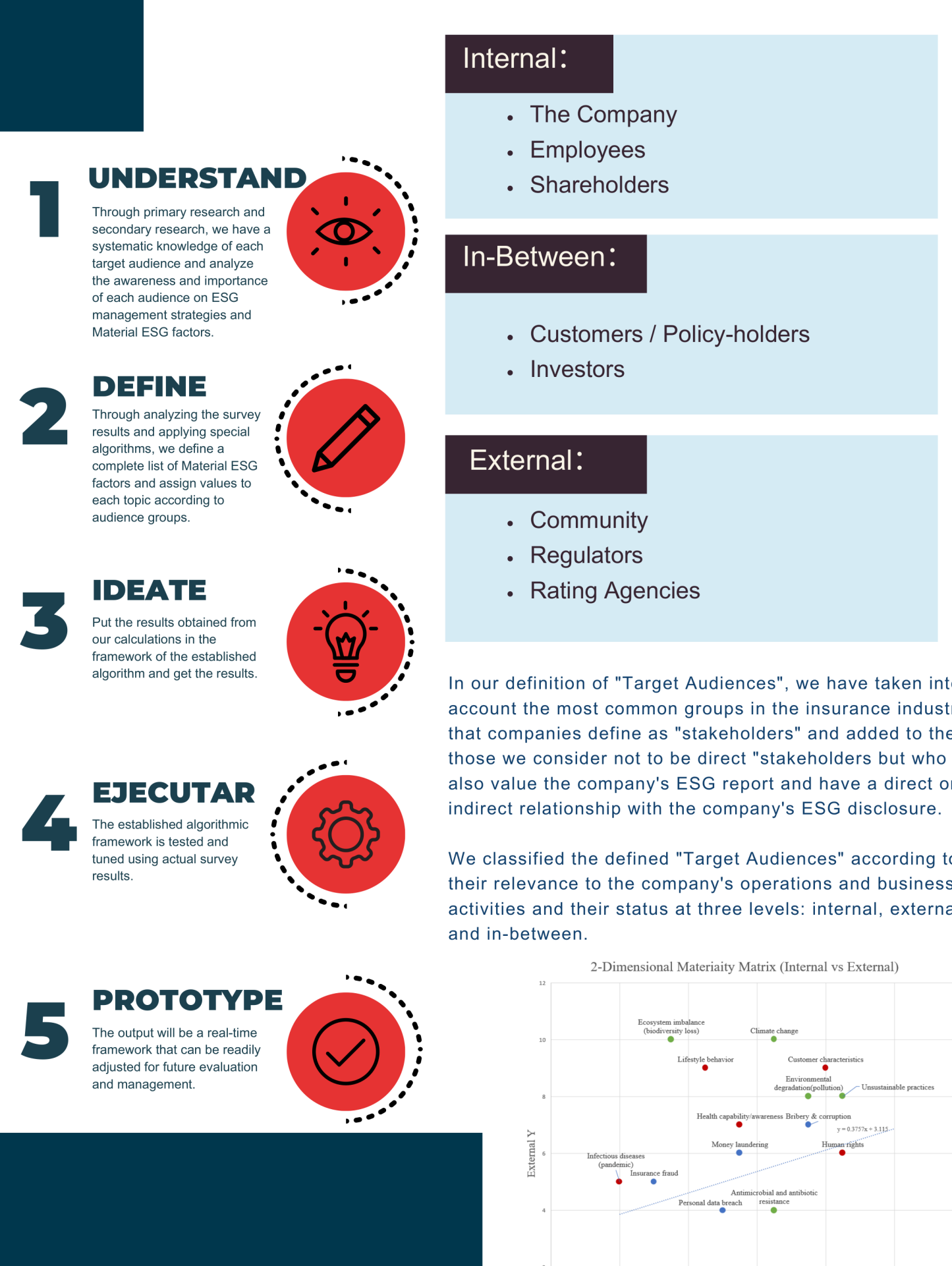| Environmental | Antimicrobial and antibiotic resistance / Climate change / Ecosystem imbalance(biodiversity loss) / Environmental degradation(pollution) / Infectious diseases (pandemic) / Unsustainable practices |
| Social | Algorithmic underwriting (AI bias) / Customer characteristics / Financial capability / Health capability/awareness / Human rights / Lifestyle behavior / Bribery & corruption / Insurance fraud / Money laundering / Personal data breach / Poor corporate governance / Poor product or service quality / Tax evasion / Tax efficiency |

We have adapted the list because this ESG factors list is more comprehensive for the entire life and health insurance business market and is not directly applicable to our Quasi-companies.

Better Life Insurance

Environ.	Responsible environmental practices and strategy / Environmental impacts / Carbon Reduction / Removal / Biodiversity and environmental resilience / Digital inclusion / Customer Satisfaction
Social	Data privacy & AI ethics / Diversity, equality and inclusion / Community impacts & investment / Health and healthcare access / Responsible selling practices
Governance	Robust corporate governance / Employees development and wellbeing / Talent acquisition and training / Workplace safety and harmony / Anti-bribery and corruption / Responsible investment / Investing for good / Financial Resilience / Promoting financial literacy

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Defining "Target Audience" Groups

Internal:
- The Company
- Employees
- Shareholders

In-Between:
- Customers / Policy-holders
- Investors

External:
- Community
- Regulators
- Rating Agencies

1 UNDERSTAND — Through primary research and secondary research, we have a systematic view of target audience and analyze the awareness and importance of each audience on ESG management strategies and Material ESG factors.

2 DEFINE — Through analyzing the survey results and applying special algorithms, we define a complete list of Material ESG factors and assign values to each topic according to audience groups.

3 IDEATE — Put the results obtained from our calculations in the framework of the established algorithm and get the result.

4 EJECUTAR — The established algorithmic framework is tested and tuned using actual survey results.

5 PROTOTYPE — The output will be a real-time framework that can be readily adjusted for future evaluation and management.

In our definition of "Target Audiences", we have taken into account the most common groups in the insurance industry that companies define as "stakeholders" and added to them those we consider not to be direct "stakeholders but who also value the company's ESG report and have a direct or indirect relationship with the company's ESG disclosure.

We classified the defined "Target Audiences" according to their relevance to the company's operations and business activities and their status at three levels: internal, external and in-between.

2-Dimensional Materiality Matrix (Internal vs External)

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2 × Approaches / Methodologies

Audiences-driven — Focuses on getting the audience's insights and creating the rank of factors list according to their ideas and opinions on the importance of ESG Material factors.

Financially-driven — Takes a financial statement perspective and ranks ESG factors based on their impact on the financial statement.
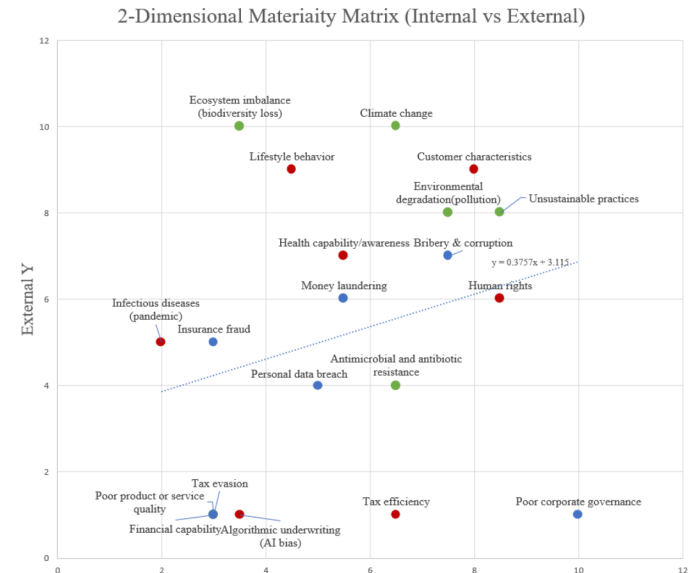

Audience-Driven

Assumption Table

ITEM	NOTE	USER INPUT
Ranking Method	A for 5-3-1, B for 4-2-1, C for 2-2-2, D for 1-1-1	A
If Deduct Points for Unchosen	0 for no, otherwise deduct the INPUT amount	0.1
Weight for Audience	EQ for equal, RN for random, UR for USERINPUT	EQ
Normalization Scale	E for natural log, B for binary log (base 2), T for decimal log (base 10), H for hexadecimal (base 16)	T

Target Audiences

	Material ESG Factors	Internal			In-between		External		
		Company	Employees	Shareholders	Customers	Investors	Community	Regulators	Rating Agency
		0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Environ.	Responsible environmental practices and strategy	9.90	3.34	1.08	25.98	15.22	7.45	1.58	21.97
	Environmental impacts	20.43	26.93	14.56	30.33	1.05	4.20	19.82	9.55
	Carbon Reduction / Removal	21.18	12.45	1.77	13.67	26.84	10.77	20.80	2.96
	Biodiversity and environmental resilience	25.11	13.47	25.94	6.13	3.25	6.36	26.41	18.61
Social	Digital inclusion	11.88	23.98	6.78	18.59	20.59	26.46	9.27	4.82
	Customer Satisfaction	15.87	25.01	21.12	23.63	21.71	5.82	16.98	24.10
	Data privacy & AI ethics	6.15	1.36	8.62	7.13	18.07	4.25	11.23	4.40
	Diversity, equality and inclusion	9.42	4.22	20.99	14.92	4.02	12.51	11.65	15.43
	Community impacts & investment	17.89	21.58	11.29	22.21	7.37	3.65	26.36	24.47
	Health and healthcare access	5.14	9.64	10.65	12.54	18.63	21.38	16.28	25.74
	Responsible selling practice	24.26	15.18	4.23	11.49	21.30	8.40	4.36	12.51
Governance	Robust corporate governance	8.55	16.02	9.06	0.06	20.19	10.07	1.61	15.96
	Employees development and wellbeing	21.22	13.99	3.31	15.32	6.12	12.57	26.33	2.33
	Talent acquisition and training	10.53	12.75	10.56	18.95	3.69	1.26	10.33	17.96
	Workplace safety and harmony	23.42	17.98	25.65	5.25	6.04	14.98	8.03	11.35
	Anti-bribery and corruption	1.62	7.98	16.63	0.96	17.72	14.94	1.79	17.82
Financial	Responsible investment	2.42	8.88	23.04	13.09	12.02	16.99	8.64	12.18
	Investing for good	26.90	24.25	2.75	21.10	17.06	5.02	4.60	5.53
	Financial Resilience	7.85	26.49	20.29	20.57	3.45	11.41	22.28	4.76
	Promoting financial literacy	19.19	23.87	2.22	11.49	2.18	11.33	14.27	9.75

Audience Group	Methodology	Labor Cost
The Company	Align with the C-suite on the internal cultures and values	1-hr workshop with senior leaders; annually
Employees	Conduct company-wide questionnaires; OR survey employees' views during regular internal training sessions.	Extra 1/2 hr each training session to fill out the questionnaire; 2 full workdays for the ESG team to perform data analysis; regularly
Shareholders	Send out shareholder voting requests and collect information from investors themselves or from their proxies.	Investor relation team/ESG team; 10 workdays with 25% commitment; annually
Customers	Share the questionnaire when the customer signs up for a contract, OR broadly share the questionnaire with the selected public.	1/2 hr ~ $10 for cash incentive per customer; per occurrence
Investors	Learn from investor sustainability reports or news releases.	5 workdays with 50% commitment; annually
Community	Embed questionnaires in the community apps. OR include a survey as a part of community engagement activities.	Extra 1 hour per community engagement activity; per occurrence
Regulators	Study authoritative circulations and perform secondary analysis to learn about the preference of this group.	10 workdays with 50% commitment; annually
Rating Agencies	Request manuscripts from rating agencies, and weigh this group according to their manuscripts items.	10 workdays with 50% commitment; bi-annually

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Financially-Driven

Material ESG Factors	Absolute Value			Standardized Score			Weighted Standardized Score			Total Score	Rank
	X	Y	Z	X	Y	Z	X	Y	Z		
Antimicrobial and antibiotic resistance	$ 32,024,658	$ 7,000,000,000	$ 1,670,505	3	4	10	0.6762	2.04	2.65	5.362	12
Climate change	$ 95,152,327	$ 11,082,700,000,000	$ (297,988)	9	10	4	2.0286	5.1	1.06	8.187	2
Ecosystem imbalance (biodiversity loss)	$ 21,455,365	$ 12,000,000,000.00	$ 82,247	2	10	5	0.4508	5.1	1.32	6.874	7
Environmental degradation(pollution)	$ 86,943,735	$ 4,600,000,000.00	$ 586,576	8	8	7	1.8032	4.08	1.85	7.735	4
Infectious diseases (pandemic)	$ 32,024,658	$ 31,100,000.00	$ (1,078,406)	3	5	1	0.6762	2.55	0.26	3.491	16
Unsustainable practices	$ 107,553,796	$ 3,855,488,130,999	$ 469,872	10	8	7	2.254	4.08	1.85	8.186	3
Algorithmic underwriting (AI bias)	$ 64,841,263	$ -	$ (1,935,406)	6	1	1	1.3524	0.51	0.26	2.127	17
Customer characteristics	$ 78,342,863	$ 6,003,152,377,495	$ 715,835	8	9	8	1.8032	4.59	2.12	8.510	1
Financial capability	$ 17,844,180	$ -	$ -	1	1	5	0.2254	0.51	1.32	2.058	18
Health capability/awareness	$ 10,878,877	$ 3,692,000,000.00	$ 1,359,946	1	7	10	0.2254	3.57	2.65	6.441	9
Human rights	$ 104,880,238	$ 2,800,000,000.00	$ 610,507	10	6	7	2.254	3.06	1.85	7.166	5
Lifestyle behavior	$ 65,904,668	$ 5,884,047,719,298	$ (579,425)	6	9	3	1.3524	4.59	0.79	6.736	8
Bribery & corruption	$ 102,987,151	$ 3,600,000,000.00	$ -	10	7	5	2.254	3.57	1.32	7.147	6
Insurance fraud	$ 12,008,347	$ 561,090,909,091	$ -	1	5	5	0.2254	2.55	1.32	4.098	14
Money laundering	$ 65,614,889	$ 1,870,000,000.00	$ -	6	6	5	1.3524	3.06	1.32	5.735	10
Personal data breach	$ 68,683,258	$ 17,835,000,000	$ (518,195)	7	4	3	1.5778	2.04	0.79	4.412	13
Poor corporate governance	$ 103,137,114	$ -	$ 1,728,164	10	1	10	2.254	0.51	2.65	5.410	11
Poor product or service quality	$ 14,477,353	$ -	$ -	1	1	5	0.2254	0.51	1.32	2.058	18
Tax evasion	$ 8,424,515	$ -	$ -	1	1	5	0.2254	0.51	1.32	2.058	18
Tax efficiency	$ 63,633,018	$ -	$ 445,591	6	1	7	1.3524	0.51	1.85	3.715	15

■ Environment ■ Social ■ Governance

Premium VS Investment		Internal VS External		Weight Table		
Premium (X)	46	Internal (X+Z)	49	X	22.54%	
Investment (Z)	54	External (Y)	51	Y	51.00%	
				Z	26.46%	

Materiality Ranking	ESG Factors
1	Customer characteristics
2	Climate change
3	Unsustainable practices
4	Environmental degradation(pollution)
5	Human rights
6	Bribery & corruption
7	Ecosystem imbalance (biodiversity loss)
8	Lifestyle behavior
9	Health capability/awareness
10	Money laundering
11	Poor corporate governance
12	Antimicrobial and antibiotic resistance
13	Personal data breach
14	Insurance fraud
15	Tax efficiency
16	Infectious diseases (pandemic)
17	Algorithmic underwriting (AI bias)
18	Financial capability
19	Poor product or service quality
20	Tax evasion

Material ESG Factors for Better Life Insurance: Y (Externalities) as Bubble

● Environment
● Social
● Governance