

## **CORPORATE GOVERNANCE REPORT**

### **As at 31 March 2023**

The Board of Directors (the “Board”) and Management of Singapore Life Holdings Pte. Ltd. (the “Company”) and its subsidiaries (the “Group”) are committed to high standards of corporate governance in its dealings with all stakeholders, including policyholders.

Prior to 1 July 2022, the Company adopted the corporate governance practices that conformed to the Insurance (Corporate Governance) Regulations 2013 and any exemptions thereto, as well as the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore issued by the Monetary Authority of Singapore (“MAS”) on 3 April 2013.

With effect from 1 July 2022, the Company has been designated as a Financial Holding Company under Section 4(1) of the Financial Holding Companies Act 2013. The Company has adopted the corporate governance practices that conform to the Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022 (the “FHC CG Regulations”), as well as the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore issued by MAS on 9 November 2021.

This corporate governance report (the “Report”) sets out the corporate governance practices for financial year (“FY”) 2022.

### **BOARD MATTERS**

#### **Principle 1: The Board’s Conduct of Affairs**

**The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.**

The primary function of the Board is to provide entrepreneurial leadership and direction within a framework of prudent and effective controls which enable risks to be assessed and managed. The Board is responsible for organising and directing the affairs of the Company in a manner that is most likely to meet the Company’s objectives and promote the long-term success of the Company for the benefit of its shareholders. This is done in a way that is consistent with its constitution (the “Constitution”), applicable regulatory requirements and current corporate governance practices and to safeguard customers’ interests.

The Board’s Terms of Reference (“TORs”) set out its role and responsibilities as well as reserved matters requiring its approval. These include business plans, appointments or terminations of any member of Senior Management, material litigation, guarantees, capital expenditure, financing, shareholder transactions, risk management, target solvency ratio and brand.

The Board ensures that corporate governance frameworks and systems are in place across the Group and that they remain relevant and effective.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company. Directors with conflicts of interest recuse themselves from discussions and decisions involving these issues of conflict.

The respective TORs of the Board and the Board Committees give clear guidelines on matters which require the Board’s or Board Committees’ approval, as well as matters for which the Board or Board Committees must be informed on a regular basis.

#### **Board Committees**

The Board has established a separate Audit Committee (“AC”), Risk Committee (“RC”), Sustainability Committee (“SC”), Nominating Committee (“NC”) and Remuneration Committee (“RemCo”) with

clear written TORs, to assist in carrying out more effectively, its oversight of the operations and business affairs of the Group. The SC was established on 15 August 2022. The Digital and Technology Committee (“DTC”) had been discontinued from 1 September 2022 and the overseeing role of the development and execution of the Company’s digital and technology strategy had been undertaken by the Board. The Board Committees are also actively engaged in assisting the Board to ensure compliance with good corporate governance practices. The chairpersons of these Board Committees report on the decisions and significant matters discussed at the respective Board Committees to the Board on a quarterly basis. The duties and responsibilities of the various Board Committees are set out in the Report. The Board may form other Board Committees from time to time. The composition and details of the principal duties and responsibilities of the Board Committees are set out in the Report.

### Board/Board Committee Meetings and Attendance

The Board and Board Committees meet at least four times a year to review the performances of the business and of executive officers<sup>1</sup> (the “Executive Officers”), key activities and to consider business proposals of a significant nature. At the request of any Director, the secretary of the Company (the “Company Secretary”) may call an additional Board or Board Committee meeting as and when necessary. The Constitution permits Directors to participate via audio or video conference.

The Board meets at least annually to review and deliberate on strategy with Senior Management. There were three strategy meetings held in FY 2022 during which the Board and Senior Management held in-depth discussions and the Board endorsed the Company’s strategic direction and objectives.

The table below sets out the number of meetings of the Board and Board Committees held by the Company and attended by each Director throughout 2022.

	Board	Strategy Update	AC	RC	DTC <sup>(i)</sup>	SC <sup>(ii)</sup>	NC	RemCo
<b>No. of meetings held in 2022</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>4</b>
Raymond Ferguson	5 out of 5	3 out of 3	-	-	4 out of 4	-	4 out of 4	4 out of 4
Pearlyn Phau <sup>(iii)</sup>	5 out of 5	3 out of 3	-	-	-	-	-	-
Dr Teh Kok Peng	5 out of 5	3 out of 3	-	-	-	-	4 out of 4	4 out of 4
Dato’ Dr Nirmala Menon	5 out of 5	2 out of 3	6 out of 6	6 out of 6	4 out of 4	1 out of 1	-	-
Maya Hari	4 out of 5	2 out of 3	-	-	4 out of 4	1 out of 1	4 out of 4	4 out of 4
Shirish Apte	5 out of 5	3 out of 3	6 out of 6	6 out of 6	4 out of 4	-	-	-
Yap Chee Keong	5 out of 5	3 out of 3	6 out of 6	6 out of 6	-	-	-	-
Mel Carvill <sup>(iv)</sup>	4 out of 4	2 out of 2	4 out of 6	2 out of 2	-	1 out of 1	2 out of 3	2 out of 3
Dominic Picone	5 out of 5	3 out of 3	-	5 out of 6	4 out of 4	-	4 out of 4	4 out of 4
Lord Michael Spencer <sup>(v)</sup>	2 out of 2	1 out of 1	-	-	-	-	-	-
Kenji Yoneda	5 out of 5	3 out of 3	6 out of 6	6 out of 6	-	-	4 out of 4	4 out of 4
Randy Lianggara	5 out of 5	3 out of 3	-	-	4 out of 4	-	4 out of 4	4 out of 4

<sup>(i)</sup> Discontinued with effect from 1 September 2022

<sup>(ii)</sup> Established with effect from 15 August 2022

<sup>(iii)</sup> Attended all Board and Board Committee meetings

<sup>(iv)</sup> Appointed as Independent Non-Executive Director on 21 February 2022

<sup>(v)</sup> Appointed as Non-Executive Director on 1 July 2022

<sup>1</sup> Executive officers refer to the Group CEO, the direct reports of the Group CEO on the Company’s Executive Committee, and the direct reports of the Group CEO, who perform control job functions as defined by the FHC CG Regulations. Any employee directors would be expected to fall within this definition.

### **Induction and Continuous Professional Development**

Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Onboarding Pack (which includes information on a broad range of matters relating to the role, duties and responsibilities of a Director). Newly appointed Directors are inducted into the Company and briefed on its structure and principal activities, strategies, responsibilities of key management personnel, financial and governance practices. They are also issued with the Constitution, Board and Board Committees TORs and are expected to be familiar with the terms and the Company's corporate governance principles.

All Directors are given continuous professional training, funded and arranged by the Company, to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and the Board Committees effectively. The Company has in place a training framework which includes mandatory training in areas such as Financial Crime and Information & Cyber Security, and supplementary training in areas such as sustainability, risk & regulatory and industry-specific; to be provided to the Directors to guide and support the Company towards meeting the objective of having a Board that comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their duties and responsibilities. Throughout their tenure in office, Directors are also regularly updated on the Company's businesses and the regulatory and industry specific environment in which the Company operates. Directors are encouraged to attend training and professional development programmes which include forums and dialogues with experts and senior business leaders on issues facing boards and board practices.

### **Access to Information**

The Board is provided with relevant information on a timely basis prior to Board and Board Committee meetings. This enables Directors to make informed decisions to discharge their duties and responsibilities. In addition to receiving complete, adequate and timely information on Board affairs and issues requiring the Board's decision, the Board also receives information on an ongoing basis.

Management provides the Board with ongoing reports relating to the operational and financial performance of the Company, as well as updates on market developments and trends. In line with the Company's ongoing commitment to minimise paper waste and reduce its carbon footprint, Board papers and related materials are uploaded onto a secure online portal at least one week prior to each Board or Board Committee meeting, to allow Directors to prepare for the meetings and to enable discussions to focus on any questions or issues that they may have or identify. This initiative enhances information security as the papers are made available through an encrypted system.

Directors have direct access to the Company Secretary and to Senior Management at all times. Directors also meet regularly with Senior Management where appropriate.

The Company Secretary supervises and advises the Board on all governance issues, corporate and administrative matters, as well as facilitates orientation of new Directors and assists with professional development of existing Directors as required. She is also responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution and applicable laws and regulations are complied with. The Company Secretary assists the Chairman in ensuring good information flows within the Board and its Board Committees.

The Company Secretary or secretary of the respective Board Committees attends all Board and Board Committee meetings and prepares minutes of proceedings. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Directors have the right to seek independent professional advice as and when necessary to enable them to discharge their duties.

## **Principle 2: Board Composition and Guidance**

**The Board has an appropriate balance of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

### **Board Composition and Independence**

The Board comprises:

Mr Raymond Ferguson (Chairman and Independent Non-Executive Director)  
Ms Pearlyn Phau (Executive Director and Group CEO)  
Dr Teh Kok Peng (Independent Non-Executive Director)  
Dato' Dr Nirmala Menon (Independent Non-Executive Director)  
Ms Maya Hari (Independent Non-Executive Director)  
Mr Shirish Apte (Independent Non-Executive Director)  
Mr Yap Chee Keong (Independent Non-Executive Director)  
Mr Mel Carvill (Independent Non-Executive Director) (appointed on 21 February 2022)  
Mr Dominic Picone (Non-Executive Director)  
Lord Michael Spencer (Non-Executive Director) (appointed on 1 July 2022)  
Mr Kenji Yoneda (Non-Executive Director)  
Mr Randy Lianggara (Non-Executive Director)

The Board conducts a review and determines the independence of its Directors on an annual basis. Under the FHC CG Regulations, an independent Director in the Company is one who is (i) independent from any management and business relationships with the Group; (ii) independent from any substantial shareholder of the Company; and (iii) has not served on the Board a continuous period of nine years or longer. Each Director is required to abstain from the deliberations of the NC and the Board respectively as to his/her own independence.

Under the FHC CG Regulations, the Board is required to be formed from a majority of independent Directors. The NC determines annually whether a Director is independent. The NC has determined that seven out of 12 Board members of the Company are Independent Directors and they are Mr Raymond Ferguson, Dr Teh Kok Peng, Dato' Dr Nirmala Menon, Ms Maya Hari, Mr Shirish Apte, Mr Yap Chee Keong, and Mr Mel Carvill. No alternate Director is appointed. Key information regarding Directors is available on the Company's website [www.singlife.com](http://www.singlife.com). The Board is of the view that the current Board and its Board Committees are able to facilitate effective decision-making, taking into account the scope and nature of the operations of the Group.

The Directors bring a wide range of commercial and financial experience to the Board. Together, they possess competencies in finance, business/management, actuarial science and strategy. The Non-Executive Directors constructively challenge and help develop the Company's strategy. They also review business performance, including the performance of Senior Management, against the agreed goals and objectives. The Board has adopted a Board Diversity Policy which sets out the Group's approach to diversity on the appointment and composition of the Board. The Board, through its NC, assesses the diversity of its members' competency profiles, including gender representation, and determines the collective skills required for the Board and the Board Committees to discharge their responsibilities effectively.

The Board, through its NC, is of the view that the current Board and Board Committees are of an appropriate size to facilitate effective decision-making, taking into account the scope and nature of the operations of the Company and the Group.

## **Principle 3: Chairman and Chief Executive Officer**

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The roles and responsibilities of the Chairman and Group Chief Executive Officer ("CEO") are separate and distinct and are set out in the Board approved TORs.

The Chairman is an Independent Director responsible for the leadership of the Board, the management of Board meetings and the business undertaken at the Board meetings. His principal responsibilities include approving the agenda of the Board meetings, monitoring the quality and timeliness of the flow of information to the Board, and promoting effective communication and constructive relationships between the Board and Senior Management.

The Group CEO is an Executive Director responsible for the overall management of the Company and the implementation of the Company's strategies and plans, as well as the oversight of the day-to-day operations of the Company. She is assisted by Senior Management, which comprises the Group Executive Committee and Operating Committee, in the execution of these responsibilities.

The Board has not appointed a lead Independent Director as the Chairman and the CEO are separate individuals. Although the Board does not have a lead Independent Director, the Independent Directors make up more than half of the Board. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision making in the best interests of the Company. The Independent Directors are available to shareholders as a channel of communication between shareholders and the Board and/or Senior Management. Lead by the Chairman, the Independent Directors meet at least annually without the presence of the other Directors and Management.

#### **Principle 4: Board Membership**

**The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.**

#### **Process for Appointment of New Directors**

The Company has established the NC to make recommendations to the Board on all appointments. The NC comprises Mr Raymond Ferguson (Chairman), Dr Teh Kok Peng, Ms Maya Hari, Mr Mel Carvill (appointed on 21 February 2022), Mr Dominic Picone, Mr Kenji Yoneda and Mr Randy Lianggara. The majority of the NC members, including the Chairman, are Independent Directors.

The NC identifies candidates and reviews nominations for appointment or re-appointment and determining the criteria applied in identifying a candidate. Issues to be considered for appointment or re-appointment include composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director.

In addition, the NC further determines the proposed candidate's independence and ensures that the proposed candidate would satisfy the criteria under the applicable requirements so that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the NC. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

Directors may serve on multiple boards, if they are able to demonstrate satisfactory time commitment to their roles at the Company.

The NC reviews and considers the appointment and resignation of Directors, Group CEO, Group Chief Financial Officer ("GCFO"), Group Chief Risk Officer ("GCRO"), Appointed Actuary and Certifying Actuary and other Senior Management candidates as defined by its TORs.

The NC evaluates the balance of skills, knowledge and experience of the Board and Senior Management and identifies the roles and capabilities required, taking into account the environment in which the Company operates. The NC had assessed and concluded that the Board and the Board Committees did not lack any skills to perform their roles effectively.

The NC is also responsible for the oversight of succession planning for executive officers to achieve the Company's current and future strategy.

#### **Principle 5: Board Performance**

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.**

It is intended that the evaluations of the Board, Board Committees and Directors are conducted annually by the NC. Each Director is expected to evaluate the performance of the Board and its Board Committees, the contribution by the Chairman and hold them to account. It is also intended that the assessment of the contributions of individual Directors to the effectiveness of the Board is performed annually. A member of the NC would recuse himself or herself when the NC deliberates upon his or her performance. It is intended that the evaluation and assessment be conducted through questionnaires electronically. The results and findings of the evaluation and assessment will be consolidated for the NC's deliberation and recommendation to the Board.

### **REMUNERATION MATTERS**

#### **Principle 6: Procedures for Developing Remuneration Policies**

**The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.**

The Board has established a RemCo which makes recommendations to the Board on the overall remuneration policy for the Company and the employment, remuneration, reward and benefits of the Company's Executive Officers.

The RemCo comprises Dr Teh Kok Peng (Chairman), Mr Raymond Ferguson, Mr Mel Carvill (appointed on 21 February 2022), Ms Maya Hari, Mr Dominic Picone, Mr Randy Lianggara, and Mr Kenji Yoneda. The majority of the RemCo members, including the Chairman, are Independent Directors, to ensure that the Company's remuneration policy does not give rise to conflicts of interest between the Company's objectives and the remuneration of Executive Officers. In addition, the RemCo includes at least one member from the Company's RC, to ensure that remuneration practices do not create incentives for excessive or inappropriate risk taking.

#### **Development of Policies and Approval of Executive Officers' Remuneration Outcomes**

The RemCo approves the remuneration framework for the Executive Officers, which includes:

- approach to base pay on appointment and promotion;
- executive benefits, including cash allowances and benefits-in-kind;
- the bonus framework for rewarding Executive Officers for delivering short-term objectives; and
- the long-term incentive, which aligns Executive Officers to the Company's long-term interests.

The remuneration framework for Executive Officers is formulated to ensure that Executive Officers are compensated in line with their individual performance and the performance of Company. It is designed to incentivize the achievement of the Company's short to mid-term business plans and the Company's long-term strategic goals, underpinned by the Company's Purpose and Values, all within a framework of prudent and responsible risk management. The Executive Officers are expected to achieve both financial and non-financial objectives, which are agreed with the Board every year.

The RemCo endorses Executive Officers' pay outcomes annually and determines packages upon hire. It also endorses the remuneration packages for Independent Directors.

## External Advisors

The RemCo does not have an appointed independent advisor. During 2022, the RemCo received ad-hoc external support from the following list of advisors, all of whom are considered independent:

Name of advisor	Advice provided
Willis Towers Watson	Benchmarking information
Aon McLagan	Benchmarking information
Mercer	Benchmarking information

## Termination Packages for Executive Officers

Executive Officers who leave the Company by means of (i) resignation or poor performance, or (ii) who are dismissed, do not receive termination payments. Executive Officers whose roles are made redundant are offered a non-contractual payment for loss of office on the same terms as other employees.

## Principle 7: Level and Mix of Remuneration

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.**

## Overall Level of Remuneration for Independent Directors

The Company's major shareholders have appointed representatives on the Company's RemCo. This ensures that decisions related to remuneration of the Company's Executive Officers are disclosed to major shareholders, including:

- the total annual remuneration of the Company's Executive Officers, broken down by the various elements of pay (base salary, benefits, and annual bonus);
- the Company's performance and how this translates to Annual Bonus outcomes, including a summary of the metrics used to determine performance, both at the Company and individual level; and
- the Company's approach to the allocation of long-term incentives under the Company's MEIP.

The remuneration of the Independent Directors is disclosed to the Board, which includes representatives of each of the Company's shareholders.

## Overall Level of Remuneration for Executive Officers

The Company offers remuneration packages to Executive Officers at a level needed to recruit and retain individuals with appropriate skills and experience. Base salaries are reviewed annually with changes effective on 1 April each year. Key factors influencing increments are overall affordability, external market data, and internal equity. The Company benchmarks Executive Officers' salaries against the Insurance, Banking and High-Tech sectors. The Company targets salary positioning around the median of these sectors, considering the candidate's experience and expertise. The level and structure of remuneration is continually reviewed to ensure that it meets the long-term strategic objectives and financial performance of the Company.

## Linking Executive Officers' Remuneration Outcomes to Corporate and Individual Performance

A significant portion of the remuneration package for Executive Officers is linked to Company and individual performance, through the Annual Bonus and Management Equity Incentive Plan ("MEIP").

### Annual Bonus

The on-target bonus for Executive Officers ranges from 45% of salary (for the less senior Executive Officers) and rises to 100% of salary for the Group CEO. The overall bonus pool for 2022 was

determined based on Embedded Value and Value of New Business performance metrics, with a quality of earnings underpin which incorporated Risk, Digital, People and EGS metrics. This approach was developed with the Board and the Company’s shareholders to ensure that remuneration outcomes are aligned with the interests of shareholders and promote the long-term success of the Company.

For 2023, a balanced scorecard approach has been agreed upon.

Allocations from the bonus pool were made by the Group CEO (for the other Executive Officers) and the Chairman (for the Group CEO) based on the achievement of personal objectives linked to each Executive Officer’s area of work. These recommendations are reviewed and endorsed annually by the RemCo prior to payment.

Management Equity Incentive Plan

The MEIP is a long-term incentive plan for critical executive level management. MEIP awards have a five-year time horizon, with tranches vesting annually. Awards are option based, so that Executive Officers only benefit from the MEIP if the Company’s valuation increases between the time of grant and the vest date, strongly aligning Executive Officers to shareholders’ interests. In addition, to further align Executive Officers to shareholders’ interests, 50% of the options are subject to an Embedded Value performance condition. The remaining 50% of options are subject to time-based vesting conditions.

**Principle 8: Disclosure on Remuneration**

**The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

**Remuneration of Independent Directors**

The Company’s Independent Directors are paid Directors’ fees which are reviewed regularly. Considerations such as the Director’s effort, time spent, and responsibilities are considered during the review.

Role		All-in (US\$)	Annual retainer (S\$)
Board Chairman		300,000	-
Board		-	100,000
First Board Committee	Member	-	40,000
Additional Board Committee	Member	-	20,000
Board Committee	Chairman – AC and RC	-	40,000
	Chairman – SC, NC and RemCo	-	20,000
Attendance fee for each Board and/or Board Committee meeting		-	3,000

**Remuneration of Executive Officers**

After careful consideration, the Company has decided not to publicly disclose information on the remuneration of Executive Officers. The Company is of the view that the disadvantages to its business interests would far outweigh the benefits of such disclosure, in view of the disparities in remuneration in the industry and the competitive pressures that are likely to result from such disclosure.

None of the Directors or the Group CEO of the Company had immediate family members who were employees of the Company in 2022. As the Company’s substantial shareholders are not individuals, the requirement to disclose the remuneration of employees who are immediate family of substantial shareholders is not applicable.



## **ACCOUNTABILITY AND AUDIT**

### **Principle 9: Risk Management and Internal Controls**

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

The Board is responsible for promoting the long-term success of the Company for the benefit of shareholders, as well as other stakeholders including employees and customers. This includes ensuring that an appropriate system of risk governance is in place throughout the Company. To discharge this responsibility, the Board has established frameworks for risk management and internal controls using a ‘three lines of defence’ model and reserves for itself the setting of the Company’s risk appetite.

The Company has established the RC to assist the Board in its oversight of risk, reviewing the Company’s risk appetite and risk profile, reviewing the effectiveness of the Company’s risk management framework, reviewing the scenarios and stress tests used to assess economic and regulatory capital and liquidity, ensuring due diligence appraisals are carried out on strategic or significant transactions, and monitoring the Company’s regulatory requirements. The RC comprises Mr Yap Chee Keong (Chairman), Mr Dominic Picone, Dato’ Dr Nirmala Menon, Mr Kenji Yoneda, Mr Shirish Apte and Mr Mel Carvill (appointed on 1 September 2022). The majority of the RC members, including the Chairman, are Independent Directors.

The RC also considers the appointment or resignation of the GCRO prior to putting its recommendation to the Board, and participates jointly with the Group CEO in determining the objectives of the GCRO and evaluating his/her overall performance and levels of achievement.

The risk management function (the “Risk Function”) is led by the GCRO who reports regularly to the RC and the Board. At least once a year, and at any other time as the RC shall see fit, the RC meets separately with the GCRO and the other RC direct reports without the presence of Management.

In-depth monitoring of the establishment and operation of prudent and effective controls in order to assess and manage risks associated with the Company’s operations is delegated to the RC. However, the Board retains ultimate responsibility for the Company’s risk management and internal controls systems and has reviewed their effectiveness for FY 2022.

A robust assessment was conducted by the RC on the key and emerging risks facing the Company, including threats to its business model, strategy, future performance, solvency and liquidity.

The frameworks for risk management and internal controls play a key role in the management of risks that may impact the fulfilment of the Board’s objectives. They are designed to identify, assess and manage, rather than eliminate, the risk of the Company failing to achieve its business objectives and can only provide reasonable and not absolute assurance against material misstatement or losses. These frameworks, which are regularly reviewed by the Board, were in place for FY 2022.

Based on internal controls established and maintained by the Company, independent assessments performed by internal and external auditors, as well as reviews performed by Management, the RC and the AC, the Board is of the view that the internal controls and risk management systems currently in place were adequate for FY 2022. The Board has received assurance from the Group CEO and the GCFO that the Company’s risk management and internal control systems are effective, the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances.

### **Risk Management**

The Company seeks to optimise its performance, subject to remaining within risk appetite and meeting the expectations of stakeholders, employees and customers. This is achieved by embedding rigorous and consistent risk management across the Company. The Group Risk Management Policy (“RMP”), which

is approved by the Board, outlines the Company's risk strategy, risk management principles, risk appetite, culture, governance arrangements, accountabilities of the three lines of defence, as well as the enterprise-wide approach to managing risks. In addition, the Company has adopted an Integrated Assurance Framework ("IAF") which ensures that there is a robust process for identifying and prioritising key risks, defining and evaluating controls, monitoring risk trends, assessing risks against appetite and reporting or escalating key risks which it currently is or could be exposed to.

#### Risk Appetite

The Company's risk appetite is reviewed annually and approved by the Board. It outlines the type of risks that the Company selects and manages in the pursuit of returns, the risks it accepts but seeks to minimise, and the risks that it aims to avoid or transfer away. The risk appetite framework comprises the overarching risk appetite statements, the risk preference and the operating risk appetite/tolerance. Material risks are retained where consistent with the Company's risk appetite framework and its philosophy towards risk-taking. The Company's current approach is to accept risks where it believes it can manage well and generate adequate returns from, and/or where it can control the risk within its appetite with effective operational controls.

#### Risk Management Processes

The Company has robust risk management processes, which enable it to identify, measure, monitor, manage and report on key and emerging risks which may impact its business strategy, achievement of financial targets, solvency position, liquidity, and regulatory and reputational risks. The risk management framework is supported by a set of policies and standards which set out the mandatory control requirements. The IAF provides the robust processes to ensure the Company adequately manages and controls the key risks consistent with the approved risk appetite.

#### Risk-Based Decision Making

For all material business propositions, the business owners must identify and document the key risks and risk mitigating actions and assess the residual risk exposure against the risk appetite. All material business propositions must be supported by an independent GCRO opinion to the Board for decision making. Examples of material business propositions include business acquisitions, new distribution arrangements, changes to the target capital level, changes to reinsurance strategy, changes to the strategic asset allocation, material outsourcing arrangement and major information technology changes initiatives.

#### Risk Culture

The Company's culture underpins all aspects of the risk management framework. The effectiveness of risk management and internal controls will depend on the judgements, decisions and actions of its employees. Their judgements, decisions and actions are shaped by the Company's values and culture as much as the strategies, policies, tools, governance arrangements and processes defined in this framework. The Board requires Management to maintain a healthy and sustainable risk culture which helps the Company's employees to practise good risk management day to day, driving decisions that appropriately balance risk and reward, and ensuring that good customer outcomes are achieved. All Senior Managers and Material Risk Personnel have risk and control goals included in their individual annual performance goals.

#### Risk & Control Function

The Risk Function supports the business to develop fit-for-purpose risk management processes and systems, provide review and challenge the adequacy of risk management and controls and provide independent risk opinions to support decision making. The Risk Function ensures that all key risks are captured in the enterprise risk register and monitors the key risk positions against the approved risk appetite. The GCRO provides a risk report to the RC on a quarterly basis.

#### **Internal Controls**

The Company has in place a robust operational risk and control framework which includes the conduct of regular self-assessment of key operational risks and controls. The framework ensures clear Senior

Management ownership and accountability of identified risks and key controls across all core business functions. Regular reports on the control environment are presented to the AC for review by Line Management. In addition, the Company has in place a compliance framework that ensures ownership and compliance with regulatory obligations. A review of the effectiveness of controls is carried out by internal and external auditors, with recommendations provided to the AC. In turn, the AC provides oversight on processes developed to address these recommendations in a timely manner.

The AC believes that the system of internal controls (which covers financial, operational, compliance and information technology controls) and risk management systems provide adequate assurance against material financial, operational and compliance risks for FY 2022.

#### **Principle 10: Audit Committee**

##### **The Board has an Audit Committee which discharges its duties objectively.**

The Board has established an AC which is responsible for monitoring the integrity of the Company's financial statements, effectiveness of its internal controls system, as well as adequacy, effectiveness, performance, independence and objectivity of its internal and external auditors.

The AC comprises Mr Shirish Apte (Chairman), Dato' Dr Nirmala Menon, Mr Yap Chee Keong, Mr Mel Carvill and Mr Kenji Yoneda. All of the members are Non-Executive Directors and majority of whom, including the Chairman, are Independent Directors.

The AC also makes recommendations to the Board on the appointment, re-appointment, terms of engagement and remuneration of the Company's external auditors.

For FY 2022, the aggregate amount of fees, including those relating to non-audit services paid to the external auditors was deemed not significant. The AC reviews the volume and nature of non-audit services provided by the external auditors annually to ensure that their independence and objectivity have not been impaired by the provision of those services.

At least once a year, and at any other time as the AC shall see fit, the AC meets separately with the Group Head of Internal Audit ("Group Head of IA"), GCFO and external auditors without the presence of Management.

The Company has an independent confidential reporting channel to support its whistleblowing process. Employees may, anonymously or in confidence, raise concerns about possible improprieties, whether in financial reporting or other matters. The Company does not tolerate retaliation against employees who speak out and employees will be protected when they speak out. The AC oversees and monitors the implementation of the whistle-blowing policy.

#### **Internal Audit**

The internal audit ("IA") function is a group-wide function reporting to the AC Chairman. IA's purpose is to assist the Board, AC and Senior Management to protect the assets, reputation and sustainability of the Group by providing independent and objective assurance designed to add value and improve the Group's operations. IA does this by evaluating and reporting on the effectiveness of the governance, risk management and internal controls, and assessing whether significant risks are appropriately identified, adequately managed, and appropriately reported by the Management and Risk Function to the Board and Senior Management.

IA adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including financial, operational, technology, cyber, legal and compliance, and strategic risks. The AC monitors, reviews and approves the annual IA plan, and approves the IA headcount to ensure that IA has sufficient skills and resources to discharge its responsibilities.

The Group Head of IA is responsible for managing the performance of the IA function for the Group and for the operation of the whistleblowing policy. In consultation with the Company's Group CEO, the AC recommends the appointment, dismissal and succession of the Group Head of IA to the Board, and the evaluation of his/her levels of achievement and remuneration.

IA has direct and unrestricted access to the chairmen of the Board, AC and RC. Further, IA has full, free and unrestricted access to all activities, documents, records, property and personnel to carry out its work. IA will adhere to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, which are the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. IA undertakes its work in accordance with the audit methodology to ensure effective audit work is carried out.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Principle 11: Shareholder Rights and Conduct of General Meetings**

### **Principle 12: Engagement with Shareholders**

**The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

The Company treats all shareholders fairly and equitably to enable them to exercise shareholders' rights. It also recognises that regular, effective, timely and fair communication with its shareholders is essential to enable them to make informed decisions about the Company. The Company ensures that timely and adequate disclosures of material information are available to its shareholders.

The Board decides whether dividends are to be paid to the shareholders, after taking into consideration the capital required for the execution of the Company's business plans.

The Company encourages greater shareholder participation at general meetings of shareholders, to allow shareholders the opportunity to communicate their views on various matters affecting the Company. Minutes of general meetings would be prepared including substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These are made available to shareholders upon their request.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Principle 13: Engagement with Stakeholders**

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.**

### **Strategy & Stakeholders**

The Company's purpose is to be the better way to financial freedom, which is supported across the five key strategic pillars: Customer Centricity, Next-Gen Products and Services, Digital Enablement, Future-Ready Talent, and Sustainable Practices. This is underpinned by the Company's five values: Agility, Collaboration, Empathy, Innovation and Trust (ACE-IT).

Over the next five years, the Company aims to be a regional financial services company, with Singapore at the core. It's five-year plan focuses on serving its priority customer segments with relevant products and propositions through an omni-channel distribution approach.

Its yearly business plan and strategy will be refreshed on an ongoing basis to ensure the Company is well positioned to respond to the changing market landscape and customer expectations. The Board will then be informed of key strategic priorities aligned to the strategy and provide overall direction.

The Company adopts a proactive and collaborative approach in the engagement of its stakeholders – this includes regulators, customers, employees, distributors, partners, suppliers, and the community within which it operates.

## **ADDITIONAL INFORMATION**

### **Sustainability Committee**

The SC focuses on overseeing the development and execution of the Company's sustainability strategy and reviewing all sustainability initiatives related to environmental, social and governance issues. The SC comprises Ms Maya Hari (Chairperson), Dato' Dr Nirmala Menon and Mr Mel Carvill. All SC members, including the Chairperson, are Independent Directors.

### **Related Party Transactions**

Policies on related party transactions are established across all entities within the Group, including the Company. Material related party transactions are disclosed in Note 26 of the Financial Statements for FY 2022. All related party transactions are conducted on reasonable commercial terms and carried out on an arm's length basis. Directors with conflicts of interest are excluded from the approval process of granting and managing related party transactions. Material related party transactions are reported to the AC for quarterly review.

### **Ethics and Code of Business Conduct**

The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Group. The Company has adopted a Business Ethics Code that sets out the guiding principles and minimum standards expected of its employees. These include adhering to the highest standards of conduct and professional integrity. The Business Ethics Code also provides guidance in areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made and maintaining confidentiality of information. The Business Ethics Code is available on the Company's intranet and is also part of the annual mandatory learning requirements for its employees.

The Company has a suite of policies in place for proper governance and management that employees have to comply with. All policies are prepared in accordance with the Company's risk management and internal control systems and processes, including Management's self-assessment and independent audits.

The Company treats feedback and complaints from its customers seriously and has instituted channels for customers to provide them. The Company aims to resolve feedback and complaints professionally, fairly, promptly and diligently. These complaint handling procedures are clearly communicated to customers.