PRUDENTIAL

Listening. Understanding. Delivering.

# TOGETHER TOWARDS TOMORROW

ANNUAL REPORT 2021

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# ABOUT US

**Prudential Assurance Company Singapore, an indirect wholly-owned subsidiary of UK-based Prudential plc, is one of Singapore's leading life insurance companies. We are one of the market leaders in protection, savings and investment-linked plans, with S$53.3 billion funds under management as at 31 December 2021. In testament to our financial strength, we have an 'AA-' financial strength rating from leading credit rating agency Standard & Poor's.**

We have been serving the financial needs of Singapore for 91 years, delivering a suite of product offerings and professional advisory through our network of more than 5,000 financial consultants and our bank partners.

Our corporate and small and medium-sized enterprise clients benefit from our specialised enterprise business solutions. We also offer a dedicated advice and service-led offering, Opus by Prudential, to our High Net Worth customers.

We care about our close to 1 million customers and are committed to helping them live well for longer by taking care of their health and wealth needs. Our 1,200 employees make it their goal to create the best customer experiences and to help people get the most out of life.

# CEO'S STATEMENT

## Together towards tomorrow

Prudential Singapore celebrated its 90th anniversary in 2021. We have come a long way – from our founding in 1931 to serve the needs of a developing country, to reinstating pre-war insurance policies after WWII with no questions asked, and developing into a leading life insurer serving close to a million customers today.

As we progress to the next chapter of Prudential's growth story, our commitment to our customers and the community remains steadfast, just as it has been all through the decades. With the Prudential Group focusing its future on Asia and Africa, Singapore is an important driver of the business. We are well-positioned to leverage on Singapore's status as an important business and high-net-worth (HNW) hub in Asia to accelerate our growth.

The resilience of our business and of our people will ensure that we continue serving our customers through the challenges of the COVID-19 pandemic. Over the last two years, we nimbly pivoted to a virtual sales platform so that our financial consultants can provide advice and insurance solutions from the safety of home. Over 50 % of our sales are now done remotely using this platform. We also invested in expanding our online services and suite of products so that our health and wealth solutions are easily accessible and serve a wide variety of customer needs.

Our investments in technology and the quick pace at which we pivoted to deploy new products and solutions have paid off, with business thriving. Prudential Singapore delivered a strong financial performance in 2021 with New Business Sales of S$999 million, an 18.8 % increase over the previous year. Total funds under management increased 8.1 % to S$53.3 billion.

> **"Prudential Singapore delivered a strong financial performance in 2021 with New Business Sales of S$999 million. Total funds under management increased 8.1% to S$53.3 billion."**

**Dennis Tan**
Chief Executive Officer



Launched

**23** new products

**11** investment-linked funds

**1.3%**

Net customer base growth

Our efforts to innovate and deliver impactful solutions are resonating with customers as our net customer base grew 1.3 % in 2021. Our group insurance business too continued to grow. We added 14 % more enterprise customers to our fold, and we now serve more than 2,600 companies in all.

With our 5,000-strong financial consultant team and strong bank partners in United Overseas Bank (UOB) and Standard Chartered Bank (SCB), we have a solid distribution force that is able to grow our business and serve our customers. Together, we are committed to maintain the trust our customers have in us as a brand that will deliver. This promise is supported by our continued rating as among the strongest insurers in Singapore with our 'AA-' Financial Strength Rating from Standard and Poor's.

## Helping our customers build their financial resilience

The pandemic has had an impact on how Singaporeans plan for their futures. In our latest study, "Re-imagining 100: The pandemic's impact on longevity", we found that economic uncertainty has led to considerable financial stress, with nearly half of the survey respondents (47 %) saying their financial health had deteriorated.

Recognising our part in helping Singaporeans to secure their futures, we have emphasised to our customers that financial planning is crucial in ensuring their financial safety-nets hold. We have bolstered our product offerings to provide an even greater array of options to our customers, to bridge their protection and wealth gaps.

In 2021, we launched 23 new products and 11 investment-linked funds. This included new Investment-Linked Plans (ILPs) such as PRUVantage Assure. It has a first-in-market feature locking in coverage at the peak of the policy value. PRUVantage Assure has been well-received, and we have had good feedback from customers. We have also invested in ILP training and mentorship programmes for our financial consultants, so they can provide timely and relevant advice to customers.

We also launched two new ESG (Environmental, Social and Governance)-themed ILP funds (Global Impact and Global Climate Change) in September 2021 to cater to the needs of the growing 'green generation' of customers who want to invest their money purposefully. This is in line with our aim to invest responsibly at scale, for the long term. We are committed to transitioning to a lower carbon economy, and creating a fair and inclusive transition where no communities are left behind.

## Using digital to help customers take charge of their finances

Increasing the accessibility of our solutions is a key area of focus for us. We broadened our digital footprint to meet our customers' desire for new ways to connect seamlessly with us and to have easy access to financial solutions. Our Pulse ecosystem remains at the heart of our customer engagement efforts. Through Pulse, which is a first-of-its-kind digital health and wellness ecosystem, we are partnering people in their health and wealth journeys.

Pulse gives us multiple capabilities – whether to make a sale, provide health and wealth services, or engage our customers in a meaningful

CEO'S
STATEMENT

way. With increased digital adoption resulting from the pandemic, we are steadily building up our Pulse ecosystem to attract a new generation of customers.

Wealth@Pulse is key to our efforts to help customers take charge of their financial planning. It features various wealth tools designed to make financial planning simple and accessible for all. For more in-depth financial planning conversations, customers can also connect with a Prudential financial consultant through the app, making it a seamless experience for them.

## Preparing our people for the future

To keep pace with our customers' needs, we have invested in the up-skilling and well-being of our employees so they are able to operate our business with efficiency and a keen eye on leveraging future trends. All our employees have access to a wide range of learning options and programmes, especially in important areas such as Artificial Intelligence, Machine Learning, and Customer Experience. All in all, we have clocked in more than 33,000 hours of learning as an organisation in 2021.

**>33,000 hours**
of learning as an organisation

To boost professionalism and enhance the advisory skills of our financial consultants, we launched the Certificate in Financial Needs Analysis and Plan Construction Programme (Cert FPC Programme) in June 2020. This Prudential-customised Programme is certified by the Institute of Banking and Finance (IBF). As of end-2021, over 97 % of our financial consultants have completed the Programme. This common professional standard also applies to new recruits who join us. All this training is to the benefit of our customers who enjoy a high level of advice and service from our consultants.

## Supporting the community with our #DoGood efforts

Our commitment to improve the accessibility of services and support to our customers also extends to our community. We use our resources, manpower and technology to support our non-profit organisations and beneficiaries. As we have existing infrastructure and ability to scale, we are able to make things happen fast, and we are able to react fast in a crisis.

We were able to leverage on our technology advantages to partner with non-profits, and help them manage the disruption caused by COVID-19. For instance, we pivoted quickly to online engagement for our Seniors' Wellbeing Masterclass programme where our volunteers conducted classes for senior beneficiaries on topics such as nutrition, crafts and music. We also conducted virtual fitness and game sessions to help seniors stay active and engaged. In addition, we continued to deliver fresh produce and to provide guidance on preparing healthy meals through the Healthy with KidSTART nutrition programme for young children. Our partners were pleased that we were able to give our beneficiaries a sense of continuity and assurance that we are still there to help throughout the pandemic.

## From thriving to exceeding expectations in 2022

I would like to extend my heartfelt appreciation to the Board, my leadership team, agency leaders and financial consultants, bank partners and colleagues who contributed to our resilient performance in 2021, and for demonstrating unwavering focus in these ever-changing times. I would also like to express my deepest thanks to our customers and shareholders for your continued trust in us.

Prudential Singapore is stepping into 2022 with great confidence, boosted by our strong performance and enduring sense of purpose to help people get the most out of life. Our achievements over the past year reaffirm our capacity to succeed once again. 2020 was about the will to survive the pandemic and in 2021 we found the will to thrive despite it. In 2022, we will surpass expectations again with a fierce will to win.

We will accelerate our growth by seizing the opportunities that arise as the local and global economies recover, balancing profitability and sustainability. We will stand by our principles to build an inclusive workplace, support the community, meet our climate change goals and invest responsibly.

Prudential has a long history in Singapore and we remain committed to partnering Singaporeans on their health, wealth and wellness journey. The pandemic may surface further unexpected challenges, but I am confident that we will forge ahead together, towards a better tomorrow for all.

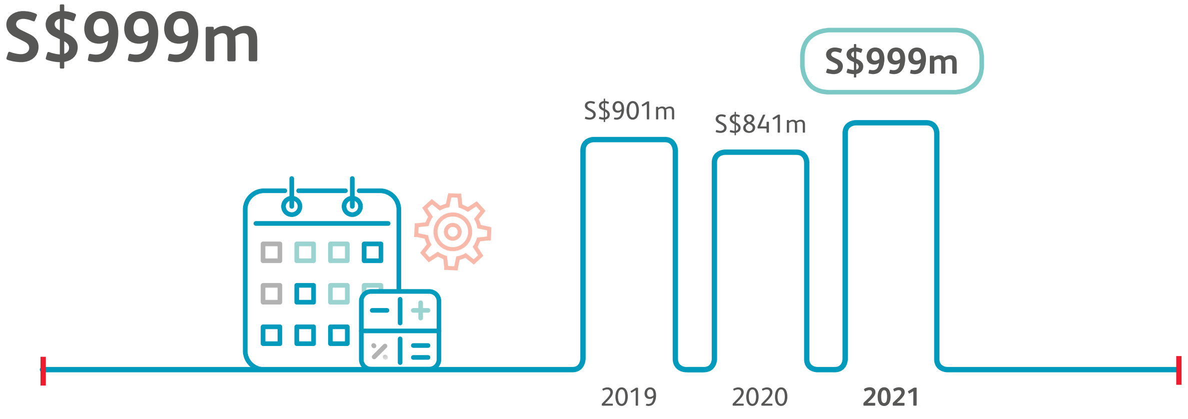
**Dennis Tan**
Chief Executive Officer

# FINANCIAL HIGHLIGHTS



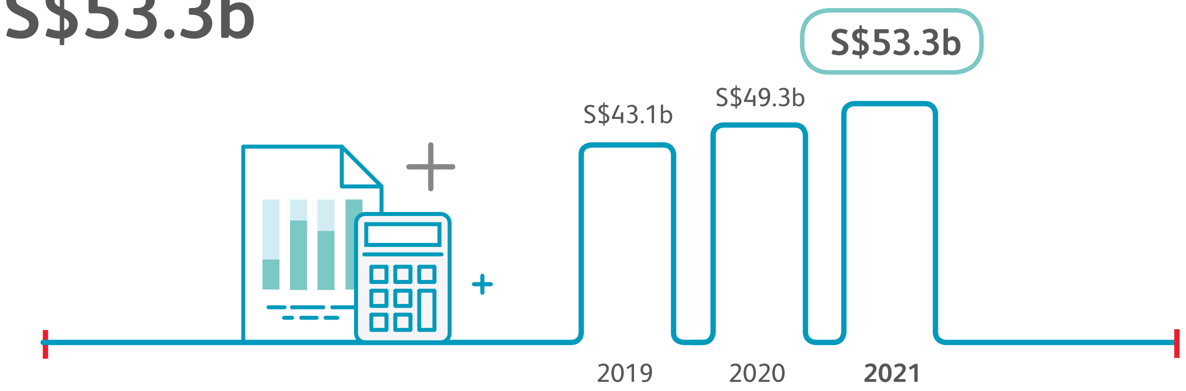
## Annual Premium Equivalent

**S$999m**



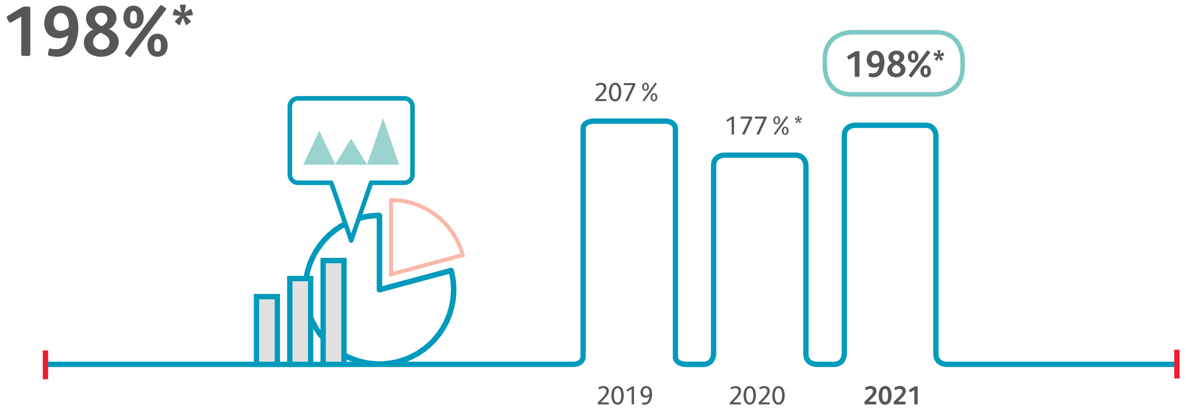

## Total Funds Under Management

**S$53.3b**




## Capital Adequacy Ratio

**198%***




*Effective from 31 March 2021, capital adequacy ratio is computed based on the Monetary Authority of Singapore Risk Based Capital 2 (RBC2) Framework.

OUR BUSINESS

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# TOGETHER TOWARDS TOMORROW



## Prudential is a leading life insurer in Singapore that has been serving the financial and protection needs of its customers for 91 years.

We are led by our purpose to help people get the most out of life and fulfil this by making healthcare accessible and affordable, protecting customers' wealth and growing their assets, and empowering people to save for their goals, especially in light of increasing longevity.

As we head together towards tomorrow, we want to focus on helping our customers and the community prepare for a multi-stage life, so they are confident in their readiness for longer lives.

In our Re-imagining 100: The pandemic's impact on longevity report, nearly half (47 %) of Singaporeans polled said their finances have worsened, and more than a third (35 %) said their mental health has deteriorated since the onset of COVID-19. Recognising this, we want to ensure our customers and the wider community are supported in their longevity journeys, in areas of both health and wealth.

The pandemic has also compressed and accelerated the rate of digital adoption. In the same report, more than half (51 %) of Singaporeans use mobile apps to manage savings and a quarter for insurance – higher than pre-COVID-19 figures.

A critical component of our success thus far is resilience. We continue to build up our resilience in three areas: business, mental and community. Our business performance over the past two COVID-19 years has proved that we are nimble and strong enough to thrive in this challenging environment.

We have nimbly adapted and improved our multi-channel servicing options for customers, to meet the increased demand for virtual service options. For example, we introduced video servicing at our Customer Service Centre, which has been well received. Over 50 % of our sales are now done through PRURemote Advice, a video conferencing and e-signature tool which our over 5,000 financial consultants are equipped with.

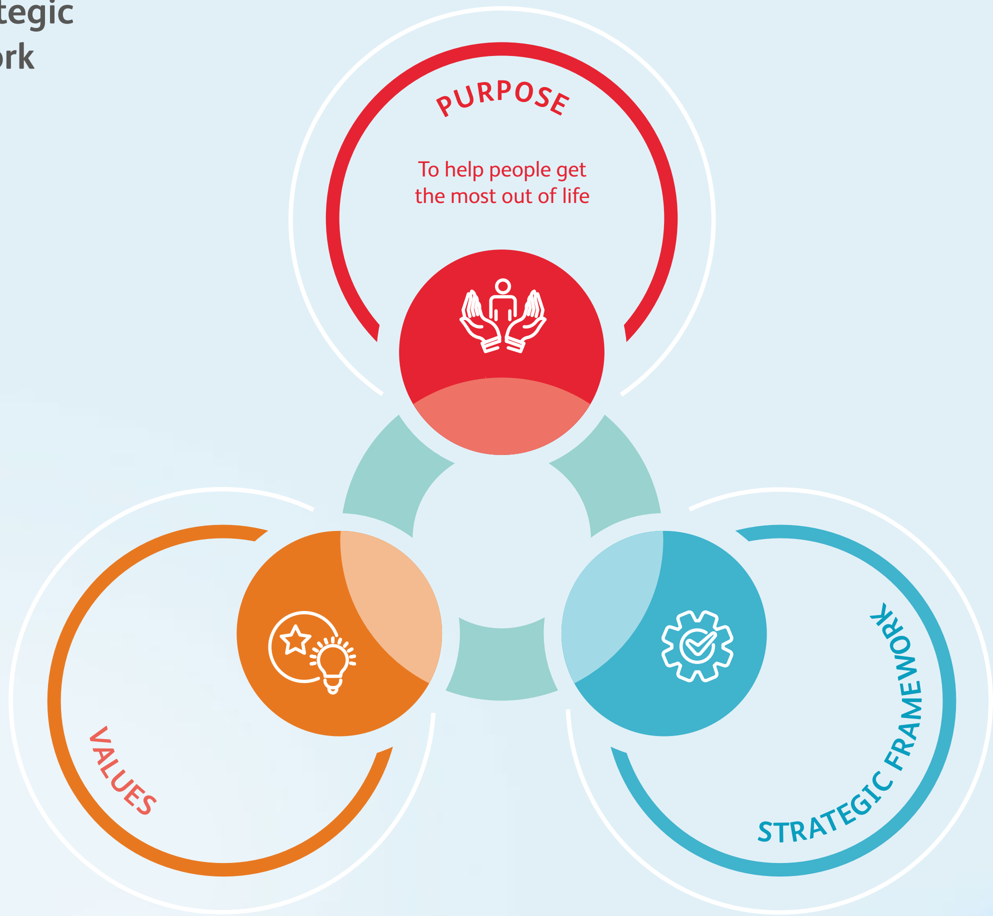
Through Pulse, which is a first-of-its-kind digital health and wellness ecosystem, we are partnering people in their health and wealth journeys. Pulse provides a single platform that gives Prudential multiple capabilities – whether to make a sale, provide health and wealth services, or engage our customers in a meaningful way. Singapore was the first market to launch Wealth@Pulse in July 2021, which features various wealth tools designed to make financial planning simple and accessible for all.

We are dedicated to supporting our nearly one million customers through our suite of protection, medical, savings and retirement insurance solutions, along with professional advice by our team of financial consultants and bancassurance partners.

We are also committed to making a positive impact through long-term relationships with our community partners. When COVID-19 first broke out, our primary objective was to ensure vulnerable groups remained connected while maintaining physical distancing. We pivoted our efforts to virtual engagement with seniors, to help them keep active and mentally engaged and combat social isolation.

We continued delivery of healthy food and grocery items to KidSTART families, as part of our Healthy with KidSTART programme, with close to 1,000 families receiving Health & Wellness packs this year. The nutrition programme for young children provides KidSTART families with fresh produce and resources on healthy eating.

## Our Purpose, Values and Strategic Framework






## Purpose

### To help people get the most out of life

Our purpose is 'why' we exist, and is the driving force for why we do what we do. It is a source of inspiration and direction as we work towards achieving our Strategy, Outcome and Priorities. When everything is aligned, everyone will be able to see what we stand for and who we are as a company.

We fulfil our purpose in three main areas:

**Health**
We want to see people live well, for longer, so we are innovating the future of wellbeing.

**Wealth**
We want to be a force for good, so we are accelerating financial inclusion for people and businesses.

**People**
We are unleashing the collective talent and expertise of our people to reimagine the future of wellbeing.

## Values

Our success is enabled by our values, which represent the best of who we are:

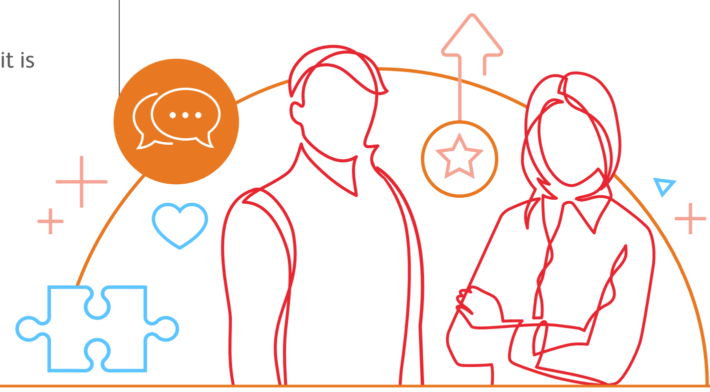
☑ **Curious**
The world is changing faster than ever. No one has all the answers. We are humble and always listen and seek to learn and understand.

☑ **Ambitious**
Our business is competitive. We push ourselves and each other to greatness, but not at all costs. Being a team player and doing the right thing comes first.

☑ **Empathetic**
There's an age-old wisdom in walking a mile in another's shoes. We do that every day, whether it is with our customers or colleagues.

☑ **Nimble**
Being agile and adaptive is trending. We approach our work iteratively, with carefully-designed experiments that help us fail fast and fail forward.

☑ **Courageous**
Prudential's success and culture belongs to all of us – it's our shared legacy. We do the right thing and bring our full selves to work to build it together.



# Strategic Framework

Our strategic framework is a beacon of light that shines the way forward for our business. Lighthouses are symbols of illumination and navigation for sailors out at sea. In the same way, we want to be a beacon of light and trusted partner for our customers, to help them live well and get the most out of life in both good and challenging times.

There are four simple parts to our Strategic Framework:


## One Purpose

**To help people get the most out of life.**

## Two-Pronged Strategy

**Reinforce and Reimagine.**

- Our strategy answers how we achieve our Purpose.
- Reinforce refers to strengthening the foundation and the core of our business that's doing well, while Reimagine takes us over and above to rethink the way we do things and shape the future of insurance.

## Three Broad Outcomes

**Groundbreaking Experiences, Innovative in Health and Wealth, Best in Class People.**

This is what we want people to think about when they see Prudential.

- **Groundbreaking Experiences**
  Advice-led, tailored solutions that help people live well, delivered with a seamless experience across channels.
- **Innovative in Health and Wealth**
  Solutions that help people prevent, protect, postpone the onset of disease and be financially ready for a longer life. Pulse is core to this outcome.
- **Best in class people**
  For our People: #1 employer of choice, that takes care of people and communities.
  For our Financial Consultants: Modern distribution model, focused on productivity and partnership.

## Four Priorities

**Instant Experiences, Enterprise and High Net Worth (HNW), Retirement and Protection, Digital and Data.**

- **Instant Experiences**
  We want to enhance the customer experience by making it simple and seamless for our customers and distributors, from sales to servicing.
- **Enterprise and High Net Worth (HNW)**
  We want to help the underserved small-and-medium enterprise segment as well as HNW segment get Ready for 100.
- **Retirement and Protection**
  We want to help Singaporeans take charge of their Health and Wealth.
- **Digital and Data**
  We want to invest in data and digital capabilities to empower our people, customers and partnerships.

OUR BUSINESS

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# GROUNDBREAKING EXPERIENCES

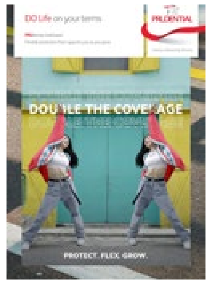
At Prudential Singapore, we pride ourselves on delivering innovative solutions and groundbreaking experiences. Whether it's developing products that customers need to be Ready for 100, or enhancing the way we engage with our stakeholders, our goal is to create a seamless experience across channels and to help people get the most out of their interactions with us.



## *Products Launched in 2021*

### 01 | PRUActive LinkGuard

19 JANUARY 2021




Affordable, flexible and customisable investment-linked protection plan that provides double coverage against unexpected events. Also helps grow savings through investments in a suite of PRULink funds.

### 02 | PRUShield

1 APRIL 2021


We enhanced our base PRUShield and supplementary PRUExtra plans. Customers are able to further cover their deductibles and co-insurance, while gaining access to PRUPanel Connect.

### 03 | PRUActive Cash

1 JULY 2021


Insurance savings plan with a flexible premium and policy term, yearly cash benefit and maturity benefit.

## Products Launched in 2021

### 04 | PRUVantage Assure & PRUVantage Assure (Regular Premium)

1 JULY & 3 AUGUST 2021 RESPECTIVELY


Flexible investment-linked plan that protects and grows wealth. First-in-market feature that locks in coverage at the peak of policy value for death and accidental disability.

### 05 | PRULink InvestGrowth

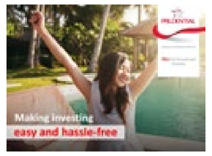
7 SEPTEMBER 2021

Hassle-free investment-linked plan that allows for flexibility to make changes to take advantage of market opportunities, and multiple choice of payment modes.

In September, we also introduced two ESG-themed funds. PRULink Global Climate Change Equity Fund focuses on long-term secular growth opportunities in areas of adapting or mitigating climate change. PRULink Global Impact ESG Equity Fund enables diversified exposure with differentiated opportunities and access to world-changing companies that drive positive influence.

### 06 | PRULink Active Invest

21 OCTOBER 2021

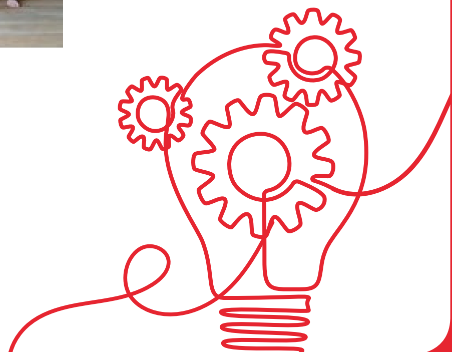



Offers four diversified portfolios and aims to provide long-term sustainable returns. Each portfolio consists of a curated mix of underlying funds actively managed by investment experts to suit varying risk appetites.

### 07 | PRULifetime Income Plus

22 OCTOBER 2021

Single premium participating whole life policy with monthly cash benefits and wealth accumulation options.





# Digitising to further improve customer experience

We've made strides in digitising to further improve our customers' experience. By introducing new technology, we want to make insurance seamless and convenient for our customers. Digital adoption has quickened and grown at an even more rapid pace amid the pandemic. Multi-channel servicing has become a normal way of life, for both our customers and our financial consultants.

## Video servicing

Our Customer Service Centre now offers video servicing for customers who are unable to visit the Centre in person. The role of the Customer Service Centre has traditionally involved face-to-face interactions with customers over the counters. We needed new ways to listen to our customers and understand their needs in a safe way, especially with safe management measures reducing the number of customers who could be physically present in the Customer Service Centre at any one time.

With video servicing, both local and international customers are able to enjoy servicing from the comfort of their own homes. The convenient video servicing service has a healthy take-up rate among our customers, who have given highly positive feedback on this service.

## PRURemote Advice

PRURemote Advice (PRA) continues to empower our financial consultants to sell remotely, so both they and their customers can stay safe. Developed during the Circuit Breaker period in 2020, it is a video conferencing and e-signature tool that allows for advisory and policy sales to be done online, without our financial consultants and customers having to physically meet in person.

To serve our customers better and quicker, we have introduced auto-populated details in our customer forms. This cuts down the amount of time required to complete the signing process to only two minutes.

PRA continues to be a key channel of customer engagement even today, with about 50 % of our sales being done remotely.

## Digital health screening proposition

With the intention to integrate health protection into our customers' daily lives, Prudential launched a health screening proposition in collaboration with MyDoc for PRUPanel Connect customers starting at just $5. This is an end-to-end seamless journey with online booking of appointments, home or clinic based screening inclusive of a doctor teleconsultation review of results, enabled digitally by Pulse.

## We DO Well Together

In January 2021, Prudential announced its collaboration with Korean pop (K-pop) supergroup SuperM to launch a new campaign – We DO Well Together – to encourage people across Asia to stay well and healthy, and have fun doing it.

Formed in 2019 by SM Entertainment and Capitol Music Group, SuperM brings together seven members from top K-pop groups and is beloved by millions of fans around the world. Their positive and energetic approach to music and performance embodies Prudential's "We DO" spirit which celebrates the drive and optimism in today's generation.

The collaboration encompassed various ways to inspire Singapore residents to attain a healthier lifestyle. In Singapore, these included #WeDoDanceSG, where people were invited to submit a video of themselves dancing to the "We DO" song on social platforms for a chance to win tickets for a concert and fan meet. In addition there were social contests and quizzes which gave fans a chance to win exclusive Prudential x SuperM merchandise.

K-pop fans from Prudential's 11 markets in Asia tuned in to the virtual concert and fan meet from the comfort of their homes. SuperM lit up the stage and united fans across the region by performing their campaign song “We DO” in their signature dynamic moves. SuperM also held a very special fan meet during the virtual concert, where lucky fans had a once-in-a-lifetime interactive experience to get up-close-and-personal with the group. Released in April 2021, the “We DO” song showcases efforts by Prudential and SuperM to promote health and wellness, and inspire optimism and positive actions.


## Powering instant experiences

### Instant underwriting

Customers now enjoy instant underwriting for more than 40 products. Instant underwriting enables us to perform real-time risk assessment on policy applications, and make instant underwriting decisions.

The process is simple: customers answer a series of questions tailored to their individual profiles and know instantly, at the point-of-sale, if their applications for insurance cover are successful or require further review.

Successful customers can expect to receive a copy of their electronic policy contract in as soon as two hours, versus a traditional turnaround time of approximately two days. This provides a better and more seamless experience for customers purchasing policies by reducing the steps and questions involved in the process.

In 2021, we rolled out initiatives on the back of data analytics to further enhance the customer experience by simplifying questions. This also resulted in an increase in the number of applications that were eligible for an instant underwriting decision.

Our financial consultants and bankers are also able to work more efficiently and serve their customers better, as they will not need to ask their clients additional medical questions, which might occur as part of the traditional underwriting process.

We have also expanded our digital efforts with bancassurance partners such as UOB. Customers can now make their purchases digitally for products such as PRUCancer 360, rather than having to fill up and mail in application forms.

How Instant Underwriting Works




### Instant payment

We continue to launch fast and convenient payment methods for our customers. PayNow, is now the default payout method for all customers, with customers being able to get their payouts within three days. Apart from receiving payouts, customers can also make premium payments via 8 digital collection options including PayNow and also digitally change their payout options via PRUAccess.

Digital payments have continued to be popular. Overall, digital collections transactions grew 96 %* year-on-year.

### Instant sales and servicing

The enhancement of our point of sale application, to include MyInfo** integration capabilities has made it even more convenient for customers as their data is now auto filled. This helps customers to greatly save time, and improves data accuracy at the point of purchase.

We also incorporated a new document signing feature by Singpass*** in our remote servicing capabilities. Financial consultants are able to remotely assist customers who wish to withdraw their cash benefit.

### Chatbot for customers

We launched PRUchat, a highly scalable and intelligent chatbot equipped to answer questions about products, customer services, claims, payments and FAQs, on our corporate website and Facebook Messenger. With PRUchat, customers are able to get instant responses to their queries anytime, anywhere. PRUchat has proved popular, with almost 20 % of customers having their queries answered via the chatbot while on our corporate website.

**15%**
Singpass utilisation increased compared to 2020

* Digital Payments comprise premium payments by customers using Credit Card/Direct Debit/PayNow via iPay Portal.
** Myinfo is a service that allows Singpass users to manage their personal data and pre-fill forms, with their consent, in digital services transactions. This includes data that is retrieved across participating Government agencies. This means that users need only provide personal data once to the digital service, instead of repeatedly providing data for every online transaction. Users can view their own personal data profile on their Singpass app under the Profile section.
*** Singpass is Singapore citizens' and residents' trusted digital identity for convenient and secure access to thousands of government and private sector services, online and in person.


**What makes it special?**
- Answers instantly
- Understands non-scripted questions
- Recognises voice

**How does it benefit?**
- Available 24/7
- Consistent
- Improves efficiency

OUR BUSINESS

# INNOVATIVE IN HEALTH AND WEALTH

4.3

# PULSE



## Navigating the future of wellness

Singaporeans have one of the longest life expectancies in the world. As an insurer, we are committed to helping Singaporeans to live well for longer, in line with our purpose of helping people to get the most out of life.

In 2021, our Re-imagining 100 reports examined the pandemic's impact on Singapore residents as they live longer lives. While COVID-19 has not adversely impacted Singaporeans' readiness to live to 100, it has had a negative impact on their mental health and financial well-being.

In these uncertain times, we remain committed to help people prepare for tomorrow by supporting them in their health and financial planning journey today. Pulse by Prudential, our digital health and wellness app, is key to navigating the future of wellness with our people, customers, and the community.

STRESS

**35%**

More than one third of Singaporeans say their mental health has become worse in the past year.

**47%**

Nearly half say their financial wellbeing has worsened since the pandemic began.


**Pulse is a health and wellness app which offers features that enable users to better manage their health and wealth. Features include a health assessment, a symptom checker as well as health and wealth content.**

## Supporting financial planning with Wealth@Pulse

In July, we introduced Wealth@Pulse, our new suite of AI-powered wealth solutions, on the Pulse app. Singapore was the first market in the Prudential Group to launch Wealth@Pulse as we lead the way in making financial security accessible to more people by leveraging the power of technology.

Designed to make it simpler for everyone to begin their journey in financial planning, Wealth@Pulse offers personalised suggestions and information on taking charge of one's finances. Wealth@Pulse is also a great way for us to connect Pulse users to our Agency force.

For more information, please refer to page 63.


Prudential takes the complexity out of planning for longer lives with Wealth@Pulse. The AI-powered Pulse app coupled with in-depth advice from our Financial Consultants will better support Singaporeans in their financial planning journey.



## Providing simple and affordable health insurance with PRUShield

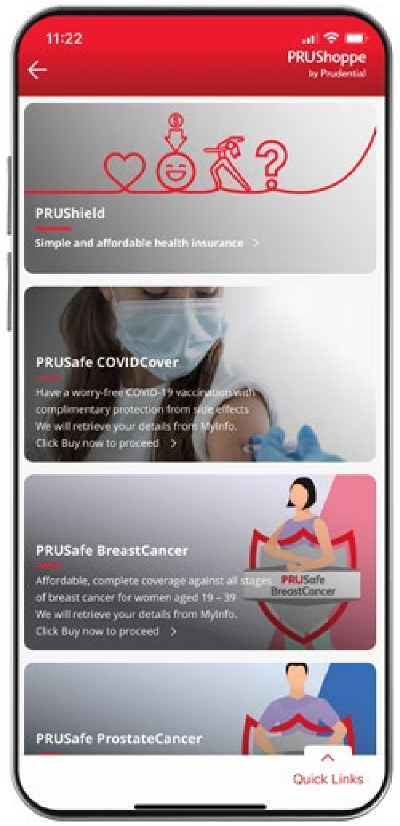
Through the Pulse app, users can also buy microinsurance plans conveniently. A range of products are now available for purchase via PRUShoppe on Pulse since we launched PRUSafe Dengue, an affordable insurance plan that provides financial relief to those infected with the mosquito-borne dengue, in 2020. This year, we rolled out a PRUSafe Dengue Give Back promotion which provided three months of free coverage for customers. For information on other bite-sized insurance products, please refer to page 64.

In 2021, we also offered PRUShield on PRUShoppe – the first insurer in Singapore to make an Integrated Shield Plan (IP) available for purchase on an app. Pulse users can kickstart their healthcare journey and sign-up for PRUShield to get protection seamlessly and conveniently through the app, as part of our continuous efforts to make healthcare simple and affordable to our customers.

To keep our plans affordable, we did not increase our premiums[1] in April 2021 even as we rolled out new benefits and changes in limits. From 1 October to 31 December 2021, we were also the only insurer to process 75 out of 100 IP hospitalisation claims within the same day[2].

This year, Prudential welcomed 8 new healthcare partners to PRUPanel Connect (PPC), our hospital partnership programme which provides value added services to our customers. We now have more than 600 public hospital specialists and over 500 private hospital specialists on our PPC panel, to ensure quality and accessible healthcare for all. Currently, our panel also has the largest number of public hospital specialists.

We also launched Health Screening & Flu Vaccination value added service for PPC policyholders[3]. All health screening packages include a teleconsultation with certified GP through Pulse. In partnership with MyDoc, our digital health partner, we also rolled out home-based or on-site clinic Health Screening services (with options to add on Flu Vaccinations and Diagnostics Imaging Services) for customers.




**New PPC Partners in 2021**

**3 Public Hospitals**
- Tan Tock Seng Hospital
- Sengkang General Hospital
- Ng Teng Fong General Hospital

**5 Private Day Surgeries**
- Aptus Surgery Centre
- Novaptus Surgery Centre
- Luma Womens' Imaging/ Medical Centre
- Orchard Surgery Centre
- Novena Surgery Pte Ltd

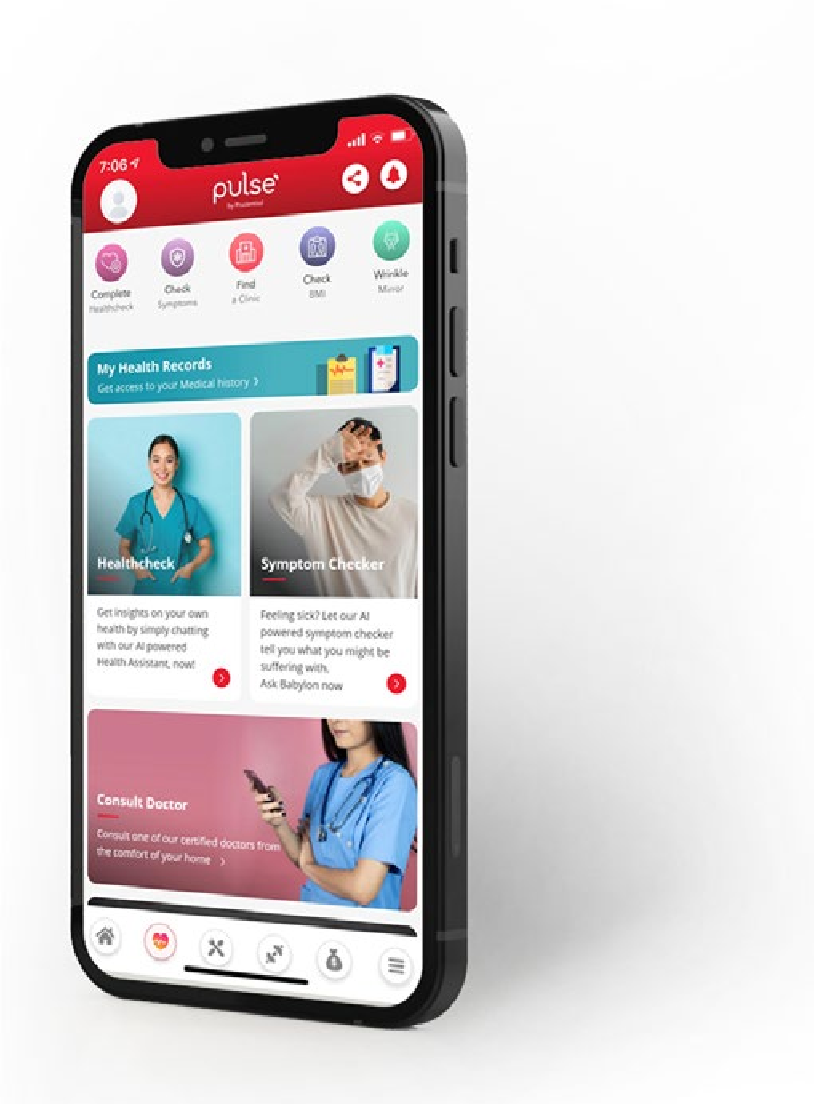
1 Premiums may increase due to change in age at renewal.
2 Source : Ministry of Health Singapore (https://www.moh.gov.sg/cost-financing/healthcare-schemes-subsidies/medishield-life/comparison-of-integrated-shield-plans)
3 Under PPC, PRUExtra Premier, PRUExtra Premier CoPay and PRUExtra Preferred CoPay customers can enjoy a convenient and cashless experience upon admission at PPC private hospitals – with enhanced Letter of Guarantee (eLOG), pre-authorisation, easy appointment booking and on-site concierge services.

## Accelerating financial inclusivity for SMEs

At the Singapore FinTech Festival (SFF) in November, we introduced the Business Ecosystem in Pulse that helps our corporate clients to nurture a healthier and more productive workforce. The app for corporate employees is part of Business@Pulse, Prudential's regional enterprise business offering that enhances the way we support and interact with our small and medium-sized enterprise (SME) partners.

Employees of our Enterprise Business customers in Singapore will get access to a special section within the Pulse app. They can use digital self-service to access essential corporate services such as managing their claims and benefits related to their group insurance coverage. For a start, they will be able to view their group insurance benefit details and make claims easily from within the app itself. In the near future, they can look forward to enjoying many other benefits related to their group coverage.

Business@Pulse will offer an all-in-one solution for corporate employees and HR teams to manage their health, wealth and business needs, ranging from skills upgrading, health services management, to wellness and lifestyle perks.




Prudential is supporting SMEs to take better care of their employees through Business@Pulse, a one-stop platform to manage their employee benefits more easily and improve access to wellness resources.

Source: **The Business Times: 3 November 2021 I Easing SMEs' insurance needs through tech with Business@Pulse.** (https://www.businesstimes.com.sg/hub-projects/singapore-fintech-festival-2021/easing-smes-insurance-needs-through-tech-with)



## Helping people get the most out of life

Prudential currently works with more than 60 tech partners on the Pulse ecosystem. At the 2021 SFF, we announced partnerships with Smarter Health Pte Ltd and Privé Technologies to expand our health and wealth offerings on Pulse.

The partnership with Smarter Health will allow Pulse users to access a directory of specialist doctors and health screening services and make an appointment online. Privé Technologies will further support Pulse users in their financial planning journey.

We will continue to build our Pulse ecosystem through a mix of global, regional and local partnerships, to help meet the rising demand for accessible and affordable healthcare services, and digital financial planning tools, as people live longer.


Lee Boon Huat, Chief Digital Officer of Prudential, shared about our partnerships on Pulse at the 2021 SFF.

OUR BUSINESS

INNOVATIVE IN HEALTH AND WEALTH

4.4

# INNOVATION



## Singapore Fintech Festival 2021

As part of our onward support to foster a culture of innovation, collaboration and co-creation among financial institutions, FinTechs and regulators globally, Prudential Singapore has been the Grand Sponsor of the Singapore FinTech Festival for its fourth year running. This year's theme focused on the impact of Web 3.0 on financial services. Across the 5-day event, our Prudential colleagues participated in fireside chats and panel discussions, sharing how Prudential is innovating the future of insurance in a post-pandemic world to help people get the most out of life.

We also launched our Business@Pulse, a one-stop platform for SMEs to help broaden and simplify access to insurance and employee benefits. Through Prudential's Business@Pulse platform, SMEs will have access to digital tools that will allow them to manage their employee benefits more easily and improve access to essential wellness resources. Ultimately, the goal is to help the SME workforce stay healthier, more productive and financially prepared for the future.

## Singapore Fintech Festival – At a glance

**400**
Participants from our office in Singapore and globally.

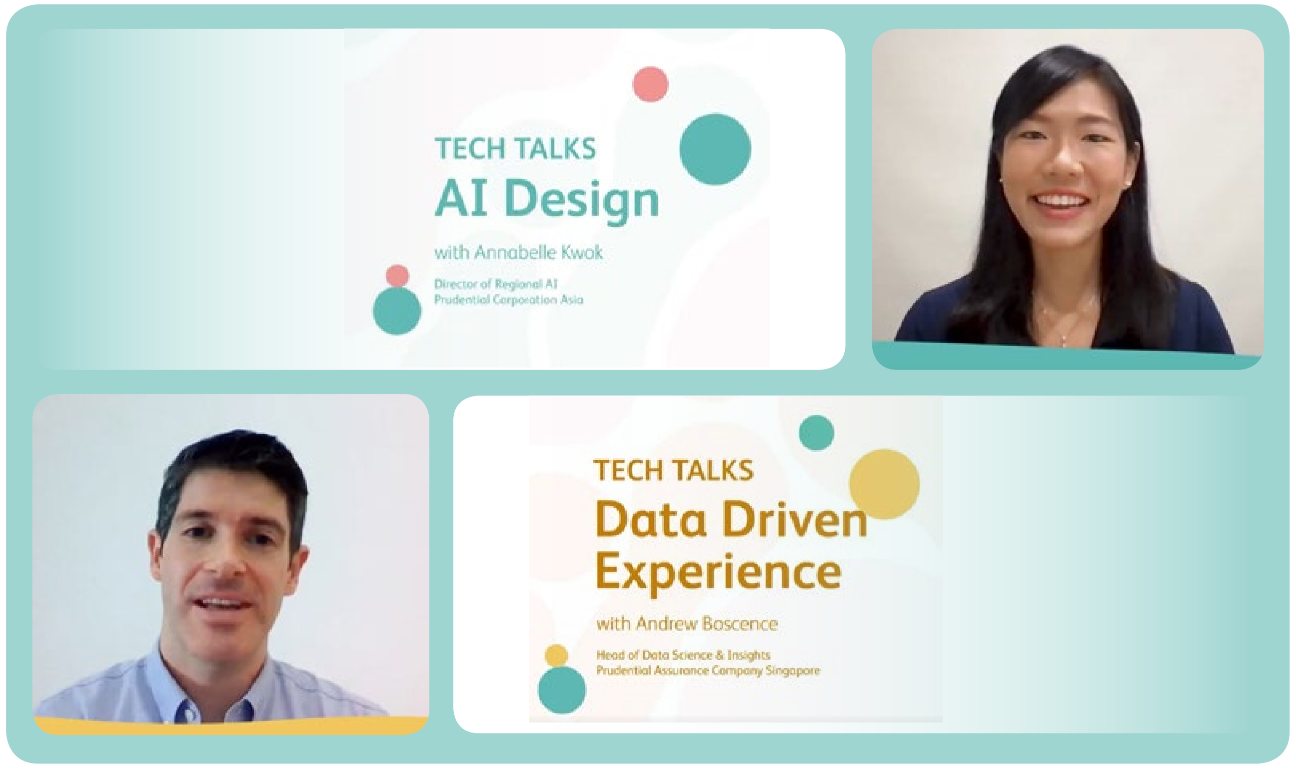
**45%**
of participants signed up for Web 3.0 Knowledge Certificate in Financial Services

**13**
Fireside chats, panels, deep dives, showcases, workshops and networking events.

**13**
Prudential Speakers and Moderators

## Innovation

Innovation at Prudential Singapore has come a long way and we are consistently working on improving the way we do business. From launching first-in-market new products to reimagining the sales and servicing processes digitally with Pulse and with our Financial Consultants and bank partners. We aspire to develop even more customer-centric solutions to help our customers and the wider community to get the most out of life.

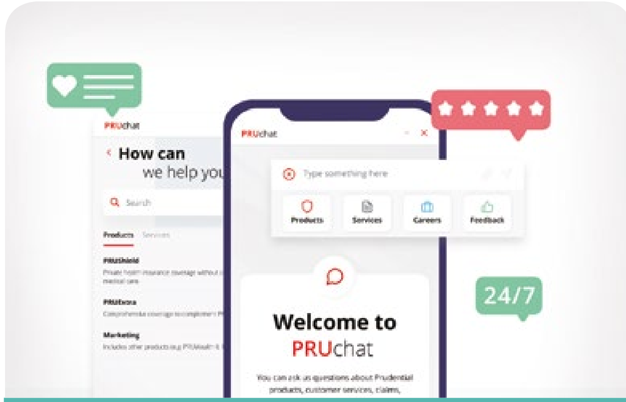



Our colleagues shared more about the innovative projects they are working on in Prudential to help make insurance simpler and more seamless for our customers.



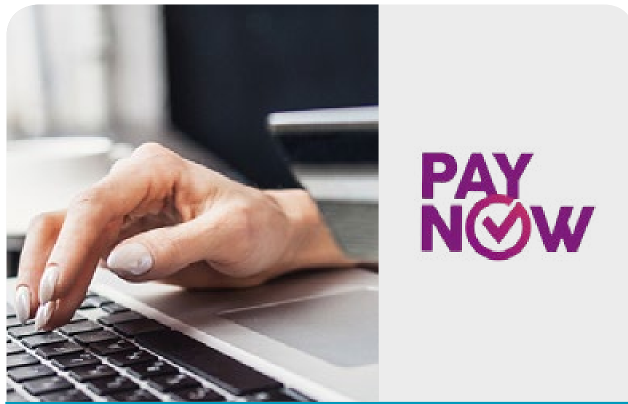
## Innovating to serve our customers better

Introducing an industry's first video servicing solution to enable customers to enjoy 'face-to-face' servicing from the comfort of their homes.




A chatbot solution for our customers, **PRUChat** provides instant answers to commonly asked questions 24/7.


**PRUShield@Pulse** is the first Shield product by any Singapore insurer to be sold within an app and the first non-micro product in the Prudential group to be placed on Pulse.

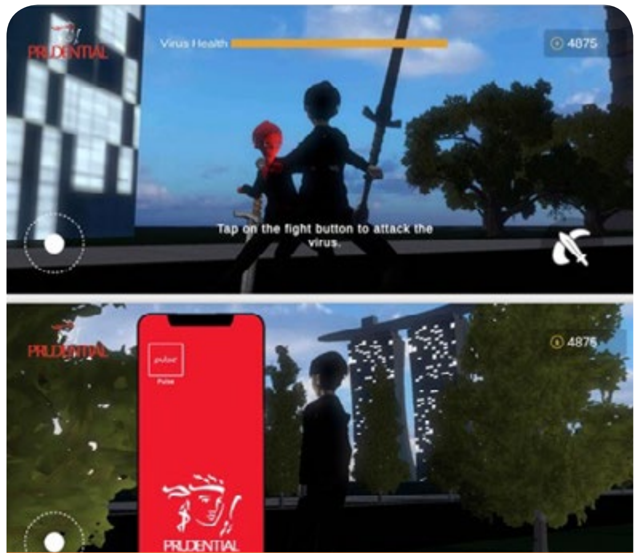



**PayNow** as the Default Payout Method for all customers. Reducing the lead time from 6 to 2 days with this new digital experience.

**PRUPanel Connect** now brings preventative healthcare premium packages to the doorsteps of our policyholders, including a teleconsultation review through the Pulse app.

## Innovating with our most important asset – Our people

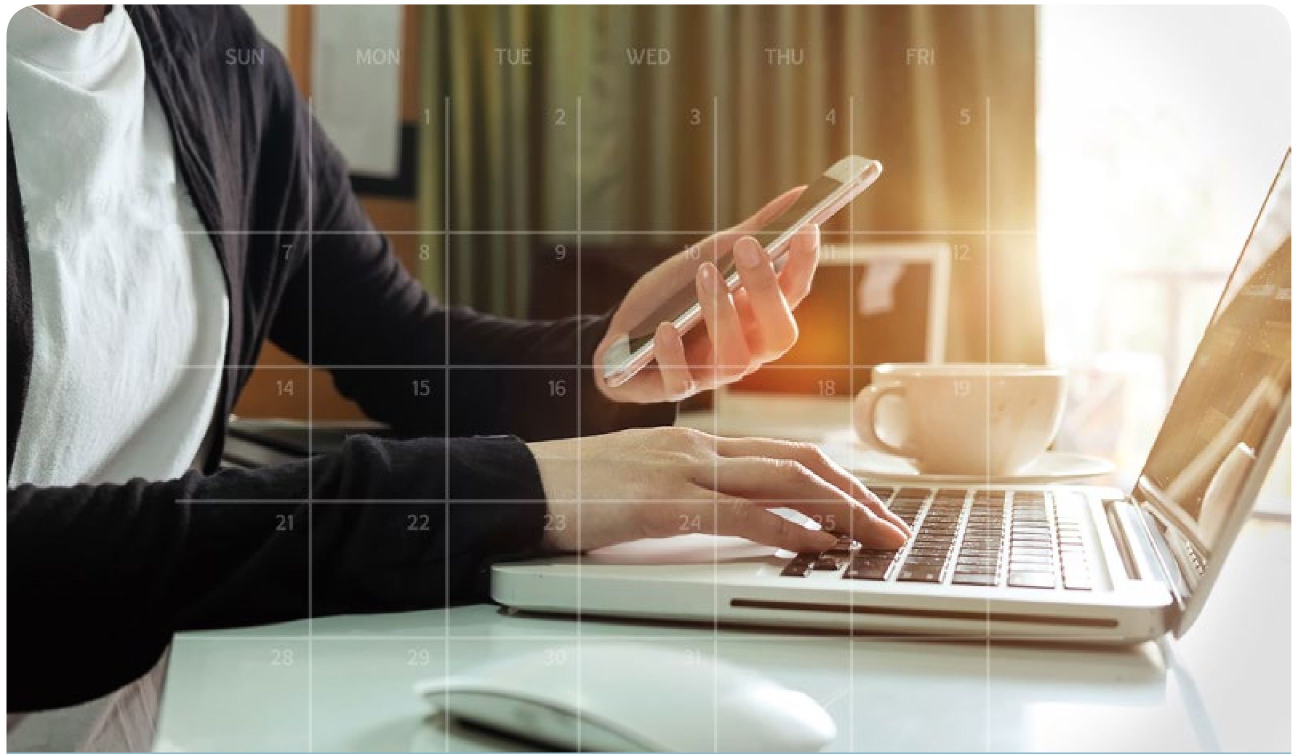

**PRUFintegrate**, went global in 2020, during a pandemic year. Hosted on APIX's global platform the programme attracted 99 submissions from across Asia, Africa, Europe, and America. PRUQuest was launched at Singapore Fintech Festival 2021.



**PRUQuest** is a 3D open-world game that utilises real-world contexts to educate Gen Zs on financial literacy. The app is co-created by a team of Design Doers, the Prudential Customer and Innovation team and Finute.

Balancing the needs of our customers, our business and our people, the hybrid working model is a sustainable workplace arrangement that is underpinned by Prudential's values. We offer flexible and hybrid work arrangements which give employees the flexibility to decide when, where and how they work, helping them to manage life's demands.






PRURemote Advice is Prudential Singapore's first remote sales and servicing feature that is fully integrated with Distribution sales and servicing platforms to speed up our sales and servicing processes for our customers.

Opex Academy looks to push the boundaries on AI and Robotic Process Automation, nurturing many process improvements that have added significant business value to Prudential Singapore.

OUR BUSINESS

# INNOVATIVE IN HEALTH AND WEALTH

4.5

# WEALTH



## Affluent and high net worth

### Towards a wealthier tomorrow

Our high net worth segment APE grew by 110%, amounting to $193.6 million APE in 2021. The concentration of high net worth individuals, more than 200,000, continues to grow in Singapore. Our city state is also fast become the leading offshore wealth management hub for many high net worth individuals. These trends represent many opportunities for us to grow our market share. In 2021, we continue to serve our Affluent and High Net Worth customers with innovative content and solutions that meet their needs in an everchanging climate.

A maturity promotion was launched in October this year for all customers who are 51 years old and above, allowing them to transfer their maturity promotion eligibility to their immediate family members. This campaign allowed us to acquire new-to-Prudential customers, attract younger customers and create brand stickiness through a family programme.

To drive customer acquisition and engagement with our Ascend and Opus customers, more than five webinars were organised in 2021. The topics centred around wealth, legacy and retirement planning, as well as legacy giving.

## Ascend by Prudential

We embarked on a collaboration with The Business Times to position Ascend as a key financial partner for the affluent segment through a series of content features. These features covered topics such as retirement and longevity, sustainability investing and managing multiple priorities for sound financial wellness.

ASCEND

**Ascend by Prudential is a customer loyalty programme that empowers you to achieve your life goals and drive you to further success.**

## Opus by Prudential

Giving back to the community is a key area for our Opus customers and through our Opus Legacy Series campaign, we provided them the opportunity with a first-ever Prudential virtual charity auction held in May 2021. Through the auction of our Magnum Opus, a limited-edition whisky and four exclusive bottles of Auchentoshan 1990 Vintage Limited Release whisky, we raised more than $14,000. The funds raised were donated to Lion Befrienders to support programmes for the prevention of Seniors' isolation.

OPUS™ BY PRUDENTIAL

**Opus by Prudential is a dedicated approach to wealth management and legacy planning needs, comprising professional advice, solutions and personalised services.**




# Enterprise Business

**Top 4**

**in the Group Business – New Business category and one of the fastest growing EB insurers in the industry.**

**16%**

**Overall EB growth over last year.**

Enterprise Business (EB) has shown consistent sales momentum in 2021, achieving double digit growth over last year. In Singapore market ranking, we are in the top 4 in the Group Business - New Business category and one of the fastest growing EB insurers in the industry.

Overall EB achieved $83 million APE, a growth of 16 % over last year same period. PRUPal, a microinsurance Personal Accident plan with dengue coverage, generated $2.5 million APE and 3,750 leads for Individual Life business conversion in 2021.

Equipping our agency with strong knowledge and skillsets to sell EB products remain as an important criterion for long term business development. More than 4,400 financial consultants completed EB-related training in 2021, to enhance their direct selling experiences.

Our commitment to customers and the provision of comprehensive employee benefits solutions and customised services, had won us recognition with a Silver Award in the category of Best Employee Insurance Provider at the HR Vendors of the Year 2021 Awards. This is the second time we are awarded, and serves as an appreciation of our achievements and rapid growth in the EB industry.

# Saving for the future

## Towards a more protected tomorrow

The uncertainty of a long-drawn pandemic has increased the importance of a better protected future for many customers. At Prudential, we ensure that our range of savings and retirement solutions can cater to meet the needs of all our customers.

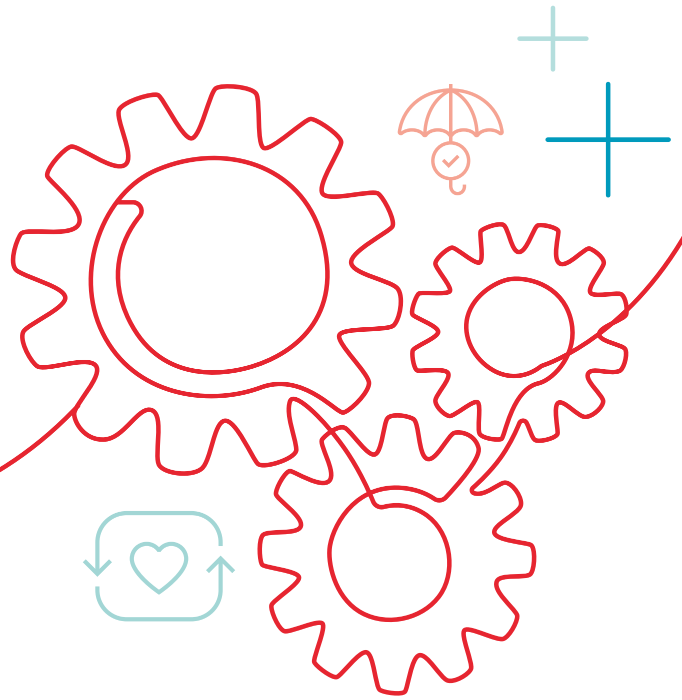
Our Participating (PAR) fund performance continues to deliver stable returns to our customers over the long term. Despite the challenging market conditions and low interest rate environment, our fund portfolio remains resilient and averages strong performances. We maintained stable returns over the last 10 years at 5.61 % per annum for PAR Fund, the highest in the industry[1].

With the rise in digital tools, investing and access to investment-related knowledge has never been easier. As many customers are looking to grow their savings in preparation for retirement, we play an important role in ensuring that our customers stay protected while investing.

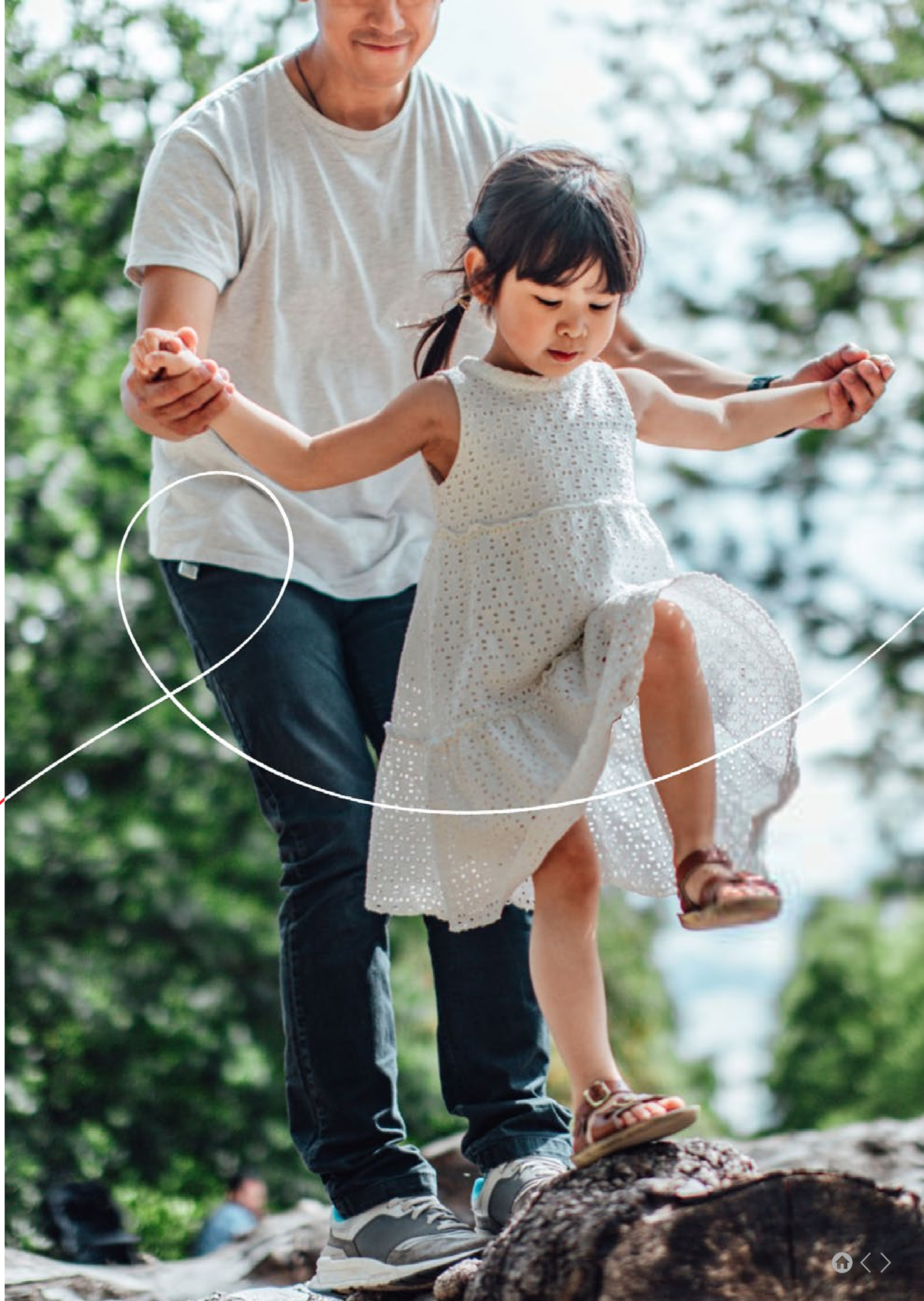
We launched two ILP products in 2021 targeted at customers of varying profiles. PRUActive LinkGuard meets the protection needs of customers and enable them to kickstart their investment journey at the same time. It is a customisable and affordable plan with adjustable coverage and targeted at younger customers. The other product, PRUVantage Assure, which focuses on wealth accumulation and protection, comes with first-in-market wealth assure feature that locks in coverage at its peak as well as simplified and low charges.

For customers who prefer a hands-off approach on their investments, we introduced PRULink ActiveInvest Portfolio which comes with four available risk classifications that customers can select based on their risk appetite.

We are also constantly reviewing and improving our fund offerings under our PRULink funds to ensure that we can deliver the best returns for customers. The company launched four new funds focusing on wealth accumulation and capital preservation in January 2021. These included two new Multi-Asset and two Fixed-Income funds with renowned fund managers like PIMCO and Fullerton. In the later part of the year, we introduced three new thematic PRULink equity funds focusing on ESG and innovation.



1 Data is sourced from publicly available information found on The Straits Times and The Business Times.



INNOVATIVE IN HEALTH AND WEALTH

4.6

# RE-IMAGINING 100

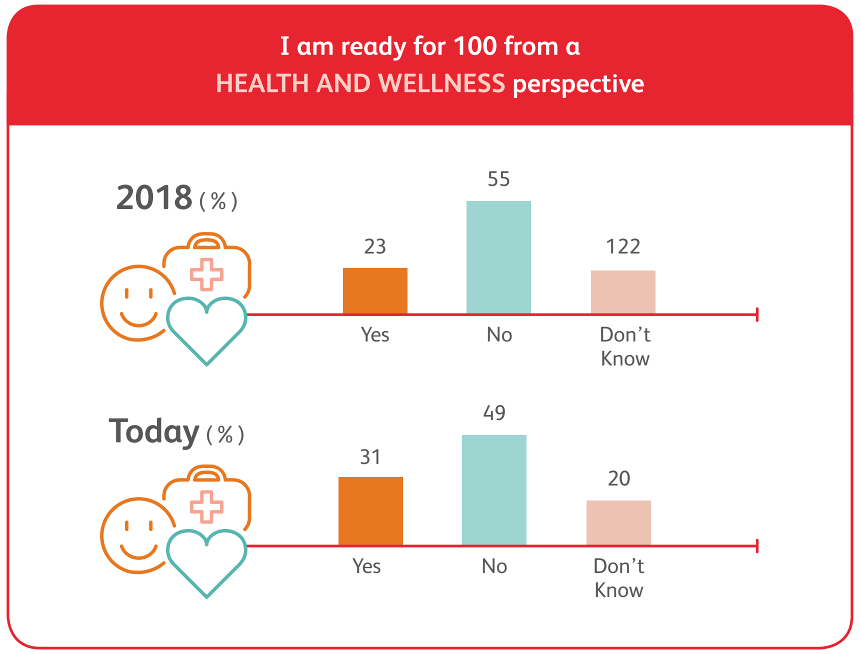
The pandemic's impact on longevity is the fifth research study from Prudential's Ready for 100 series. The report explores how the COVID-19 pandemic has affected people's wellbeing and their preparedness for the future.

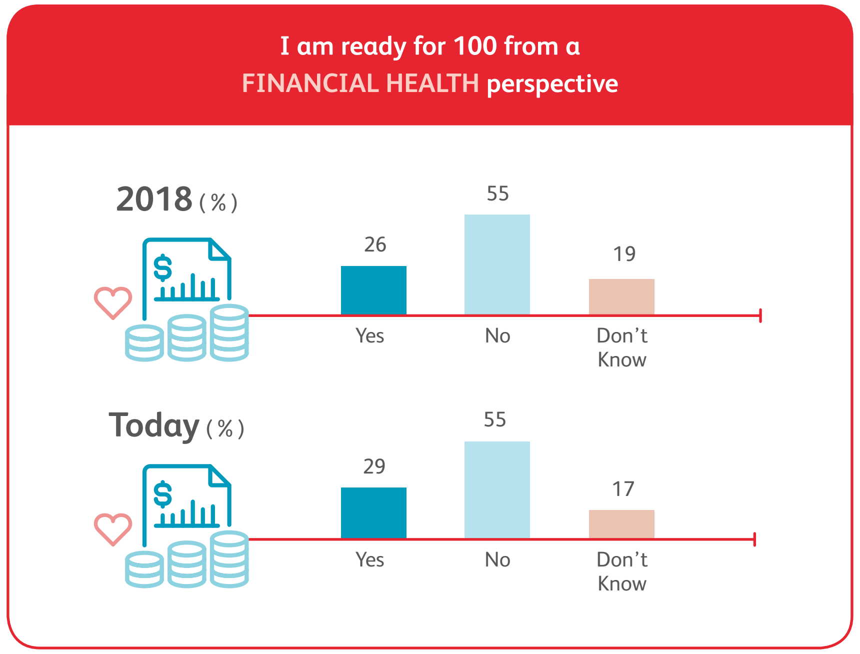


## The pandemic's impact on longevity

Encouragingly, it found that Singaporeans appear to be slightly more prepared for longer lives today than when they were surveyed by Prudential in 2018. In terms of financial readiness, 29 per cent of the respondents said they felt prepared to live to 100, compared to 26 per cent in 2018. From a health perspective, 31 per cent of the respondents said they felt prepared to live to 100, compared to 23 per cent in 2018.

However, while COVID-19 hasn't adversely impacted Singaporeans' readiness to live to 100, it has caused a shift in the state of people's finances, work, relationships and health in the past year.



## Finances

Nearly half of those polled (47 per cent) say their financial wellbeing has worsened since the pandemic began and 43 per cent admit their income-earning prospects have deteriorated. Not surprisingly, many (47 per cent) are now questioning their ability to meet financial expenses if an unexpected event such as an illness were to occur.

## Work

In addition to increased financial pressures, many Singaporeans experienced considerable work-related stress last year. Most spent the year working from home and struggled with balancing professional demands and family responsibilities. Only half (50 per cent) say they enjoyed remote working.

## Relationships

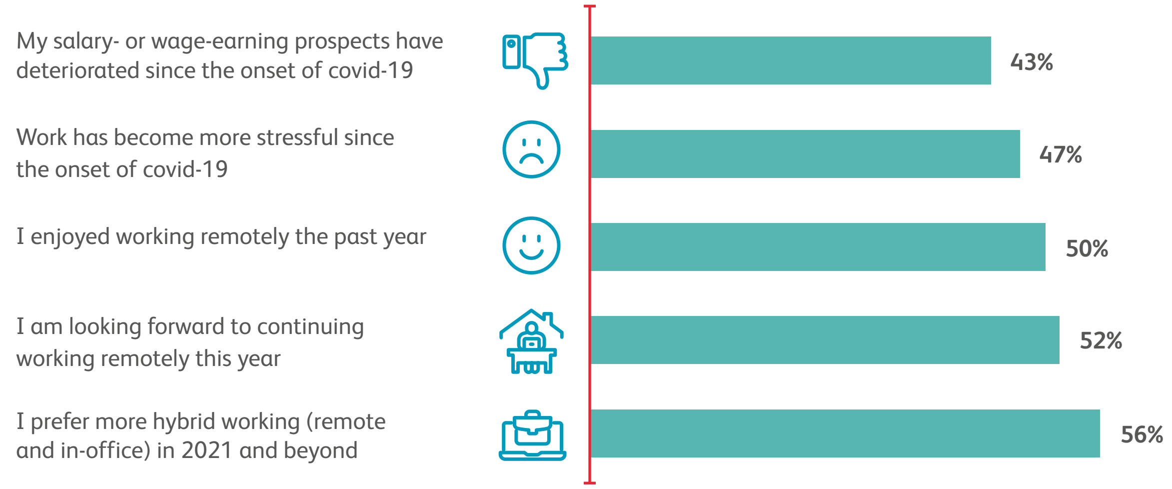
This financial and work-related stress caused by the pandemic might have affected the quality of people's relationships. Fewer people today (62 per cent) admit to being happy in their most significant relationship compared to a 2018 Prudential survey, where an overwhelming 92 per cent said they were happy.

## Health

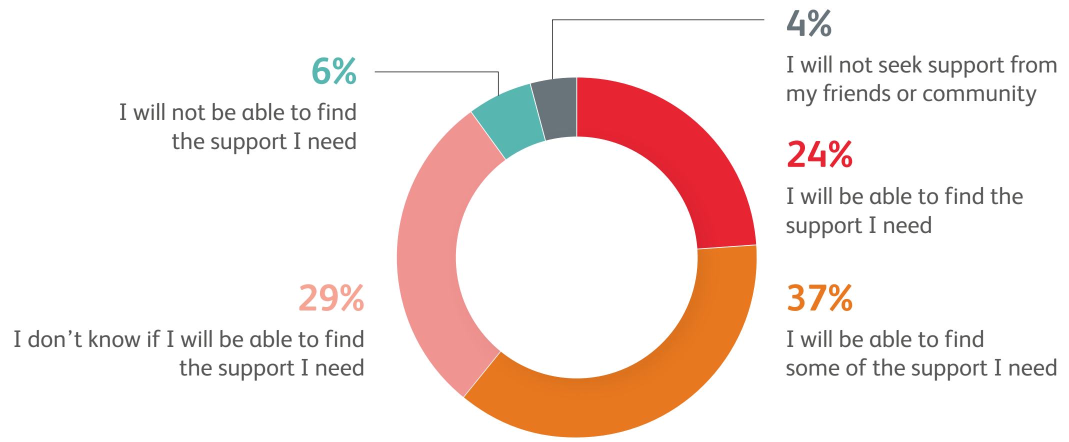
Ultimately, it is people's emotional wellbeing that has taken a toll, as a result of the financial, work- and relationship-related pressures that the pandemic has created. More than one third (35 per cent) of Singaporeans say the state of their mental health has become worse in the past year. For some Singaporeans (25 per cent), their physical health has worsened as well.



**% of respondents agreeing "strongly" or "somewhat" to the indicated statements**




**In an unexpected life event (for example, the loss of a job, the death of a loved one, a sudden illness) that requires emotional support, please describe how you would feel.**




Despite a global pandemic, the improvement in people's preparedness for longevity speaks to the resilience and optimism Singaporeans are showing about the future. Prudential is committed to helping our customers live well as they live longer through our wellness app, Pulse by Prudential. The app empowers people with the necessary tools to take charge of their wellbeing, enabling them to focus on being healthier and more financially prepared for their future.

Source: Prudential's Re-imagining 100 report: The pandemic's impact on longevity. (2021)

OUR BUSINESS

## BEST IN CLASS PEOPLE

4.7

# AGENCY



## Building professionalism

### Future-ready Agency for tomorrow

Ensuring our Agency stays agile in the face of disruptions and adapts to changing customers' needs is top priority for us. With a headcount of 5,166, our Agency is crucial to the success of our business and at the heart of how our customers are served. Strong alignment between our corporate and agency teams ensures that we understand and deliver the right value and proposition to our customers.

Continuous learning and maintaining professionalism are important areas that we remain invested in for our Agency. In the current times, it is more crucial than ever that our financial consultants remain nimble and up-to-speed on their sales advisory knowledge and the use of digital tools to reach out to existing customers and potential leads.

The Certificate in Financial Needs Analysis and Plan Construction Programme (Cert FPC Programme) that we had rolled out to our entire agency in June 2020 is at 97%[1] completion rate as of end 2021.

The Prudential-customised programme enables our financial consultants to achieve the Institute of Banking and Finance (IBF) Qualified (Level 1) certification. To ensure that new joiners who join us after the launch of this programme share this common professional standard, Prudential has worked with IBF to accredit our Financial Consultant Induction Programme (FCIP). New recruits who graduate from the FCIP will also be certified IBF-Qualified (Level 1).

10 Agency Leaders have also achieved the coveted Chartered Insurance Agency Manager designation, which is an international educational achievement for managers in the financial services industry. We also saw more than 80 Agency Leaders participating in the Agency Management Training Course. This is a 25-week programme designed to improve skills in areas critical to successful agency management.

To enable a future-ready agency, we launched the PRUExpert Learning Programme that features four transformational pillars which include a robust, forward-looking and industry-aligned curriculum, trainers who are well-equipped in modern teaching

1 This is based on the cohort of financial consultants we launched the programme to and were with us since 2019 and before.

methods, as well as an enhanced learning platform and digital content library to encourage proactive learning. The learning management system offers much more engaging and interactive multimedia content than the current system, making learning a more enjoyable and enriching experience.

Overall in 2021, our agency leaders and financial consultants clocked over 300,000 training hours achieving an average of close to 60 hours of Continuous Professional Development (CPD) training per financial consultant.

We also strengthened our recruitment efforts with more than 1,000 new financial consultants recruited in 2021, 9% higher than 2020. We launched PRUVenture in March to attract mid-career professionals with sales and management experience to join us. Another programme, PRUProtege, a financial literacy workshop targeted at undergraduates and fresh school leavers was also launched in 2021. The aim of the programme is to cultivate interest in finance and provide exposure to entrepreneurship as well as a career in financial advisory.

**1,000+**

**New Financial Consultants recruited in 2021**

## Together towards MDRT

We continue to motivate our financial consultants to attain the Million Dollar Round Table (MDRT) membership, as part of their professional development. In 2021, we achieved 1,019 MDRT qualifiers which means that close to 20% of our agency have attained the internationally recognised MDRT standard of excellence. Out of this group, there is a total of 27 Top of the Table and 100 Court of the Table qualifiers who have performed exceptionally well. We also saw a 5.4% increase in the number of qualifiers from 2020.

## Generating new opportunities together

Our agency is empowered by the collaboration with our corporate team to generate new quality leads through various initiatives in 2021. Our suite of lead generation initiatives have enabled our agency to bring in new leads across various platforms.

We achieved a milestone of 1.3 million leads generated in 2021, supported by various marketing campaigns and new partnerships with popular brands. Our data-driven analytics supports our agency to focus on quality leads that translates to a strong double-digit lead conversion rate.




OUR BUSINESS

BEST IN CLASS PEOPLE

4.8

# PARTNERSHIP DISTRIBUTION



## Our bancassurance partnerships

Our exclusive bancassurance partners United Overseas Bank (UOB) and Standard Chartered Bank (SCB) are key to our multi-channel distribution platform. We maintained a strong relationship with our bank partners, strengthening our customer proposition on various fronts, including a continued focus on retirement and income solutions for their customers, maturity recapture and for the HNW segment.

We launched PRUActive Retirement II, a first-of-its-kind insurance savings plan that safeguards against market volatility, in Q3 2021 for both UOB and SCB. PRULifetime Income Plus, which is geared towards upfronting regular cash benefits was also introduced in Q4 2021.

Our two HNW propositions, Opus by Prudential and Ascend by Prudential were also brought to more UOB and SCB customers through exclusive webinars such as Moments by OPUS: Make Your Wealth Work for You and ASCEND: Saving for 100.

In support of our SCB partnership, Pulse by Prudential was the Official Wellness Partner of the Standard Chartered Singapore Marathon 2021.

## Building an SME ecosystem

At Prudential, we are developing a holistic SME ecosystem, where we help SMEs get the most out of life with our ecosystem partners ranging from upskilling, HR-related services, co-working hybrid spaces to cybersecurity. As part of our successful partnership under the SkillsFuture Queen Bee initiative, we will continue to roll out various initiatives for the SME community to support their upskilling and business growth.

In 2021, Prudential Singapore signed a Memorandum of Understanding (MOU) with Ngee Ann Polytechnic, which enabled 30 SMEs to be part of our digital e-commerce onboarding programme.

As part of the programme, Ngee Ann Polytechnic students collaborated with the SMEs to kickstart e-commerce

**We help SMEs get the most out of life with our ecosystem partners ranging from upskilling, HR-related services, co-working hybrid spaces to cybersecurity.**

projects to enhance their businesses via digital and e-commerce marketing. A training session was conducted for the SMEs where they were equipped with e-commerce skills such as design, digitalisation and more. A digital


**Prudential Singapore with Ngee Ann Polytechnic enabled 30 SMEs to be part of our digital e-commerce onboarding programme.**

**Collaborated with ST Engineering to offer SMEs training to improve cybersecurity awareness and to provide customised solutions.**

e-commerce playbook customised to their needs was also developed to equip the SMEs with tools and knowledge to build upon the work started by the collaboration with students of Ngee Ann Polytechnic.

We also collaborated with ST Engineering to offer SMEs training to improve cybersecurity awareness and to provide customised solutions to monitor and counter cyberattacks to keep their data safe.

To empower SMEs in embracing the future of work, we partnered with Switch, a work space aggregator, to provide SMEs with access to co-working spaces and work booths islandwide. Instead of committing to a physical office space, this allows SMEs to adopt flexible hybrid work arrangements and use co-working spaces on an ad-hoc basis.

We value building close partnerships with the local SMEs by providing them with a one-stop ecosystem solution. By collaborating with our partners and through sharing our company's best digitalisation practices and knowledge, we aim to empower and equip our local communities for success.

OUR BUSINESS

BEST IN CLASS PEOPLE

4.9

# PEOPLE'S EMPLOYEES



## Towards a future-ready workforce

Our people play a key role in Prudential's success. We are focused on helping our employees Connect, Grow and Succeed, and shape a digitally-enabled workforce that is future-ready. To support this, we provide diverse opportunities for our employees' learning, development and wellbeing to grow their careers and pursue their interests.

### Strengthening Future-Ready Capabilities

- Gain future-ready skillsets (e.g. data analytics, digital and technology) to stay relevant in the workforce
- Remain agile and multi-skilled to keep pace with transformation
- Actively share knowledge, skills and capabilities within the organisation
- Upskill and reskill to strengthen capabilities

### Enhancing Wellbeing at Work

- Supporting mental and physical wellbeing of employees
- Fitness and meditation classes
- Celebrating Gratitude Week

### Boosting Productivity

- Hybrid work arrangement
- Regular engagements through townhalls and dialogue sessions

For more information on how we help our people to Connect, Grow and Succeed, refer to page 87.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE



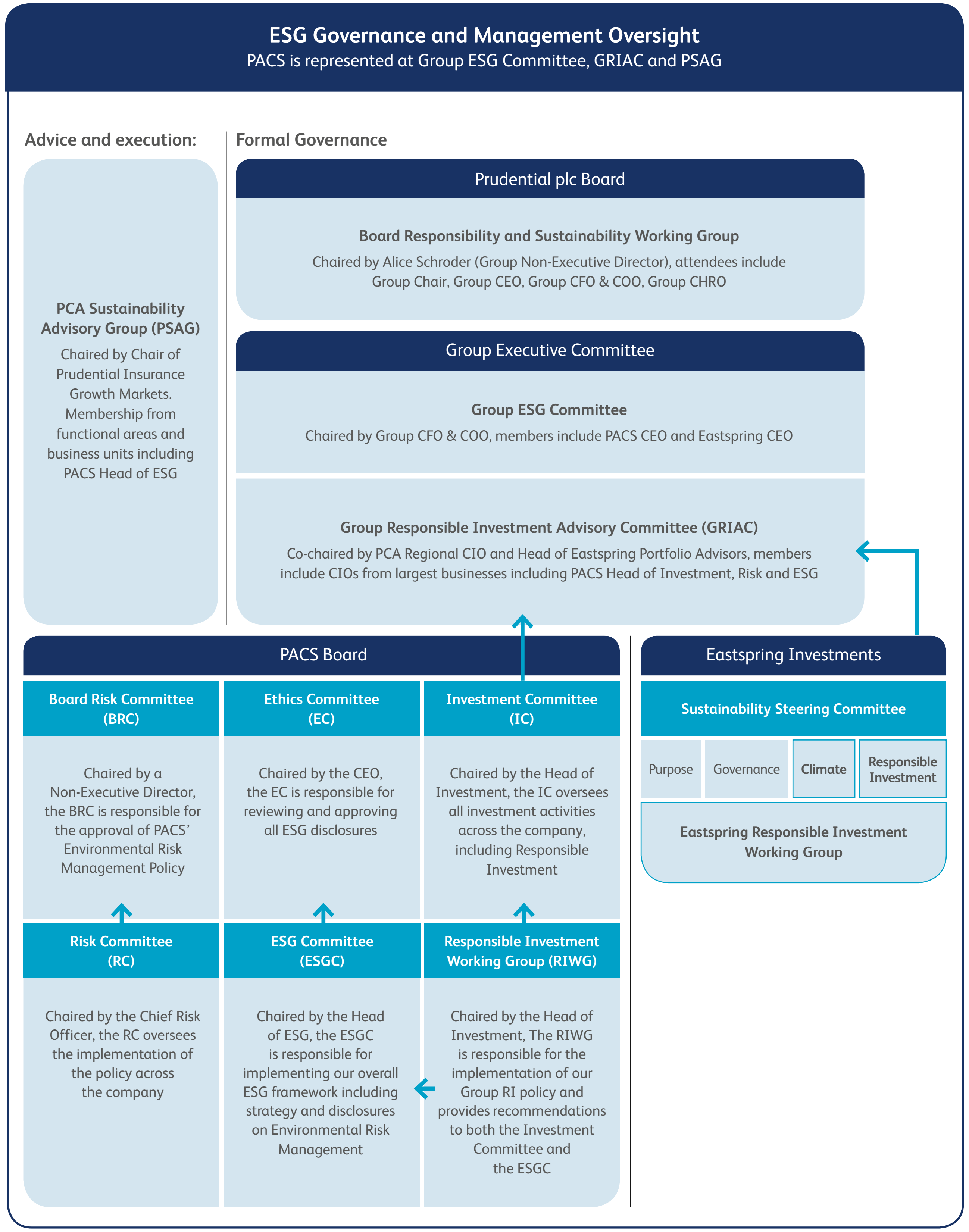
## Managing Our Sustainability Efforts

Our ESG strategic framework was finalised in 2020 following a Group-wide review and is closely aligned with our business strategy. We are focused on three strategic pillars with a consistent theme of inclusivity underpinning each pillar.

In 2021, our focus was on embedding the framework across the business, improving our metrics and targets, and increasing awareness of ESG among key stakeholders including customers, employees and distributors.


## ESG Governance Approach

As an indirect wholly owned subsidiary of Prudential plc, we work closely with our Group to ensure our governance approach is aligned and supports the broader Group ESG governance. The chart illustrates our governance structure at Group level and in Singapore.






The Chief Executives of both Prudential Singapore and Eastspring continue to be members of our Group ESG Committee.

In Singapore, our ESG Committee continues to provide oversight on all ESG issues, reporting to the Ethics Committee. The ESG Committee is chaired by the Head of ESG and members, including representatives from Strategy, Risk and Compliance, Investment, Customer, Finance, Human Resources and Corporate Affairs, remain the same. In 2021, the ESG Committee and Ethics Committee saw the expansion of its responsibilities to cover oversight and management of climate-related disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is part of our preparation to implement the MAS Environmental Risk Management Guidelines in 2022.

With environmental and climate risks becoming increasingly important to us as a business, we have further strengthened our governance on these topics with our Board Risk Committee and management-level Risk Committee responsible for overseeing and managing climate-related risks.

In 2020, we reported that our Responsible Investment Working Group provides recommendations to the Investment Committee and ESG Committee on responsible investment targets, progress and plans. This remains the same in 2021 and it is now chaired by our Head of Investment. Its main responsibility is to implement our Group Responsible Investment Policy. Eastspring Investments is also shown here as our asset management arm, who plays a significant role in carrying out our responsible investment mandates.

## ESG Framework

### ESG Strategic Pillars

| ESG Strategic Pillars | Description | ESG Topic | Where these Impacts Occur |
|---|---|---|---|
| **Making Health and Financial Security Accessible** | Digital health innovation<br>To make health and wellness accessible and affordable for all | Technology Enablement | Pulse by Prudential, our health and wealth super-app, empowers Singapore users aged 18 and above with personal health insights, allowing them to take control of their wellbeing, anytime and anywhere. |
| | Promoting financial literacy<br>Helping our seniors and the next generation improve their financial literacy | Financial Inclusion | Our financial literacy programme aims to empower our community with basic money management skills. |
| **Stewarding the Human Impacts of Climate Change** | Decarbonising our investment portfolio<br>Moving towards a proactive and resilient approach to limit the rise of global warming | Responsible Investment | Our investment portfolio's carbon footprint will be progressively reduced over the years. This is aligned with our commitment to become a net zero asset owner by 2050 and achieve carbon neutrality in our Scope 1 and 2 greenhouse gas (GHG) emissions by 2030. |
| | Environmental performance<br>Identifying and managing our environmental risks and footprint and their impact on our planet | Energy Consumption | Sustainable management and efficient use of lights and air-conditioning in our offices. |
| | | Waste Management | Progressive reduction of paper, plastic and food waste. |
| | | Green Procurement | Our supplier sustainability guidelines aim to influence our supply chains towards more sustainable practices. |
| **Building Social Capital** | Digital responsibility | Customer Privacy and Data Protection | Our standards of data protection, policies and guidelines around customer's personal data. |
| | Diversity, inclusion and belonging<br>Building a culture of inclusion and belonging that also recognises, rewards and develops talent | Employment (including employee benefits and parental leave) | Full-time employees are accorded benefits and parental leave. |
| | | Training and Education | All employees are provided access to a suite of learning tools and upskilling courses. |
| | | Diversity and Equal Opportunity | Our ambition to close the gender pay gap for our female employees supports gender equality. |

ESG Strategic Enablers

| ESG Strategic Enablers | Description | ESG Topic | Where these Impacts Occur |
|---|---|---|---|
| Good Governance and Responsible Business Practices | Business integrity<br>Ensuring we are a responsible and ethical business leader in the insurance industry | Corporate Governance, Anti-Bribery and Corruption, Ethics, Procurement Practices | Our standards of professional and ethical conduct in five key areas – financial crime, conflicts of interest, information and dealing, communication and people – guide the way we do business with our customers, distributors, partners and the community. |
| | | Fair Dealing | Our practice of customer fair dealing affects our product development, sales and advisory services, as well as customer communications. |
| | | Customer Satisfaction | Customer satisfaction impacts our customer management decisions including improvements in our products and services, customer service and customer feedback channels. |
| Responsible Investment | Effectively integrating ESG considerations into our investment decisions and fiduciary duties, helping contribute to a more sustainable economy | Responsible Investment | Our responsible investment approach is guided by our Group Responsible Investment Policy and has an impact on our asset management business, Eastspring Investments. |
| Community Engagement and Investment | Active approach in tackling societal issues including bridging the health gap for vulnerable communities and providing financial education | Supporting Vulnerable Communities | Our employees, financial consultants and customers are the backbone of our volunteer efforts and we provide them with opportunities to contribute meaningfully to the community. |



## Stakeholder Engagement

We believe in building positive relationships and actively engaging with our stakeholders. Based on our business model, we have identified the following to be our stakeholders who have the most influence on our operations: regulator, investors, customers, employees, distributors, civil society and suppliers.

Regular engagement with our stakeholders helps us understand what they deem important. Through constructive dialogues and ongoing feedback, we were able to better define our material topics, sustainability strategy and initiatives. We ran a survey in 2020 across five stakeholder groups to find out what ESG areas were of importance to them. This was followed up with a similar survey in 2021 with our customers, employees and agency distributors. These groups of stakeholders were further engaged as major stakeholder groups, and in view of evolving priorities as we move towards new challenges affecting the environment, economy and society.

The table below outlines our modes and frequency of engagement with each stakeholder group, their areas of interest and how we respond to them.

| Stakeholder Group | Mode of Engagement | Frequency of Engagement | Areas of Interest | Our Response |
|---|---|---|---|---|
| Regulator | Regulatory reporting / notification | Monthly, quarterly, annually or on as needed basis | Environmental risk, climate change, sustainable finance, financial inclusion, culture and conduct | Implemented the Individual Accountability and Conduct (IAC) Guidelines in 2021, and on track to implement the Environmental Risk Management Guidelines by mid-2022 |
| | Meetings, inspections, reviews by regulator and handling of queries, incident reporting | As needed | | |
| | Participation in workgroups, forums, dialogues and events | | | |
| | Surveys and questionnaire | | | |
| | Company visit | Annually | | |
| Investors | Meetings | Annually | Financial performance, ESG integration, customers, diversity and inclusion, governance, sustainable development agenda | Continued to integrate ESG into our business with clear strategy and targets |
| Customers | PRUaccess | Always-On | Responsible investment, workplace health and safety, environmental practices, fair dealing for customers, data protection | Launched two new ESG Investment-Linked Policy (ILP) sub-funds, ensured our workplace health and safety practices continue to be in line with government standards, continued to drive fair dealing outcomes and strengthen our overall enterprise data management and privacy standards |
| | Customer Service Centre | Mondays to Fridays, 9:00am to 5:45pm | | |
| | Video Servicing | As needed | | |
| | Voice-of-Customer Touch-point Satisfaction Programme, PRU for you Customer Community, emails, letters, various feedback channels e.g. focus group discussions, surveys, and interviews | | | |

| Stakeholder Group | Mode of Engagement | Frequency of Engagement | Areas of Interest | Our Response |
|---|---|---|---|---|
| Employees | Townhalls<br>Organisation-wide communications: Emails, Teams, screensavers<br>Divisional meetings<br>Recreation activities | At least twice yearly<br>Regularly<br>As needed<br>Weekly | Employment, ethics, climate change, diversity and equal opportunity, customer satisfaction | Enhanced employee benefits and provided training programmes<br>Strengthened culture and conduct with ethics training across all employee levels<br>Implemented inclusive practices and policies |
| Distributors (Agency) | Agency Leader engagement sessions<br>Agency working committee meetings<br>Conferences<br>Emails, PRUmessage, SMS<br>Leaders Conference (Regional conference for top 30 Leaders) FastTrack, Pioneers' Retreat, Quality Club Elite, Star Club, President's Club | Quarterly<br>Monthly or as needed<br>Twice yearly<br>Regularly<br>Annually | Workplace health and safety, responsible investment, fair dealing for customers, technology enablement and ethics | Added an ethics module to the mandatory IBF certification course for all new financial consultants<br>Continued to provide training and engagement on fair dealing outcomes<br>PRURemote Advice continues to be a key channel for customer engagement |
| Distributors (Bancassurance and New Partners) | Meetings<br>Training | Weekly<br>Monthly | Competitive and innovative products, digital sales tools, technology and process enhancements, customer centricity, governance, data protection, training | Launched PRUActive Retirement II and PRULifetime Income Plus for bancassurance partners |
| Civil Society | Meetings<br>Impact assessment | Regularly<br>Annually | Diversity and equal opportunity, volunteerism, responsible investment, inclusive products and services, ethics and professional conduct, workplace health and safety | Strengthened employee volunteerism, launched the Prudential Longevity Pledge to support vulnerable groups |
| Suppliers | Emails on updates<br>Meetings on sustainability guidelines | As needed<br>Annually | Digitisation, data privacy and protection, third party risk management, anti-bribery and corruption | Continued to ensure our procurement process is transparent and free from conflicts of interest<br>Collected sustainability disclosures from our vendors |



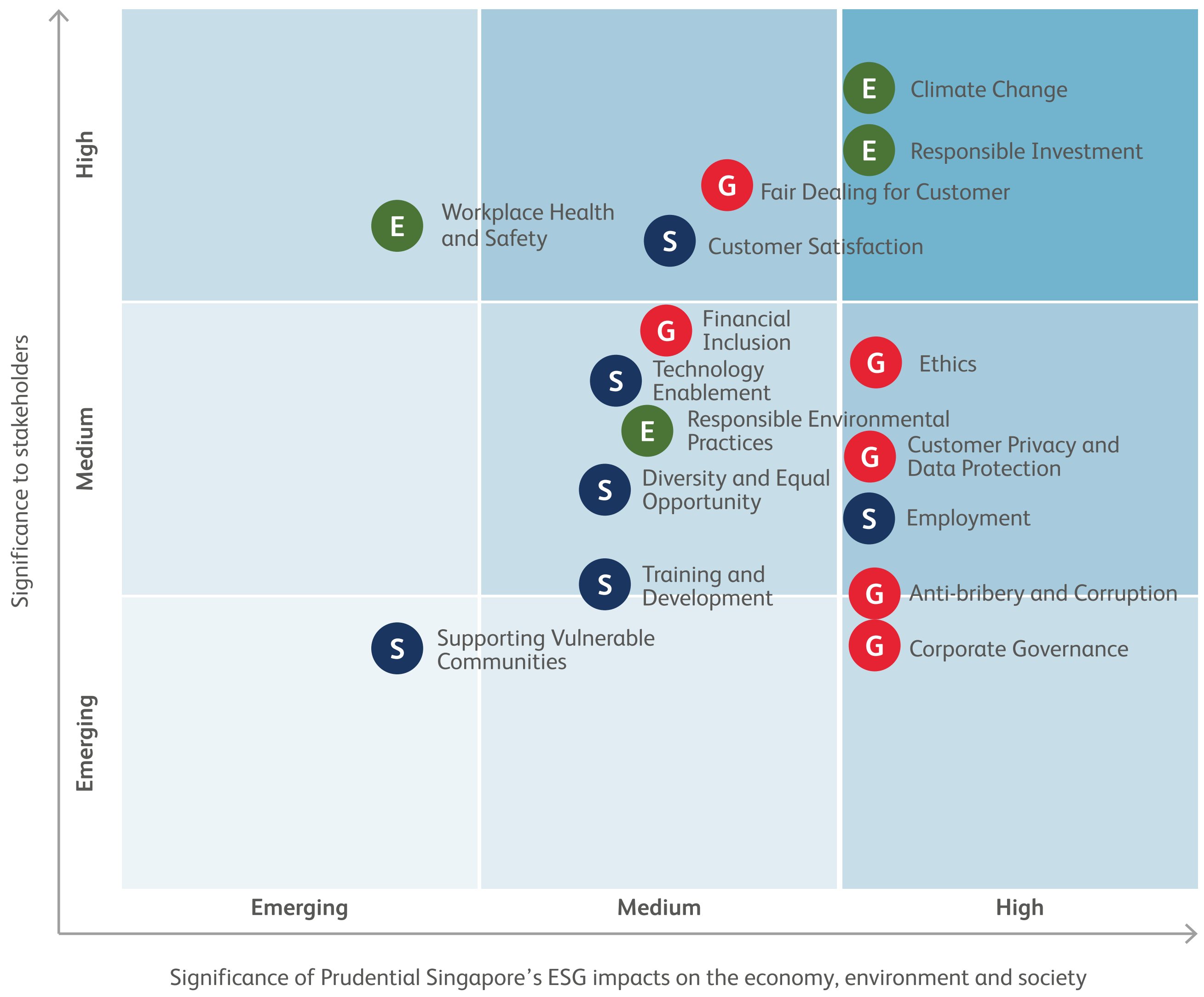
## Materiality Assessment

The materiality assessment enables us to identify risks and opportunities for our business. It also helps us analyse where we can have the biggest impacts on the economy, environment and society, and how we can mitigate and manage any potential negative impacts. Through this process, we aim to ensure that our sustainability efforts remain focused on the topics that are most significant to our business and integral to long-term sustainable growth.

We conducted our first materiality assessment in 2019, where we identified material topics aligned to the UN SDGs. Building on this, we embarked on a more robust assessment in 2020, involving deeper engagement with stakeholders and collecting inputs from our leadership team.

As global challenges continue to evolve, we have seen shifting priorities from our stakeholders as health, economic and environmental concerns take precedence. Two interconnected environmental issues came out as top priorities – climate change and responsible investment. These were also material issues in previous years, however their significance to our stakeholders increased in 2021. Other topics on social and governance issues remain material such as customer satisfaction and customer privacy and data protection, however, it is worth noting that expectations on ethics and financial inclusion have grown in importance.

Our material sustainability issues are reviewed and endorsed by our ESG Committee and Ethics Committee annually.



# OUR YEAR AT A GLANCE

**64**

Life insurance, medical and savings plan products for individuals and enterprises as of 31 Dec 2021

**S$999m**

Annual Premium Equivalent in 2021

**S$1.2b**

Total Equity

## Making Health and Financial Security Accessible

Rolled out **Wealth@Pulse** to help users begin their financial journey

Launched **affordable, bite-sized insurance plans** on Pulse - PRUSafe BreastCancer, PRUSafe ProstateCancer and PRUSafe COVIDCover


**3,313 children benefited from Cha-Ching,** our financial literacy programme

**82% out of 1,806 children** assessed agreed that **Cha-Ching Curriculum** taught them to manage their money

## Stewarding the Human Impacts of Climate Change

NET ZERO ASSET OWNER

Committed to becoming a **net zero asset owner** by 2050

$CO_2$

Commitment to achieve **net carbon neutrality** in our Scope 1 and 2 greenhouse gas emissions by 2030

**35.8% reduction of general waste** produced across our offices since 2020

## Building Social Capital

**1,078**

Total number of **full-time and contract** employees

**50%**

**female participation rate** for employees (senior managers and above)

**158**

employees reskilled through **Career Conversion Programme**

Over **33,000**

**Total learning hours** by our employees

Closed our **gender pay gap** to

**1.3%**

for senior managers and above

## Good Governance and Responsible Business Practices

Increased our total spend on local suppliers to
72%

Customer satisfaction ratings
of at least 82%
or stronger consistently observed of our Customer Service Centre and Distributors

## Responsible Investment

Divestment from businesses which derive more than
30% of their revenue from coal by end of 2022

Launched two new ESG ILP sub-funds: PRULink Global Impact ESG Equity Fund, PRULink Global Climate Change Equity Fund

WACI

25%
target reduction in Weighted Average Carbon Intensity (WACI) in our investment portfolio by 2025

## Community Engagement and Investment

More than 5,200 volunteering hours, touching the lives of over 6,600 individuals and close to 1,000 families

Raised more than
S$245,000
for the Prudential Longevity Pledge, benefiting vulnerable seniors and families

138
Seniors benefited from our Seniors' Wellbeing Masterclass

HELPING PEOPLE THRIVE

# MAKING HEALTH AND FINANCIAL SECURITY ACCESSIBLE




We are in the business of protection and ensuring good health and wellbeing is at the heart of what we do. Our purpose of helping people get the most out of life is reflected in our sustained efforts to ambitiously pursue the closure of the health, protection and savings gap. We do this by improving the health and financial wellbeing of our stakeholders, encouraging the wider community to adopt healthier lifestyles, and increasing access to healthcare for all.

We continue to invest in innovative solutions to allow for greater affordability and accessibility of healthcare services. We are also focused on developing inclusive offerings by re-designing our products and services to meet the needs of underserved segments and the community who are living longer. Lastly, we focus on promoting financial literacy so that people understand how positive behaviours towards protection and savings have an impact on their health and wealth outcomes.

## Digital Health Innovation

Technology continues to be a key driver in our efforts to deliver social and economic value for our stakeholders. Through Pulse by Prudential (Pulse), our digital health and wellness app, we aim to make healthcare and financial security more affordable and accessible to everyone. Launched in 2020 as an AI-powered health and wellness app, Pulse is designed to empower everyone to take charge of their health journey.

Following the introduction of our Health Ecosystem in 2020, we launched Wealth@Pulse in 2021 to help Singapore residents simplify their financial planning and better plan for their rising longevity. Users can seek financial-related tips from Ruby, a digital assistant powered by AI, set and track their financial goals with My Goals and get access to curated content on how to save and invest for the future. They can also connect to a Prudential financial consultant through the app for in-depth financial advice on how to protect and grow their wealth.

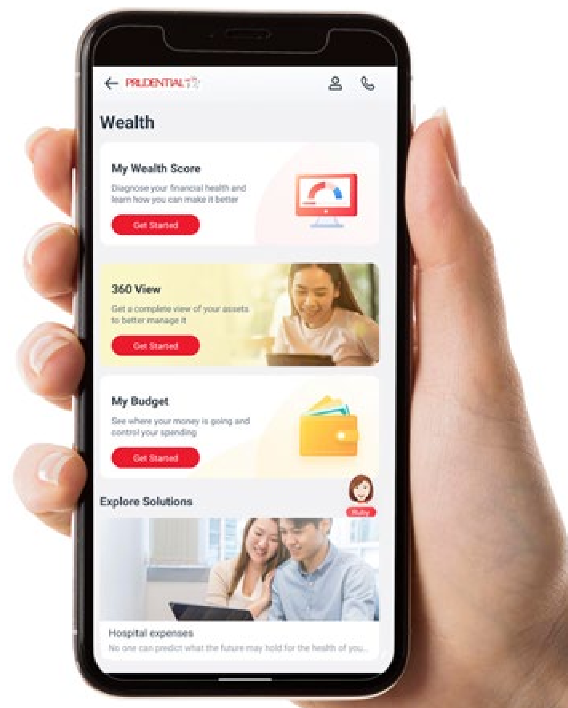
On health, we have added enhancements to our Healthcheck function, including questions around diabetes and prostate cancer where users can obtain a report on the disease risks in addition to their overall health status. In addition, users can also purchase bite-sized insurance plans on the app to get coverage for dengue, breast cancer and prostate cancer.

During 2021, we have also launched Pulse Gold, a premium subscription service that enables users to plan their meals, gain access to fitness, exercise videos and exclusive communities. Users are also able to access virtual consultations with a dietitian, through an unlimited text chat and video platform, to help them build healthier eating habits. Through the Wellness Goals and Fitness Challenges tool, users are guided to create personalised fitness and lifestyle plans to help achieve their overall wellness goals.

Account Aggregation, which was originally planned for rollout in 2021, has been postponed. Once ready, it will provide users with a view of their finances on a single platform. We are currently working on its wider capability and functionalities before implementation. On Pulse Wallet, after a further review in 2021 including evaluating its risks, costs and benefits, we have decided not to proceed with development.

We have also made available PRUShield, our integrated shield plan, on Pulse. Pulse users can kickstart their healthcare journey and sign up for PRUShield to get protection seamlessly and conveniently through the app, as part of our continuous efforts to make healthcare simple and affordable to our customers.

In future, we will be working on enhancements to support users in managing chronic diseases including screenings for individuals with high cholesterol and high blood pressure. We will also add content to promote positive mental wellbeing among our users.



## Inclusive Offerings

To make health and financial security accessible, it is vital that our products and services are diverse, inclusive and affordable. This is so that underserved segments including vulnerable communities have the protection and savings needed to achieve good health and financial wellbeing. In doing this, we support our customers and communities to prevent, postpone and protect against ill-health. In Singapore, this includes families, low-income groups and women as well as small and medium-sized enterprises.

In 2020, we launched PRUSafe Dengue that protects individuals against the mosquito-borne virus at just S$5 for three months. It offers benefits for Singapore residents aged 18 to 69 years old. In 2021, we introduced two more bite-sized insurance products to protect against common diseases. The first is PRUSafe BreastCancer for women aged between 19 and 39 years which provides coverage for all stages of breast cancer. The second is PRUSafe ProstateCancer, an affordable cancer insurance plan that provides men aged 19 to 39 years with coverage against one of the top male cancers. Premiums start from as low as S$5 for our suite of affordable, bite-sized products, giving more people access to protection.

To provide support and peace of mind to those undergoing vaccination, we introduced PRUSafe COVIDCover through our Pulse app, made available to all Singapore residents aged 18 years and above. This complimentary plan covers hospitalisation costs of S$100 per day, subject to a maximum of 14 days, for hospitalisation directly due to the side effects of the vaccination within seven days of each vaccination dosage. In 2021, nearly 20,000 people have signed up for PRUSafe COVIDCover, receiving protection for the rare instances of adverse reactions and reducing the risks associated with vaccination.

Prudential Singapore will also implement Business@Pulse, a one-stop platform that helps small and medium-sized enterprises (SMEs) broaden and simplify access to insurance and employee benefits, in 2022. This is part of our regional enterprise business offering that enhances the way we support and interact with our SME partners. Unlike multinational corporations, SMEs may not have sufficient resources to build or buy their own digital platforms, often resulting in manual processes. As Singapore grapples with an ageing workforce and rising healthcare costs, there is a need to help SMEs support their employees with the necessary protection through our digital tools. Through Business@Pulse, employees will be able to view their group insurance coverage and make claims easily from within the app itself. They will also be able to better manage their wealth and business needs, ranging from flexible benefits spending and health services management to wellness and lifestyle perks.



Looking ahead, we will continue to monitor consumer and market demand and distil learnings from our existing offerings to better meet the needs of underserved populations. To find out more about our Pulse ecosystem and how it helps us in making health and financial security accessible, please refer to page 21 of the Annual Report.

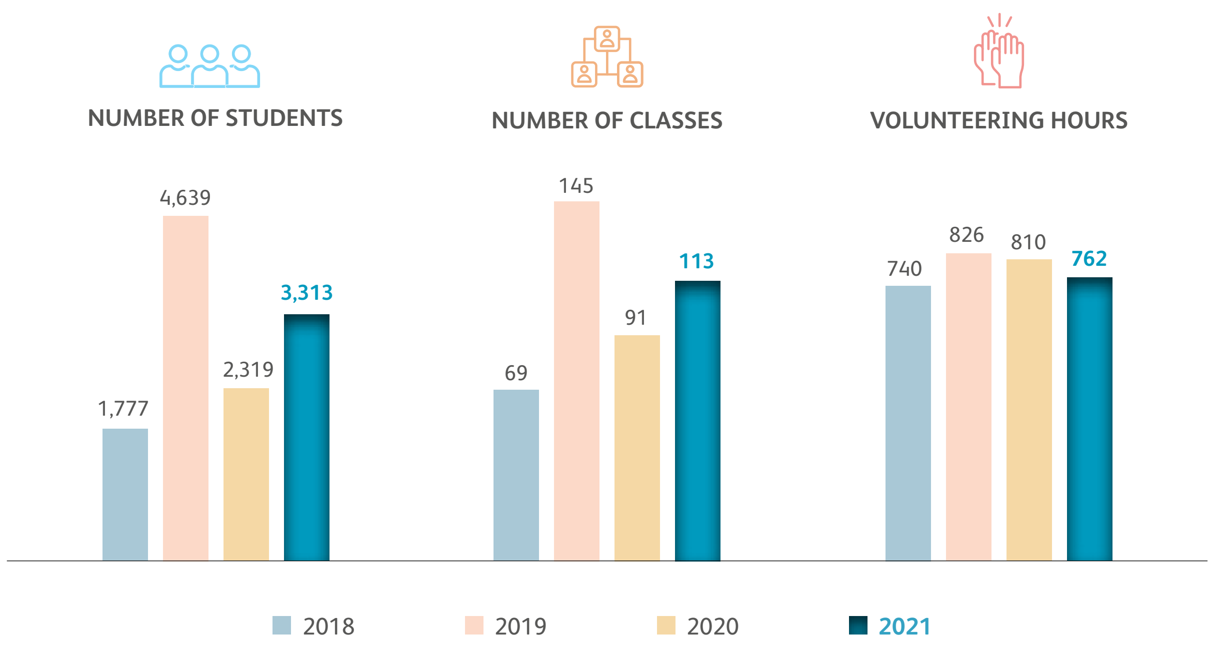
## Promoting Financial Literacy

Financial literacy is a critical life skill that is viewed as an enabler to the UN SDGs[1]. Our goal is to ensure people have a good understanding of money management from a young age to help them to make more informed financial choices later in life.

One of the ways we do this is through our community investment programme called Cha-Ching, which aims to equip children with financial literacy skills. The Cha-Ching Curriculum, developed with global non-profit Junior Achievement (JA), enables our volunteers to teach children fundamental money management concepts and provide them with knowledge and skills to build responsible financial behaviours. More information on our Community Engagement and Investment programmes can be found on page 107 in this report.

Developed by Prudence Foundation, Prudential's community investment arm, Cha-Ching is a globally recognised and highly rated animation and music-based financial literacy programme that aims to help parents instil money management skills in children aged seven to 12. In 2021, we continued to implement the Virtual Cha-Ching Curriculum (VCC) in view of limited in-person teaching, with more schools and community partners benefiting from the blended learning approach that leverages digital platforms and educational tools. Prudential volunteers continued to be trained by our local partner, JA Singapore, to deliver the Cha-Ching Curriculum to 3,313 children in 2021.

**Outreach and Impact of the Cha-Ching Curriculum**




1 UN Capital Development Fund.

In 2021, 1,806 children who attended the Cha-Ching sessions were assessed[2] based on their knowledge through pre- and post-Cha-Ching questionnaires and results are shown here.

Going forward, our ambition is to extend Cha-Ching to more children in Singapore through our partnerships and achieve a total reach of 20,000 students by end of 2024. We are also aiming for at least 85% of the total students reached each year demonstrating that the Cha-Ching curriculum has taught them how to manage their money more effectively.

**82%**
of students agreed that the Cha-Ching curriculum taught them how to manage their money.

**8%**
increase in scores from pre- to post-questionnaire for students. Overall, the programme has a positive and educational impact on students who participated.

(Increase from 7% last year)

**88%**
of students understood that there is more to just spending money.

(74% increase from pre-questionnaire)

**69%**
of students can differentiate their needs and wants.

(50% increase from pre-questionnaire)

**88%**
of students feel that the concepts of Earn, Save, Spend and Donate are important to them.

(77% increase from pre-questionnaire)


2 The questionnaire was conducted from January to December 2021.



## Financial literacy for seniors

As part of our Community Engagement and Investment efforts, we developed the Seniors' Wellbeing Masterclass (SWM) programme in 2021 to empower seniors in our community to learn new skills, gain knowledge and take charge of their own wellbeing. The programme helps vulnerable seniors aged 60 and above who are socially isolated achieve better physical, emotional, and psychological wellness.

The SWM programme encompasses the following pillars:

- **Arts pillar:** Encompasses Music & Movement and upcycling craft workshops to encourage seniors to be engaged and dexterous.
- **Nutrition pillar:** Involves a Nutrition workshop by Tsao Foundation, where seniors learn about the importance of maintaining a balanced and healthy diet. Each participant also receives two weeks' worth of fresh fruits.
- **Digital pillar:** Encourages digital connectedness in support of the Infocomm Media Development Authority (IMDA)'s Digital for Life initiative, with our volunteers equipping seniors with skills to navigate the digital world safely and confidently.

A fourth topic on financial literacy will be piloted as part of the SWM programme in 2022 to encourage seniors to be more confident in planning their finances. Some of the topics include expenses management, government solutions/pension schemes, scam prevention and retirement planning.

We began collaborating with the Ministry of Health's Ageing Planning Office (MOH APO) on this initiative which will form part of the refresh of the Action Plan for Successful Ageing[3], a comprehensive national blueprint for successful ageing in Singapore. Our goal from 2022 to 2024 is to have at least 75% of the 1,000 seniors engaged in the programme report having an increase in knowledge of financial planning and being more confident in planning their finances.

3 Action Plan for Successful Ageing - The plan will include a whole-of-society approach to make Singapore a great place to age for our current and future seniors.


BUILDING A GREENER FUTURE

# STEWARDING THE HUMAN IMPACTS OF CLIMATE CHANGE



The recent COP26 has underlined the importance of financial resources and sound investments in addressing climate change, reducing emissions, promoting adaptation to ongoing impacts, and building resilience. We understand the challenges of climate change and its effects on lives and livelihoods, which is why are continuing to decarbonise our investment portfolio as the world shifts to a low-carbon economy. To do this sustainably, it is also important that we ensure the transition is a just and inclusive one so that no communities are left behind.

In his speech for the launch of the inaugural Monetary Authority of Singapore (MAS) Sustainability Report on 9 June 2021, Managing Director of MAS Ravi Menon stated: "Singapore is firmly committed to doing its part in the global effort to reduce greenhouse gas emissions. Earlier this year, the government launched the Singapore Green Plan, which sets out a comprehensive road map towards sustainable development, a green economy, and net zero emissions. Singapore aims to peak its carbon emissions around 2030 and achieve net zero as soon as viable after 2050."

Prudential recognises that it has a significant role to play in supporting these goals, and the way we do business directly contributes to local and global efforts to combat climate change. In addition to actively managing our investments, we are also closely monitoring the resource consumption of our operations and raising awareness of climate change with our stakeholders. We have made significant strides in these areas and continue to set high expectations as we move forward.

## Decarbonising our investment portfolio

As a financial institution, our greatest contribution to climate action is through the decarbonisation of our investments. We approach this with the knowledge that the risks involved are long-term in nature, and that many economies in Asia are still heavily dependent on fossil fuels. Our initiatives to reduce our carbon footprint have been balanced to provide meaningful impact while maintaining awareness of the realities of the regional economy. We align our decarbonisation targets with our Group goals and have made significant progress against these targets. For more on this, please refer to page 103 in this report.

## Our approach to climate-related risks

Prudential plc has been a signatory to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) since 2019 and the latest TCFD disclosures can be found in the 2021 Group ESG Report.

ESG risk, including environmental and climate risk, is categorised as an emerging risk. We view climate risk as a cross-cutting risk and the way we manage this is likely to be dynamic and evolving in the years to come. Our approach to climate risk is aligned to our Group and the table on the following page shows the risk categories we have identified and how we are responding or planning to respond in the future.

| Risk category | Description | Response |
|---|---|---|
| Assets | The Group and Prudential Singapore have financial exposure to assets in carbon-intensive and carbon-reliant sectors that may fail to adapt, innovate or pivot to a lower-carbon business model. These assets are at risk of taxation, regulation and/or reduced demand, leading to impairments or downgrades and/or stranding. Physical climate impacts can also lower the value of assets held. | • Development of metrics e.g. WACI, to measure the potential financial impacts from climate-related transition risk in the asset book.<br>• Use of scenario analysis to model the exposure assuming different pathways and temperature scenario.<br>• Set up of governance structure to implement and review Prudential Singapore's Responsible Investment strategy.<br>• Launched two new ESG-themed ILP funds – the PRULink Global Climate Change Equity Fund and the PRULink Global Impact ESG Equity Fund.<br>• Fulfilment of our S$200 million commitment to invest into ESG-related products by 2021 including S$25m in the Asia Sustainable Bond Fund in 2019, and through allocations to ESG Exchange-Traded funds. |
| Insurance | Given the complex interactions with other environmental, demographic and social changes, the impact of climate change on mortality and/or morbidity can be difficult to reliably estimate on a standalone basis. | • We continue to monitor our mortality and morbidity experience on an annual basis and will reflect observable long-term changes accordingly in our pricing and reporting assumptions.<br>• For the purpose of stress testing, we will also consider these environmental risks when developing scenarios.<br>• Continuous discussions with Group on the incorporation of potential impacts from climate risk on our insurance liabilities.<br>• We are also subject to Prudential Group Approved Limits/ Appetite, which also encompasses consideration of Group ESG-related investment/product exclusions, restrictions and targets approved by the Board. |
| Data and Model Limitations | Methods for assessing and quantifying the financial impact of climate risks continue to evolve in the industry and within the Group. The limitations in data and asset and liability modelling make it more difficult to accurately assess the financial impact on the Group, particularly for longer-term time horizons. | • Participation in industry groups such as the MAS GFIT and ongoing collaboration with Group to help drive improvements in climate data quality and risk modelling tools.<br>• Collaborate with data providers to improve the availability of data and help drive improvements in climate data quality and risk modelling tools. |
| Regulatory & Legislative Compliance | The pace and volume of new climate-related regulation across all markets could pose compliance and operational challenges. | • Established a working group to proactively meet regulatory developments and collaborating closely with Group to ensure alignment.<br>• Compliance with the MAS Guidelines on Environmental Risk Management for Insurers by June 2022. We expect further incremental changes to the guidelines over time as the regulator's view of environmental risk evolves. |
| Operational Resilience | Operational impacts from physical risk events challenge operational resilience, including impacts to third parties and the servicing of our customers. | • Continual update of business continuity and recovery measures to address potential physical risk scenarios. We will also consider an operational risk scenario analysis on physical risk for 2022 and beyond.<br>• Preliminary gathering of environmental risk data from third parties starting from 2022 to improve Prudential Singapore's understanding of its relationships. |



In 2021, we have started preparing for the implementation of the MAS Environmental Risk Management Guidelines for Insurers, which was published in 2020 and provides recommendations to enhance our resilience against the adverse impacts of climate change. We are in the process of finalising an Environmental Risk Management Policy that covers our risk appetite, risk identification and management as well as the overall governance and monitoring of environmental risk.

Additionally, we are also reviewing our policies for Procurement, Investment, and Enterprise Business to ensure these are reflective of our environmental risk approach. Where capacity building is concerned, we have identified key functions within Prudential where individuals will be trained as part of the implementation of the guidelines by June 2022.

## Supporting an inclusive transition

Asia accounts for approximately half of the world's carbon emissions and is key to the net zero transition[4]. However, this transition will not be easy because a large part of the region still depends on energy from fossil fuel sources. As we mitigate the environmental and health-related impacts of climate change, the economic and social consequences of the transition to a low-carbon economy cannot be ignored. We must understand the impacts of our decisions as we shift our investment strategies, as these choices affect not only businesses but also their employees, suppliers, customers and other stakeholders. In short, we must find ways to transit towards greater sustainability while securing economic and social development for society.

Our approach to divestment from coal was carefully planned with these realities in mind. Our goal is to separate our portfolio from heavier polluters while providing companies that derive no more than 30% of their revenues from coal an opportunity to decarbonise and transition to a more sustainable business model. This is further achieved through direct engagement with investee companies.

For more information on these efforts, please refer to our Responsible Investment section on page 103.

4 Statistical Review of World Energy 2021, Page 10 to 13, BP.

# TCFD

Prudential plc became a signatory to the TCFD in 2019 and has been providing climate disclosures based on the TCFD recommendations from that date. The latest TCFD disclosures are found in the Group 2021 ESG Report. Prudential Singapore, as an indirect wholly owned subsidiary of Prudential plc, takes reference from our Group disclosures. The table below provides a summary of our disclosure and more details can be found in the Responses Reference section.

| Pillar | Recommended Disclosure | Responses Reference | Additional Comments |
|---|---|---|---|
| **GOVERNANCE** | | | |
| **Disclose the organisation's governance around climate-related risks and opportunities** | a. Describe the board's oversight of climate-related risks and opportunities. | Refer to ESG Governance on page 54 | Group Board oversight of ESG issues<br>• The Prudential plc Board oversees ESG, including climate change, with ultimate responsibility for determining strategy and prioritisation of key focus areas.<br>• ESG, including climate change, at the Group level is overseen by the Board Responsibility and Sustainability Working Group (RSWG), which oversees the embedding of the Group ESG strategy on behalf of the Board.<br>• The Group Remuneration Committee, Group Audit Committee and Group Risk Committee also support the Board in its duties.<br><br>Prudential Singapore's Board oversight of ESG issues<br>• Our Board Risk Committee oversees our overall environmental risk management approach.<br>• The Risk Committee, chaired by our Chief Risk Officer, oversees climate and environmental risk and ensures critical management information are shared with the Board Risk Committee accordingly. |
| | b. Describe management's role in assessing and managing climate-related risks and opportunities. | | • Our Group Executive Risk Committee oversees all spectrum of risks for the Group.<br>• ESG activity, including the impacts from climate change, is overseen at a management level by the Group ESG Committee chaired by the Group Chief Financial Officer and Chief Operating Officer. One of the Group ESG Committee's responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). It also assesses ESG matters, including climate change, that are material to the Group.<br>• The Group Responsible Investment Advisory Committee (GRIAC) oversees all responsible investment activities.<br><br>In Singapore, we have strengthened management-led oversight of climate-related issues<br>• The Ethics Committee, chaired by the CEO, oversees culture and conduct, as well as ESG matters. It has also taken on oversight of the organisation's climate-related risks and opportunities, with regular updates and recommendations from the ESG Committee.<br>• Our ESG Committee oversees all ESG matters including annual sustainability disclosures; climate-related risks and opportunities were added to its responsibility in 2021.<br>• We have also added environmental risk into other relevant governance structures including the Investment Committee, which receives recommendations on climate change risks to assets from our Responsible Investment Working Group. |



| Pillar | Recommended Disclosure | Responses Reference | Additional Comments |
|---|---|---|---|
| **STRATEGY** | | | |
| **Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material** | a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term. | Refer to Stewarding the Human Impacts of Climate Change on page 69 | • Risk identification has been aligned with the risk categories outlined by Group.<br>• We also recognise that there are opportunities for us to invest in, and develop, products linked to climate resilience, which supports the transition to a low carbon economy. Climate change is also likely to drive demand for new health, insurance and savings products. |
| | b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. | | • As part of the annual strategy and business plan exercise, the Group applied scenarios comparable to the disorderly transition scenario, which includes a below 2˚C scenario, which found the plan remained robust over the period investigated.<br>• The Group performs scenario analysis to quantify the Group's balance sheet exposure to climate-related risk by using orderly transition, disorderly transition, which are two below 2˚C scenarios, and failed transition scenarios.<br>• The Group's business continuity management programme assesses the risk of natural disasters, including those caused by significantly altered climatic conditions. Operational risk scenarios were used to investigate how a severe typhoon and/or flood would cause property damages and business interruption, providing insight in the potential increases in operational costs and/or reputational impact.<br><br>ESG strategic framework is being embedded in the organisation<br>• Our framework's second pillar is about Stewarding the human impacts of climate change which includes decarbonising our investment portfolio and supporting an inclusive transition. This strategy will shape our response in the coming years, and are aligned with our Group strategy.<br>• Climate change is also likely to drive demand for new health, insurance and savings products. If we are to continue to Make health and financial security accessible to everyone, new health products need to reflect the impact of climate change on human health through changes in the incidence and impact of diseases, and the emergence of new diseases.<br>• Prudential Singapore has its Recovery Plan and Business Continuity Plan in place to guide us through the process and actions needed to manage severe climate events. For instance, in the event where physical risk materialises, we can shift most of our workforce to work-from-home akin to the Covid-19 situation.<br><br>Capacity building<br>• We will implement a capacity building programme where key employees are equipped with the skills, knowledge and expertise needed on climate-related risks and opportunities.<br>• We continue to participate in the MAS-convened Green Finance Industry Taskforce's (GFIT) Workstream 2 on Disclosures and will be tapping into Project Greenprint from 2022. |
| | c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2˚C or lower scenario. | | • Our Group assesses the potential impact of different scenarios, including two below 2˚C scenarios, on the organisation's businesses, strategy, and financial planning. This includes physical and transition risks, impact on our operations, as well as the financial impact on our assets and liabilities.<br>• Prudential Singapore had included a climate risk scenario, which is based off a scenario provided by the MAS in the industry stress test, in its 2021 Own Risk & Solvency Assessment (ORSA). The scenario depicts a disorderly transition with impositions of a carbon tax globally, which causes a drag on the world economy. We will continue to employ the scenario as a standard measure of stress testing, while working with Group to deepen the capabilities in this area. In 2022, Prudential Singapore is also considering the incorporation of an operational risk scenario on physical risk in the annual scenario analysis exercise. |

| Pillar | Recommended Disclosure | Responses Reference | Additional Comments |
|---|---|---|---|
| **RISK MANAGEMENT** | | | |
| **Disclose how the organisation identifies, assesses and manages climate-related risks** | a. Describe the organisation's processes for identifying and assessing climate-related risks. | Refer to Stewarding the Human Impacts of Climate Change on page 69 | • Prudential Group's existing risk identification processes support identification of thematic emerging and principal risks, including ESG risks, which include climate risk. In 2021, we have included climate risk considerations into the Group Risk Framework.<br>• Prudential Singapore has set up a working group to formalise an Environmental Risk Management framework to provide a holistic approach to how the company identifies, assesses, monitors, and reports the financial and non-financial implications of these risks. Management will also include such considerations in the company's risk appetite statements accordingly. Relevant metrics (e.g. WACI for investment portfolios, GHG emissions for outsourcing & third parties) will be used as indicators where applicable for measuring and assessing environmental risk. |
| | b. Describe the organisation's processes for managing climate-related risks. | | • The concept of 'cross-cutting risks' was included in the 2021 update of the Group Risk Framework and associated policies.<br>> The new Group Responsible Investment Policy supports the Group's external Responsible Investment commitments, including those around asset book decarbonisation.<br>• Based on the risks which have been identified and assessed, Prudential Singapore will determine the appropriate course of actions to manage the risks. The risk management approaches may vary by the maturity of the domain, ranging from tangible management actions to the gathering of more data to better understand the risk before taking further actions. As our understanding of climate risks evolve, we will continually update our corresponding risk management practices. |
| | c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | | • Work to integrate climate-related risk across all relevant risk management processes continue to be strengthened.<br>• Climate risk is treated as a cross-cutting risk and this forms part of our risk management framework and formalised in a standalone Environmental Risk Management Policy. |



| Pillar | Recommended Disclosure | Responses Reference | Additional Comments |
|---|---|---|---|
| **METRICS AND TARGETS** | | | |
| **Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material** | a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes. | Refer to Responsible Investment on page 103 | We use a suite of metrics for measuring and reporting climate risk exposures which include:<br>• Weighted Average Carbon Intensity (WACI).<br>• Divesting from companies that derive more than 30% of their revenue from coal.<br>• Engaging with the companies responsible for 65% of the absolute emissions in our portfolio.<br>• Scope 1, Scope 2 and specified Scope 3 emissions. |
| | b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks. | Refer to Managing our Environmental Impact on page 76 | Scope 1, Scope 2 and selected Scope 3 GHG emissions are included in the Group's emissions data.<br><br>Scope 3 category 15 is our most material source of GHG emissions, for which the related risks are described in our Group report. Climate-related risks and opportunities related to our Scope 1 and Scope 2 GHG emissions are not material. |
| | c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Refer to Responsible Investment on page 103 | Targets set include:<br>• Become a net zero asset owner by 2050 - The first intermediate target on carbon reduction to achieve net zero is 25% carbon reduction by 2025, measured by WACI, of which Prudential Singapore will contribute to achieving this target.<br>• Divesting from companies that derive more than 30% of their revenue from coal.<br>• Engage with companies that are responsible for 65% of the carbon footprint – engagement will be critical in our net zero target.<br>• We aim to be carbon neutral by the end of 2030 across Scope 1, emissions from sources directly controlled by the business, and Scope 2, indirect emissions associated with the purchase of electricity e.g. for the purpose of cooling or heating. |

## Managing our Environmental Impact

Along with our efforts to decarbonise our investment portfolio, we closely monitor our resource usage to reduce the environmental impact of our daily business operations. We maintain office space in seven different buildings across Singapore for our employees and agency distributors and have set targets to constantly improve the efficiency of these offices. In line with Group targets, we are dedicated to becoming net carbon neutral across our Scope 1 and Scope 2 emissions by the end of 2030. This refers to the emissions directly produced in our daily operations and by the electricity we use. We have also established progressive targets for water and waste and have made improvements across all three categories.

### Our energy consumption

In 2020, we set a target to continue to achieve 5 % savings in electricity use year-on-year from 2020 until 2023. In 2021, we exceeded this target with a reduction of 7.29 %. Our Workplace Services team continued to find innovative ways to reduce energy consumption, including upgrading all lighting at our Prudential@Scotts office to energy-efficient LED fixtures. The cost of these replacements was S$120,000 but has saved over S$187,000 in energy costs compared to 2020.

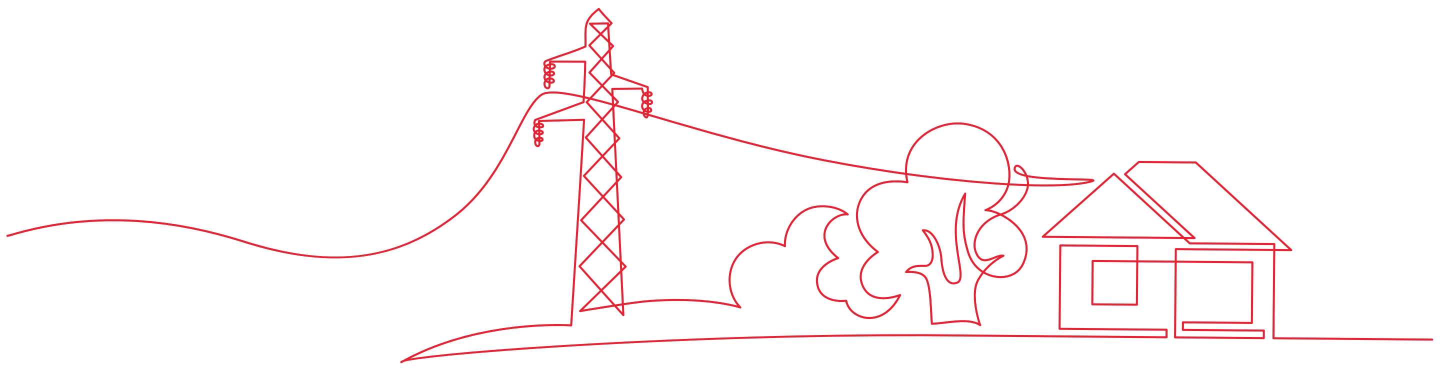
We are also committed to achieving the Building and Construction Authority (BCA) Green Mark certification for both Prudential@Scotts and UE BizHub, while renewing the existing certification of our Marina One office. Certification is awarded to buildings that meet standards such as climatic responsive design, building energy performance and resources stewardship.

In 2021, we have identified a consultant to assist us with the application process, and we are now working closely with the respective property owners to make the necessary improvements to each office space to achieve these certifications in 2022.

**Energy Consumption**

| | Fuel* (GJ) | Electricity (GJ) | Electricity (kWh) | Total Energy Consumption (GJ) |
|---|---|---|---|---|
| 2019 | 260.57 | 9,511.33 | 2,642,036.11 | 9,771.90 |
| 2020 | 204.15 (↓ 21.7%) | 6,445.56 (↓ 32.2%) | 1,790,433.33 (↓ 32.2%) | 6,649.71 (↓ 31.95%) |
| **2021** | **249.01 (↑ 21.97%)** | **5,975.80 (↓ 7.29%)** | **1,659,945.69 (↓ 7.29%)** | **6,224.81 (↓ 6.39%)** |

* Petrol used for company vehicles. No other types of fuel are consumed at our office sites or in support of our daily operations.





## Our waste management

In land-scarce Singapore, waste disposal remains a critical issue. To achieve our progressive targets, we strive to find ways to reduce unnecessary consumption, repurpose equipment, and promote recycling of paper, plastics and e-waste to scale back the amount of unrecoverable waste produced in our offices. Health and safety considerations related to the pandemic caused an increase in consumption of single-use items, including masks, cutlery and plastic packaging. In response, we have improved employee awareness about what products can be recycled, cleaning plastic products before recycling and adopting reusable containers. Our 2020 recycling target was to collect five kg of plastic per week from our Marina One, Prudential@Scotts and Prudential Tower offices. Due to low occupancy as many employees were working from home, we have adjusted this target to 11kg per month in 2021 and are increasing to 15kg per month in 2022.

In 2020, we significantly increased our efforts to promote paper recycling, and in 2021 we continued with this trend by recycling more paper than we printed at our Marina One and Prudential Tower offices, with 5,240kg printed and 5,414kg recycled. This exceeds our goal of 80% and demonstrates our continued commitment to reduce unnecessary use of resources through adoption of e-forms and online documents where feasible.

In addition to recycling, we have endeavoured to repurpose electronic equipment where possible to reduce waste. We elected to continue using over 1,300 functional employee-issued smartphones instead of unnecessarily upgrading to newer models, saving approximately S$500,000 over two years. Furthermore, when we moved our office space from Fuji Xerox Towers to UE BizHub, we reused office furniture where we could in order to avoid unnecessary wastage.

Food waste is also an area of concern that we continue to track closely. At our in-office café PRUBistro at Marina One, we repackage used coffee grounds for employees to use as gardening fertiliser. This has contributed to a 77% drop in the amount of food waste going to landfill, far exceeding our original target of 20% compared to 2020. As a result of these initiatives, coupled with Covid-19 workplace restrictions, the volume of general waste produced across our offices has fallen by 35.8% since 2020.

| Waste type | 2019 | 2020 | 2021 |
|---|---|---|---|
| General waste* | 40,507kg† | 49,773kg (↑ 22.9%) | **31,944kg (↓ 35.8%)** |
| E-waste^ | 148kg | 254kg (↑ 71.6%) | **134kg (↓ 47.2%)** |
| **Waste recycled** | | | |
| Total waste recycled | 4,478kg | 5,944kg (↑ 32.7%) | **6,215kg (↑ 4.6%)** |
| Paper waste | 3,278kg | 5,671kg (↑ 73.0%) | **5,743kg (↑ 1.3%)** |
| Plastic waste | 1,096kg | 255kg (↓ 76.7%) | **176kg (↓ 30.9%)** |
| Food waste | - | - | **282kg** |
| Toner cartridges^^ | 104kg | 18kg (↓ 82.7%) | **14kg (↓ 22.2%)** |
| Total waste produced†† | 45,133kg | 55,971kg (↑ 24%) | **38,293kg (↓ 31.6%)** |

* Includes all waste that is sent to incineration and landfill.
^ E-waste is collected at Marina One and Prudential@Scotts offices only and sent for disposal or recycling at a certified facility. Does not include toner cartridges.
† In 2019, waste collection tracking only included Marina One, Prudential Tower, and Prudential@Scotts. This was extended to all properties in 2020.
^^ We support the Canon Take Back programme and recycle all our ink and toner cartridges.
†† Includes general waste, e-waste, and all recycled waste; no hazardous waste was produced.


LEADING BY EXAMPLE

# BUILDING SOCIAL CAPITAL



The complex challenges that we face today have put a spotlight on the need to invest in our human and social capital and help create a more equitable and inclusive society. We continue to make progress on our commitment to build a sustainable workforce by strengthening diversity, inclusion and belonging within our organisation. As we depend on the trust of our people, we are also reliant on the trust of our broader stakeholders including our customers. We remain committed to upholding our customers' trust by prioritising the privacy and protection of their data and acting with integrity where digital responsibility is concerned.

## Digital responsibility

Digital innovation continues to drive our purpose of helping people get the most out of life. We are mindful that as we increase our use of technology through digitalisation, we do so in the most responsible manner. This means applying robust and effective security controls to the design, governance, and operations of our entire digital ecosystem.

With information security and privacy as one of our top risks, we are governed by our Group-wide Information Security (GwIS) Framework, which includes both the Information Security Code of Practice and Group Privacy Policy. In 2021, our Group Data Policy was updated to better reflect our approach to ensuring that data is effectively managed throughout its lifecycle in line with regulatory frameworks, data security and privacy policies, and our Group Data Strategy. The policy, which we will need to implement by 2022, also requires core data to be used in an unbiased manner and in adherence with our AI Ethics Principles of Value, Transparency & Explainability, Fairness, Reliability, Compliance, Accountability & Responsibility, Privacy & Security and Assurance. In Singapore, ownership of our AI Ethics Principles sits with the Ethics Committee.

In preparation for the implementation in 2022, we established a Data Governance Council in 2021 comprising data owners who will ensure strategic and operational decisions to manage organisational data are carried out effectively. Data owners are senior members of our leadership team accountable for the quality, control, and governance for all data under their ownership.

In 2021, as an extension of our Group AI Governance Council, we established a governance structure that will prepare us for the future adoption of AI and machine learning. An Ethics Working Group (EWG) – which forms part of our Group AI Governance Council – is responsible for the certification of AI systems for real live production use. The EWG is chaired by our Global Science Officer, and members include Prudential Singapore's Head of Medical Portfolio Management, Head of Analytics and Head of ESG.

### Customer privacy

Safeguarding data and customer information remains a priority and is among our most material ESG issues. This includes restricting employees' access to personal data, ensuring the data is accurate and up-to-date, and putting in place security controls to protect the data that is in transit and at rest. In addition, we conduct our business with strict adherence to the Singapore Personal Data Protection Act 2012 (PDPA) and ensure that our policies and processes are reviewed and updated periodically to keep up with regulations.

Our Data Protection Policy is periodically reviewed and has been updated with the latest regulatory requirements from the Personal Data Protection Commission (PDPC). In 2021, we continued to implement our Privacy Impact Assessment, allowing employees to identify and manage privacy risks in new and existing processes that may affect the privacy of individuals whose personal data are being processed.

In addition to the annual data protection training, all employees undergo phishing exercises and enterprise data governance e-learning to ensure that they are kept up to date on technology vulnerabilities, information security risks and potential cyber-attacks.

During the reporting year, we identified seven cases of privacy incidents that were reported to the privacy commissioner. Mitigating measures such as retraining, reviewing of existing processes, and adding preventive and detective controls were implemented to ensure they did not occur again. There were no substantiated complaints received concerning breaches of customer privacy in 2021[5] . As our digital solutions continue to expand, we are committed to proactively improve and invest in our technology and information security capabilities to safeguard our customers' data.

## Diversity, Inclusion and Belonging

One of the ways in which we are building social capital is through our investment in our people. Our employees, as an important stakeholder, are key to building a sustainable workforce. We strive to create a respectful and inclusive workplace where everyone can bring their best selves to work. We also ensure that there is diversity of thought and representation and promote a culture of inclusion and belonging in the workplace where everyone feels valued and can contribute actively.

## Employment

Prudential Assurance Company Singapore operates in Singapore as an indirect wholly owned subsidiary of Prudential plc, with a total of 1,078 employees as of 31 December 2021.

5 Incidents and complaints reported in this section cover corporate incidents only.



**Total number of employees by employment contract (permanent[6] and temporary[7]), by gender and region[8]**

| Gender | 2020 Permanent employees | 2020 Temporary employees | 2021 Permanent employees | 2021 Temporary employees |
|---|---|---|---|---|
| Female | 682 | 31 | 642 | 14 |
| Male | 443 | 29 | 393 | 29 |
| Total | 1,125 | 60 | 1,035 | 43 |

**Total number of employees by employment type (full-time[9] and part-time[10]), by gender**

| Gender | 2020 Full-time | 2020 Part-time | 2021 Full-time | 2021 Part-time |
|---|---|---|---|---|
| Female | 712 | 1 | 655 | 1 |
| Male | 472 | 0 | 422 | 0 |
| Total | 1,184 | 1 | 1,077 | 1 |

The data is extracted and compiled from myHR workday.

There are no significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b and 102-8-c.

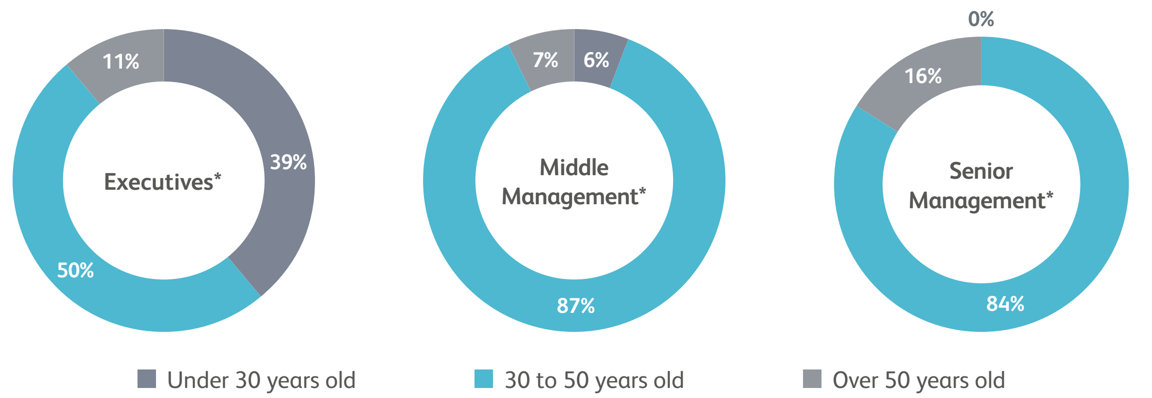
Areas where a portion of the organisation's activities are performed by workers who are not employees include:
- Distribution: Sales via external agencies (financial consultants)
- Information Technology: Vendors are considered as an option where relevant
- All (applies to all divisions): Consultancies are engaged to provide external expertise where required

6 A permanent employment contract is a contract with an employee, for full-time or part-time work, for an indeterminate period.
7 A temporary employment contract is of limited duration, and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.
8 Region refers to Singapore.
9 A full-time employee is defined as an individual working 39 hours/week.
10 A part-time employee is defined as an individual working less than 39 hours/week.

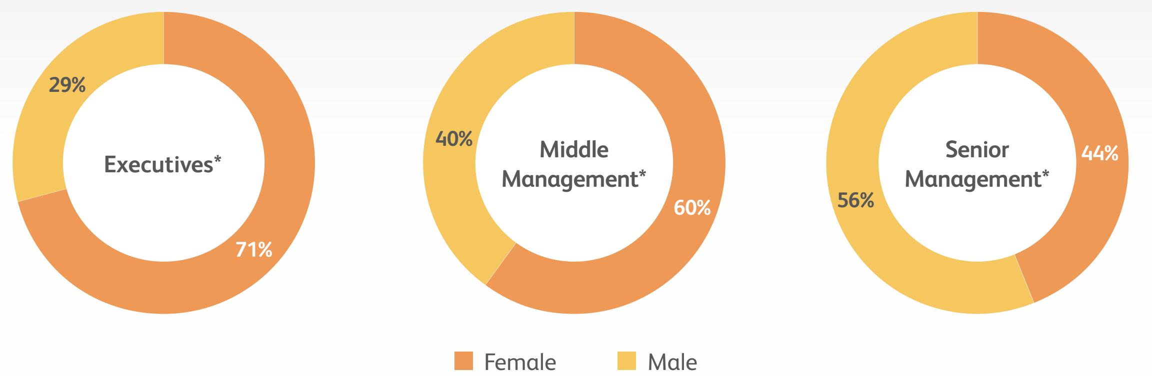
## Diversity of governance bodies and employees

We have a 50 % female representation rate in our Board of Directors, which consists of six members. All of them are above the age of 50.

### Percentage of employees per employee category, according to age group




### Percentage of employees per employee category, according to gender




* Note: For the purpose of this report, Executives refer to Senior Executives and below, Middle Management refers to Associate Managers to Senior Managers, and Senior Management refers to Deputy Vice President and above.



### New employee[11] hires and employee turnover[12]

| Age Group | 2020 Total number of employee hires | 2020 Total rate of employee hires | 2021 Total number of employee hires | 2021 Total rate of employee hires |
|---|---|---|---|---|
| Under 30 years old | 78 | 24% | 44 | 21% |
| 30 to 50 years old | 92 | 11% | 80 | 9% |
| Over 50 years old | 7 | 8% | 6 | 6% |

| Gender | 2020 Total number of employee hires | 2020 Total rate of employee hires | 2021 Total number of employee hires | 2021 Total rate of employee hires |
|---|---|---|---|---|
| Female | 90 | 12% | 68 | 10% |
| Male | 87 | 17% | 62 | 13% |

| Age Group | 2020 Total number of employees (Jan to Dec) | 2020 Total number of employee turnover | 2020 Total rate of employee turnover | 2021 Total number of employee turnover | 2021 Total rate of employee turnover |
|---|---|---|---|---|---|
| Under 30 years old | 214 | 134 | 33% | 52 | 20% |
| 30 to 50 years old | 872 | 123 | 13% | 191 | 20% |
| Over 50 years old | 95 | 21 | 22% | 18 | 18% |

| Gender | 2020 Total number of employees (Jan to Dec) | 2020 Total number of employee turnover | 2020 Total rate of employee turnover | 2021 Total number of employee turnover | 2021 Total rate of employee turnover |
|---|---|---|---|---|---|
| Female | 712 | 146 | 17 % | 132 | 17% |
| Male | 469 | 132 | 22 % | 129 | 24% |

11 Employees are defined as non-sales, corporate, full-time, multi-year contract, permanent and contract staff. Interns, trainees, contingent workers, and international business financial consultants are not included in this definition of employees.

12 Employee hire rate is computed as total hire in reporting year divided by total number of employees in previous reporting year. Employee turnover rate is calculated as total turnover in reporting year divided by the addition of total number of employees in past reporting year and total new hires in reporting year. Turnovers include voluntary and involuntary.

## Employee benefits

We are committed to our employees' overall wellbeing and endeavour to make improvements where necessary when it comes to their benefits. All full-time employees receive life insurance, disability and invalidity coverage such as Group Term Life coverage with a supplementary support of six months guaranteed cash and Group Crisis Cover Extra encompassing 37 critical illnesses. A comprehensive healthcare benefits plan is also provided including Group Hospitalisation & Surgical/ Group Major Medical (GHS), Group Clinical General Practitioner Group Specialist, Group Dental, Health Screening and Vaccination.

We have expanded the benefits provided to our employees' dependents under GHS during 2021. In addition to life protection and sick leave benefits, we provide additional financial assistance of up to US$20,000 through our Prudential Care Fund. The fund aims to provide financial assistance to employees in the event of unexpected loss of income due to death, permanent disability, or critical illness or other exigent circumstances. In 2021, we have also boosted our dental coverage by removing limits for dental cover under certified prosthetists and orthotists.

Enhancements have also been made to provide greater support for our employees' mental wellness. This includes coverage for outpatient treatment administered by psychologists registered with the Singapore Register of Psychologists. We continue to offer 24/7 counselling for employees and dependents via our Employee Assistance Programme. We also make available a mental wellbeing app, KOA Foundations, which is designed to help employees handle stress and build resilience.

In addition, we accord our employees with the following:

| | |
|---|---|
| Parental leave | Three weeks for male employees |
| | Twenty-four weeks for female employees |
| Retirement provision | Employees with more than 15 years of service who retire from the Company will receive S$3,000 worth of vouchers |
| | We have also normalised Central Provident Fund (CPF) contributions for senior employees older than 55 years by increasing the CPF contribution rate to 17% |
| Stock ownership | PRUshareplus: In 2021, 41% of our full-time employees are active in this scheme |
| | Long-term Incentive Plan (LTIP)<br>• In celebration of our 90th Anniversary in 2021, all full-time employees were given a one-off Prudential Celebration Award worth US$1,000 to be vested in 2022 |
| Other benefits | Six days of PruCare leave[13] |
| | Lifestyle Dollars allowance[14] |

13 As part of our continuous effort to promote a family-friendly culture, all permanent employees are entitled to six days of PruCare Leave to spend quality time with their family.

14 Lifestyle dollars allowance is paid to all permanent employees to encourage spending on lifestyle needs and wants with no restrictions on the type of expenses the Lifestyle Dollars can be used on.



**Parental leave**

| | Female | Male | Total/Total Average |
|---|---|---|---|
| Total number of employees entitled to parental leave, by gender in 2021 (employees who are married) | 334 | 263 | 597 |
| Total number of employees who took parental leave, by gender in 2021 | 16 | 12 | 28 |
| Total number of employees due to return to work in the reporting period after parental leave ended, by gender in 2021 | 20 | 18 | 38 |
| Total number of employees that returned to work in the reporting period after parental leave ended, by gender in 2021 | 20 | 18 | 38 |
| Return to work rate of employees that took parental leave, by gender | 100% | 100% | 100% |
| Total number of employees who returned to work after parental leave ended that were still employed 12 months after their return to work, by gender | 31 | 18 | 49 |
| Retention rate of employees that took parental leave, by gender | 93.9% | 64.3% | |

Retention rate of female and male employees that took parental leave is 80.3%.

In 2021, more than 33,000 learning hours were logged by our employees via diverse learning and development opportunities including mandatory e-learning, culture topics and self-directed learning through LinkedIn courses, Udemy courses or myHR courses. Virtual learning was also offered through PRUFaculty peer learning, OPEX Academy, World Class Information Technology (WCIT), Ethics, Enterprise Data Governance (EDG) and Design Doers courses. In addition, structure training was also provided by the IBF as part of Career Conversion Programme for employees' development.

**Training and education: average hours of training per year per employee**

| Average Training Hours | 2019 | 2020 | 2021 |
|---|---|---|---|
| Per employee | 12.5 | 28.9 | 31.3 |
| Per female employee | 12.1 | 28.8 | 30.1 |
| Per male employee | 13.1 | 29.0 | 33.1 |
| Per executive | 10.2 | 29.3 | 31.4 |
| Per middle management | 12.2 | 28.7 | 31.6 |
| Per senior management | 18.7 | 28.5 | 29.9 |

We are also serious about closing our gender pay gap and promoting equality. For more on this, please refer to page 88 in this report.

**Ratio of the basic salary and remuneration of male to female for each employee category[15]**

| | Basic Salary | | | Remuneration | | |
|---|---|---|---|---|---|---|
| Gender | Executives | Middle Management | Senior Management | Executives | Middle Management | Senior Management |
| Female | 0.98 | 0.97 | 1.08 | 0.98 | 0.97 | 1.00 |
| Male | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

15 Data is computed based on teams with more than five males and five females to ensure sufficient sample size and a meaningful analysis.



## Our Group Culture Framework

We are guided by our Group Culture Framework and our people strategy including a three-year roadmap that covers our approach to culture, diversity and inclusion, learning and development, leadership, talent and performance. The framework outlines who we are, why we exist, how we conduct our business and ourselves, as well as how we behave while at work and out in the world. The four components that comprise our culture framework are: purpose, principles, values and future-ready skills. For more information on this, please refer to our Group ESG Report.

## Connect, Grow and Succeed

To help people get the most out of life, we are focused on helping our employees Connect, Grow and Succeed. We accomplish this by driving a purpose-led, values-driven culture that enables our people to grow, thrive and deliver on our business goals.


### Connect

Through our gender equality and age-inclusive practices, we cultivate diversity and inclusion in the workplace. We also emphasise meaningful employee engagement and people experience to foster positive relationships among our employees through regular fitness and social activities, as well as via the four-day work week initiative. This approach collectively allows our employees to feel connected with one another and to our broader purpose.

### GENDER EQUALITY

We promote gender equality and ensure female participation in company decision-making. This reflects our promise to give women a fair opportunity to participate in managerial decisions and leadership at all levels. In 2020, we aimed to achieve a 50% to 55% female participation rate for senior managers and above, of which we achieved 51%. In 2021, we attained a 50% rate. In 2020, we also set ourselves a target to close the gender pay gap of senior managers and above to no more than 5% by end of 2021. We have successfully met this target with a current gap of only 1.3%. From 2022 to 2024, our ambition is to close the gender pay gap to zero.

**Women in Tech Programme:**
In 2021, we partnered with SG Women in Tech (WIT) and the Infocomm Media Development Authority (IMDA) on MentorConnect, a programme where women in technology will be connected to mentors from leading technology companies and be mentored on leadership, career planning and managing change. To support our pipeline of female talents in technology, we have two dedicated roles for Women in Tech under the Specialist Track as part of our 2022 Management Associate Programme.

- **Age-inclusive practices**
  As studies project more Singaporeans will live beyond 100 years old[16], we continue to ensure our workplace remains age-inclusive through structural and policy changes, and by promoting a culture that embraces the diversity of a multi-generational workforce. Our Silver Surfers, senior employees aged 51 and above, are continuously given opportunities to upskill and grow themselves professionally. For example, 26 Silver Surfers are engaged in the Career Conversion Programme (CCP). For more information on the CCP, please refer to the Grow section.

- **Employee engagement**
  Continuous engagement with our employees enables us to address their key concerns and feedback, allowing us to understand them better. Virtual townhalls and dialogue sessions were regularly held throughout the year with our Leadership Team on key topics and areas of concern.

  We held our second Collaboration Jam in 2021, a three-day online conversation that saw colleagues from all of Prudential's business units connect and co-create solutions on issues that matter most to them. This year's event helped to shape our priorities in the future, with new initiatives for 2022 to include:

  – Mental Health First Aider, a course that equips employees with skills to recognise and manage mental health symptoms so they may effectively help themselves and their loved ones; and
  – Group Wellness Day, our day of office closure globally.

  We encourage our people to adopt a healthy lifestyle that encompasses physical, mental, and social wellness. Our Staff Recreation Committee (SRC) organises fitness and meditation classes thrice weekly for all employees to foster a culture of belonging. In 2021, a total of 818 employees (of which 386 are unique employees) participated in 93 hours of SRC activities, compared to last year's 1,224 participants.

- **People experience**
  We have been championing flexible working hours since 2017, giving our people the autonomy to work anywhere, anytime, to achieve greater work-life harmony. In 2020, the Human Resources division piloted a four-day work week (4DWW) initiative, and by end 2021, nearly 300 employees across all divisions are participating. Results from our evaluation have shown positive responses on employees' wellbeing with 74% of the participants indicating there was an overall improvement from the shortened work week.

16 Ready for 100: Preparing for longevity in Singapore.



## Grow

At Prudential, we create a culture that fosters a growth mindset and empowers employees to take ownership of their own learning. We do this through our learning and development programmes and an ongoing feedback culture.

- **Building a coaching and learning culture**
  Through our coaching programmes and peer-to-peer learning platforms, we create a marketplace of knowledge that is available and accessible to everyone, allowing employees to grow professionally and expand their skill set.

**— Coaching Culture**

To create a coaching movement that enables our people to achieve their full potential, 30 people were handpicked as Coaching Champions and underwent six months of training in coaching skills across 2020 and 2021. Coaching Champions have engaged over 230 employees in one-on-one coaching on professional and personal development goals. Another 500 people have also benefited from indirect coaching through organisation-wide sharing sessions.

"It's really engaging and enriching because my Coaching Champion helped me to view things from a different perspective and that allowed me to learn more."

– **Steffi Ng**, Training Manager

**— Learning Culture: PRUFaculty**

In 2021, we started PRUFaculty, a peer-to-peer learning platform, where we invite in-house subject-matter experts to be trainers and share their knowledge with colleagues. Topics covered include change management, effective communications, sustainability, customer centricity, artificial intelligence, and data. We currently have over 40 PRUFaculty trainers and more than 17,000 learning hours were put in, with participants giving PRUFaculty an 84% learning effectiveness score.

"I joined PRUFaculty as a trainer because we all have unique skill sets to share with others. More importantly, sharing of experiences and examples is a great way to learn from one another and everyone can do that!"

– **Jorrit Pranger**, Head of Distribution Excellence

- **Cultivating Future-Ready Capabilities**

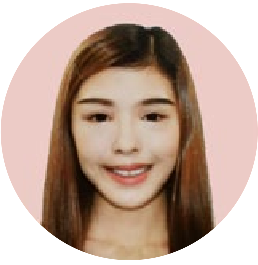
We aim to establish a future-ready workforce where we have the right people with the relevant skills and knowledge in the right role to deliver on our strategic priorities. By strengthening our employees' capabilities through development programmes, we develop agile and multi-skilled professionals to manage transformational challenges with execution excellence.

– **Career Conversion Programme** - Our employees continue to grow through our partnership with the IBF contributing towards the national reskilling agenda and building a future-ready workforce. The Professional Conversion Programme (PCP) came to fruition under this partnership, helping our employees acquire new skills to take on new or redesigned job roles. PCP was renamed the Career Conversion Programme (CCP) in late 2021.

Through CCP, we focus on reskilling people whose roles have changed or have been redesigned. Employees in the CCP programme undergo training that is curated specifically for each individual to equip them with the necessary skills needed for their new or redesigned roles. In 2021, 158 employees have been reskilled under the programme across all divisions, a five-fold increase from 23 employees in 2020. Our employees' readiness to upskill and reskill reflects the culture of continuous learning that PACS has built and CCP's robust structure to ensure effective transition of new or re-designed job roles. For example, our Customer Service Centre colleagues who underwent CCP developed new competencies in chatbot design and multi-channel servicing, allowing them to lead the industry's first video servicing solution and PRUchat bot for customers. This increases efficiency as the solutions help to address commonly asked questions 24/7.

– **Partnership programmes**

We are active partners in programmes such as the SGUnited Traineeship Programme (SGUT), SGUnited Mid-Career Pathways Programme-Company Attachments (SGUP-CA) and Technology in Finance Immersion Programme (TFIP). Our partnership with TFIP, an IBF-led programme, is aimed at equipping mid-career hires who have little to no technology experience with the necessary digital skills to join financial institutions in IT roles. In 2021, we hired five TFIP trainees in our company. Similarly, our involvement with SGUT and SGUP-CA helps fresh graduates and mid-career individuals to acquire industry-specific skills and competencies through a traineeship arrangement that prepares them for a full-time career. Out of the 79 SGUT trainees that joined in 2020, 29 of them have been converted to a permanent or contract role. In 2021, we have hired 29 trainees.



"I have been given a great and rare opportunity to work in Prudential under the SGUT programme as I would not have been able to enter into this niche industry without the traineeship. While I have a degree in business finance, I was still unable to enter certain industries due to a lack of experience. Through the traineeship programme, I have gained experience in a specialised industry and this has equipped me with relevant skills and experience required to move forward. After completing my traineeship, I chose to stay with Prudential because I like the culture in Prudential and have incredibly helpful managers and team leaders."

– **Felicia Yeo**, Operations Excellence



- **Employee reviews and feedback**

Employees[17] undergo a regular formal performance and career development review at least twice a year. Our TellMe app promotes a holistic feedback culture so that employees and managers can receive timely feedback throughout the year, ensuring continuous dialogue. In 2021, a total of 1,009 employees used TellMe to exchange feedback, and 32 % of the feedback exchanged on TellMe was cross-divisional, more than double that of 2020's 11 %, indicating increased collaboration and growth across the company.

| By Gender | Total number of employees | Total number of employees who received a regular performance and career development review during the reporting period | Percentage of Total |
|---|---|---|---|
| Female | 656 | 596 | 91% |
| Male | 422 | 383 | 91% |
| Total | 1,078 | 979 | 91% |

| By Employee Category | Total number of employees | Total number of employees who received a regular performance and career development review during the reporting period | Percentage of Total |
|---|---|---|---|
| Executives | 353 | 306 | 87% |
| Middle Management | 551 | 508 | 92% |
| Senior Management | 174 | 165 | 95% |
| Total | 1,078 | 979 | 91% |

17 Employees who joined after 1 Oct 2021, interns, trainees, contingent workers, contract staff and international financial consultants are excluded from this definition.

## Succeed

The success of our people is paramount to us - without them, we would not succeed as a business. We continue to build and nurture our next generation of talent and leaders so that they can lead our company into the future. Our talent programme, Catalyst, focuses on creating opportunities that develop and reward high-performing individuals. We also maintain a culture of innovation that allows our workforce to be nimble when dealing with new challenges.

- **Catalyst talent programme**
  This programme is designed to build current and future generations of leaders who create the conditions for success and deliver scalable growth. Talents from early to senior professional levels undergo a holistic programme focusing on education, exposure, and experience to develop their leadership capabilities. We have talent segments that are planned to succeed in leadership roles within three to five years across different leadership stages. We have increased our talent pool by 25% over last year's 47 talents and they have contributed to regional and local business priorities.

- **Innovation culture and awards**
  We have a strong culture of innovation where design thinking, and other problem-solving skills are applied to our daily work. In 2021, we held our third Innovation Awards to recognise ground-breaking initiatives and innovative solutions across the organisation. We saw 68 project submissions from 264 employees this year with 350 attendees at the hybrid event.


### Helping SMEs grow and upskill

Following our successful partnership with SkillsFuture Singapore (SSG) in 2020 to introduce the SME Skills Accelerator (SSA) Programme under the SkillsFuture Queen Bee initiative, we have renewed our contract with SSG for four more years from 2022 to 2025, highlighting our commitment to building social capital. A total of 100 SMEs has since benefitted from the programme to date, clocking in 1,224 learning hours. These SMEs are from various industries including construction, education, food & beverage, funeral services, and information technology. Through the SSA programme, we are helping SMEs in their business growth and transformation by mapping out their business objectives and identifying gaps before working out a manpower and skills training plan to support their learning and upskilling efforts. In 2021, we have 78 Skills Ambassadors who are our financial consultants, to promote and link SMEs with the SSA programme. One of the key programmes that participants attended is a Prudential Design 101 workshop that is created and facilitated by Prudential employees. Through the three-hour workshop, participants learn from an extensive arsenal of advanced design and engineering methods that will allow them to build and instil a culture of design and innovation in their organisation.

PRUDENTIAL Annual Report 2021


# Good Governance and Responsible Business Practices

## Corporate Governance

We are guided by our governance framework in the way we conduct business and believe this is essential to preserve and strengthen stakeholder confidence in us. Not only do strong governance processes help us reduce risks, they also enable safe business growth and protect our social license to operate.

More information can be found on page 122 in our Annual Report.

## Anti-Corruption

We are committed to maintaining high standards of business conduct at all times and do not tolerate financial crime of any kind, including against bribery and corruption.

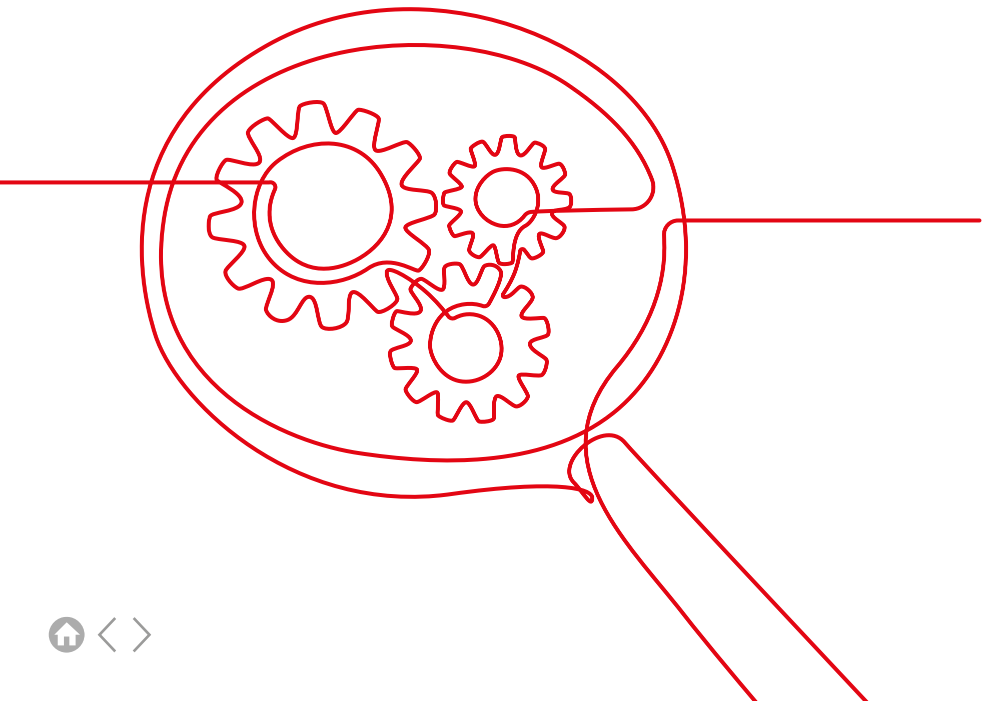
Our Code of Business Conduct highlights five key standards – financial crime, conflicts of interest, information and dealing, communication and people – that guide the way we operate. We are also bound by our Group Anti-Bribery and Corruption Policy and Regional Anti-Bribery and Corruption (ABC) Standards, both of which form part of our Group Governance Framework.

We continued to take preventive steps against ABC by taking the following actions:

- Conducted an enterprise-wide ABC Risk Assessment annually, which is approved by the Board of Directors. We also continued to report ABC metrics to the local Risk and Audit Committees on a quarterly basis.
- Provided all governance body members with ABC training and communication.
- Communicated our ABC policies and procedures to all business partners.
- All employees and financial consultants attended mandatory ABC training in 2021 to ensure that they understand what financial crime is, and their responsibility to prevent and report any bribery and corruption. Employees who are deemed to be in higher risk roles are required to attend an annual advanced ABC training.

In 2021, we implemented enhanced controls within our procurement system to ensure that employees have the required approvals on Gifts and Hospitality and are declaring these appropriately.

There were no incidents of corruption reported in 2021. We have also assessed our entire operations and there have been no significant risks related to corruption in the reporting year.





## Ethics

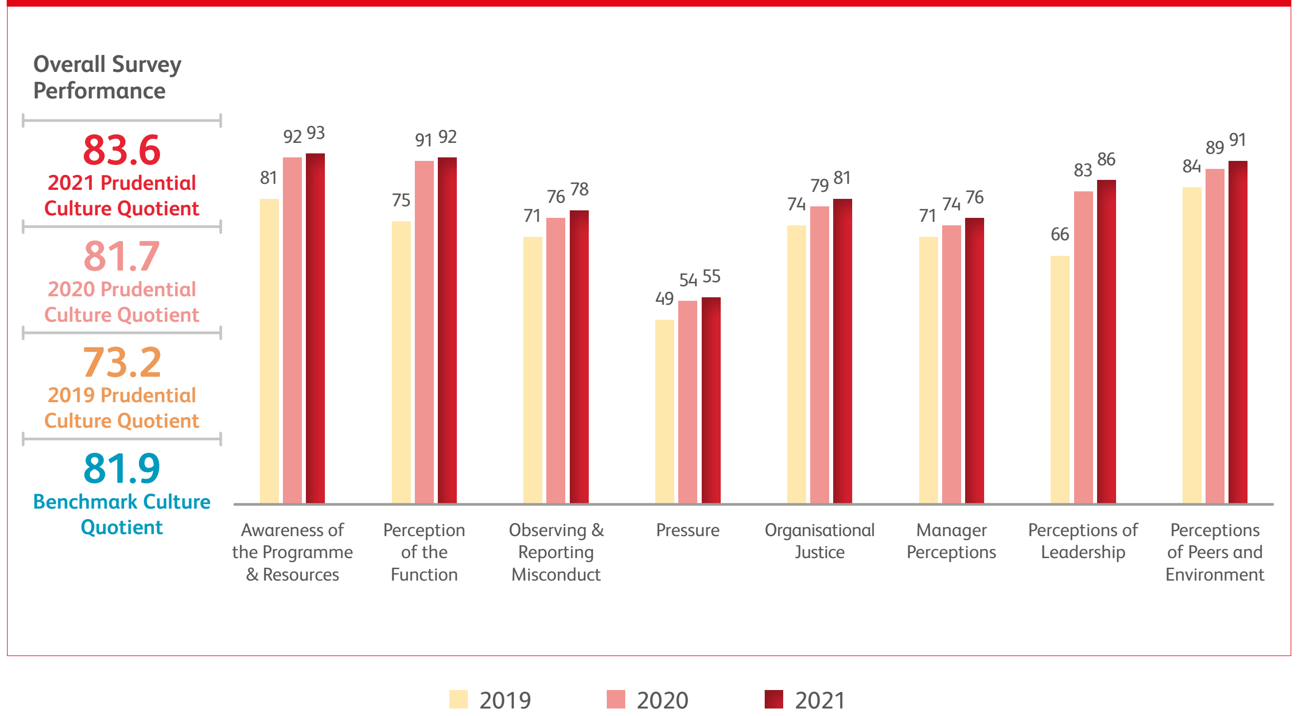
We take a values-based approach to doing business responsibly and are guided by our Code of Ethics, which sets out conduct expectations on how we should interact with each of our stakeholder. Our Code of Ethics applies to our Board of Directors, employees and agency distributors and is closely aligned with our Group Code of Business Conduct.

Ethics is an inherent aspect of corporate governance and our Ethics Framework steers all that we do, from setting the tone from the top and increasing awareness on ethical issues to providing our people with the right skills to deal with ethical situations and measuring our culture and conduct standards.

In 2021, we implemented the Policy on Ethics and Conduct Risk Framework, which formalised our commitments to ethical business practices and outlined how conduct risks are monitored, mitigated and managed. This is part of our implementation of the MAS Guidelines on Individual and Accountability Conduct, which include outcomes that financial institutions should achieve to promote the accountability of senior managers, and reinforce conduct standards among all employees.

We have been conducting an annual Ethical Culture Survey with our employees since 2019, which measures eight pillars of ethical culture: awareness of programme and resources, perception of the function, observing and reporting misconduct, pressure, organisational justice, manager perceptions, perceptions of leadership and perceptions of peers and the environment. We have seen consistent improvement over the years and in 2021, we exceeded the global benchmark.

### Performance by Ethical Culture Pillar



## Whistleblowing

Prudential strongly encourages the reporting of any suspected misconduct or issues of concern, and we are guided by our Group-wide whistleblowing procedures. Our Speak Out channel – made available to everyone, including the public – is hosted by a third party to remove potential conflicts of interest while offering ways to report anonymously.

In Singapore, our employees and financial consultants have access to additional sources of reporting including the confidential DORight reporting channel via phone or email, which is managed by our local Ethics team. We also have a group of Ethics Advisors across the company who serve as contact points to help employees make better decisions and escalate potential risks around misconduct.

All reports are thoroughly reviewed, and those that warrant an investigation are handled by the relevant department(s) by trained investigators. We have a People Disciplinary Committee that oversees consequence management for all incidents involving our employees, while incidents involving our financial consultants are managed by our Sales Force Disciplinary Committee and Market Conduct team. Privacy and confidentiality are prioritised throughout the process, and we maintain a zero tolerance policy for retaliatory conduct.

## Procurement practices

To advance sustainable business, it is important that we work with responsible suppliers and consider the impact of our supply chain. We want to work with companies that share our values and concerns while minimising our environmental and social impact.

In 2020, we introduced our Sustainable Procurement Policy and Supplier Sustainability Guidelines. During both the onboarding process and for all requests for proposal, the vendor is required to complete a Supplier Sustainability Questionnaire. This encourages them to disclose information on their ESG efforts, including around resource consumption, protecting employees and responsible business practices. Our expectations are further outlined in the Supplier Code of Conduct.

In 2021, we have been evaluating the best approach to incorporate ESG requirements into the vendor selection process, in addition to existing criteria such as service quality, reputation, and certifications. A Group-wide Third-Party Supply and Outsourcing Policy that integrates ESG considerations is scheduled for global implementation in 2022, as part of Group's broader Responsible Supplier guidelines.

We continue to engage with local vendors in 2021, where possible. Out of a total of 954 suppliers that we worked with, 849 were local vendors and 105 were overseas vendors. Although our total spending decreased this year, we increased the percentage spent on local vendors to 72%, up from 65% last year, amounting to S$136 million.

Our procurement and vendor payment system has been paperless since 2019. During 2021 alone, we processed over 14,800 purchase orders and invoices using this electronic system, which saved almost 300,000 litres of water, 625 litres of oil, and reduced carbon emissions by over 750kg. This reduction in resource consumption and carbon production significantly exceeds the benchmark levels of other system users who still utilise paper documents.

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Total spend on vendors (S$) | $247 million | $243 million | $189 million |
| Total spend on local vendors (S$) | $114 million | $158 million | $136 million |
| Percentage of total spend on local vendors | 47% | 65% | 72% |



## Responsible working practices and health & safety

During 2021, several resurgences of local Covid-19 cases required most of our employees to remain working from home. Our Workplace Services team continued to take all the necessary precautions to ensure the health and safety of our employees, customers and business partners. With employees starting to slowly return to the office in accordance with government regulations, we maintained the highest standards of workplace practices. This included the installation of air purifiers throughout our office space and providing free Antigen Rapid Test (ART) kits to all staff. We also provided timely and regular communication to all employees and financial consultants and continued to monitor the evolving situation closely.

## Fair dealing

Customer centricity is about putting our customers first and at the centre of everything we do. One of the ways in which we do this is by delivering Fair Dealing outcomes for our customers. This means designing and providing products and services that meet their health and protection needs, ensuring they receive sound and appropriate financial advice, and that they fully understand our product features and benefits.

- Our Customer Commitments Policy guides us in satisfying our customers' needs and covers five main areas:
- Treat customers fairly, openly and honestly;
- Provide and promote a range of products and services that meet customer needs, are clearly explained and deliver real value;
- Maintain the confidentiality of our customer information;
- Provide and promote high standards of customer service; and
- Act fairly to address customer complaints and any errors.

We continue to incorporate the principles of Fair Dealing, as outlined in the MAS Guidelines on Fair Dealing, into our business operations from product design and marketing to after-sales care for both our employees and financial consultants. The five core principles and outcomes are:

1. Corporate Culture: Making fair dealing a central principle in our company culture and how we serve our customers;
2. Customer Segments: Offering products and services that are appropriate for our customers' needs, and distribute them responsibly;
3. Competent Representatives: Providing our customers with quality advice and suitable recommendations;
4. Clear, Relevant, Timely Information: Being clear and timely in all our interactions with and communications to them, so that they can make informed financial decisions; and
5. Complaint Handling: Responding to customers' complaints in an independent, effective and prompt manner.

Our Fair Dealing Charter, which consists of 12 promises made to deliver the Fair Dealing outcomes to our customers, continued to be implemented throughout the year.

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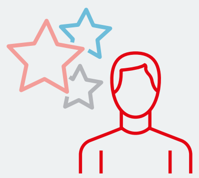
Prudential’s Fair Dealing Charter: 12 Promises to our Customers:



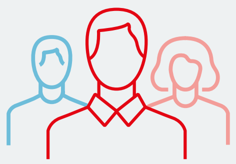
## Corporate Culture

1. We promise to ensure that all **employees and financial consultants understand** the importance of treating customers fairly and their role in delivering our fair dealing customer promises.

2. We promise to ensure that our **stakeholders and customers are aware** of our commitment to treating customers fairly.

## Customer Segments

3. We promise to ensure that **every product is designed appropriately** for the needs of the intended customer segment.



## Competent Representatives

4. We promise to provide our financial consultants with regular **in-depth training** so they are equipped to provide quality advice and appropriate recommendations.

5. We promise to ensure that our financial consultants will employ **fact finding and needs analysis** to make certain that customers are offered products that are appropriate for their circumstances and risk appetite.

6. We promise that our **remuneration structure** ensures that financial consultants provide quality advice and appropriate product recommendations.

## Clear, Relevant & Timely Information

7. We promise that our communications will be **clear, simple and easy-to-understand**.

8. We promise that our product information will be available to customers in **English and Chinese**.

9. We promise to provide customers with **relevant and timely information** about their policies.

## Complaint Handling

10. We promise to ensure that our **staff are equipped to address customer complaints** in a timely, effective and independent manner.

11. We promise to **promptly acknowledge customer complaints** and keep customers informed via regular updates.

12. We promise to **fairly assess complaints**, ensure we have the right policies and processes in place to address them and provide customers with the option to seek an alternative independent review.



In 2021, the Fair Dealing Committee, chaired by our Head of Customer Experience, met at least quarterly to discuss and implement seven initiatives, including nine KPIs that are tracked across the organisation. The Committee, which reports to the Customer Steering Committee, is responsible for the overall implementation of our Fair Dealing outcomes. To date, we have achieved all KPIs.

New initiatives in 2021 include:

- **Claims Promise** - This was made available on our website where we explicitly state our promise to pay our customers’ claims as quickly as possible and with compassion and care, through a simple and easy process.
- **Sales Advisory Process** refresher training for all financial consultants.
- **Bingo Game on Fair Dealing** - A creative and engaging campaign aimed at driving awareness of Fair Dealing principles as part of our culture. Some of the Bingo tasks participants were asked to do included sharing how they practise Fair Dealing at work, taking a Fair Dealing pledge, and completing the Fair Dealing Annual Assessment. The initiative reached all employees and financial consultants.
- **Ethical Culture Survey** - In assessing our corporate culture among our financial consultants, we included two Fair Dealing questions in our Ethical Culture Survey, with the results showing 85.3% of the 1,394 respondents surveyed saying they frequently see their leaders and peers upholding standards on Fair Dealing outcomes. Nearly all the respondents (98.1%) said they are fully equipped to provide quality advice to customers based on their customers’ needs.

## Customer Management

As part of our move to digitalise and automate our feedback channels, we introduced Video Servicing in 2021 where customers can book an online appointment through our website to connect with a customer service consultant. Our Customer Service mailbox channel and Customer Service hotline remain accessible.

### Customer complaints

Total number of complaints received in 2021: 660

Total number of complaints received in 2020: 880

For 2021, we achieved more than 70% of escalated complaints resolved within 30 business days turnaround time (TAT).

In 2021, we initiated a project with our Agency Distribution, Customer Experience and Risk and Compliance teams to identify solutions to reduce common complaints received. The project resulted in a series of communications with our agency distributors covering common complaints and how to prevent them. We will continue to monitor the impact of our efforts over the next two years.

We will be streamlining our processes in 2022 to meet the updated MAS Regulations for Complaints Handling and Resolution, which requires a 20-day TAT to resolve complaints received with the exception of complex cases. With the duration shortened from 40 days to 20 days, we are targeting to maintain at least 70% of escalated complaints to be resolved within the TAT from 2022 onwards. We are also planning to increase resources to meet the new requirement.

## Customer compliments

– Jessica Chea,
Customer Service Manager

"I was attended to by Jessica Chea, who I wish to compliment on her attentive and hospitable service. She was extremely accommodative to all our enquiries and patiently explained all our questions. She was also proactive as she noticed that I was with my wife and thus arranged an extra chair at her counter before inviting us over. Kudos to her observation and pleasant service. Staff like her make us feel welcome and important. Thank you, Jessica, for a pleasant experience!"

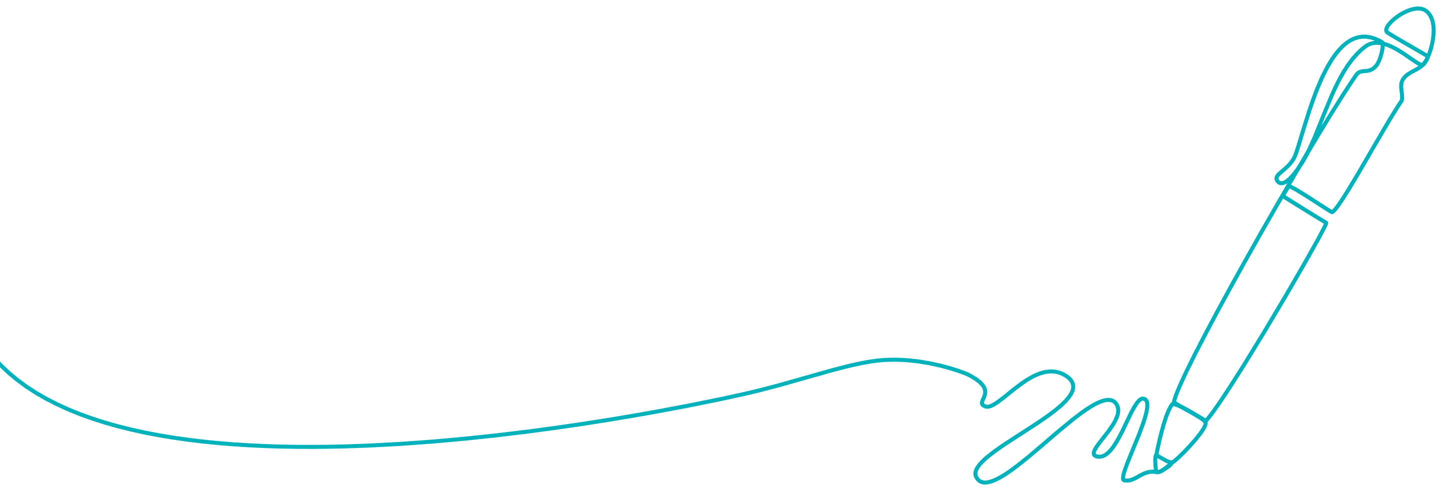
– Iris Tear,
Customer Service Consultant

"I am writing this letter as a humble note of appreciation for the outstanding customer service provided by Iris Tear from Prudential Customer Service Centre at Marina One. She took time to answer my questions, explained my policy details and advised me what to do step-by-step. I'm just so impressed by her service. Her professionalism and ability to get to the bottom of the situation quickly exceeded my expectations. Such a commitment to great customer service is to be commended. Thank you, Madam Iris Tear!"

## Customer Satisfaction

Customers are at the core of our business and it is important that we continue to bring value and provide positive experiences to them. We continued to implement the PRUVoice Voice-of-Customer Touchpoint Satisfaction Programme (PRUVoice) to seek our customers' feedback on the standards of our customer service. This programme has helped us to better understand our customers' needs and preferences and make changes to our products and services where appropriate.

For each PRUVoice touchpoint, we conduct a detailed review of the survey assessment scope with key functional stakeholders at the start of each year - a process that ensures that the assessment scope remains current, reflects aspects that are important to each touchpoint and continues to gather inputs necessary for improvements. Appropriate changes to the survey assessment scope are applied across the year when the need arises.





In 2021, PRUVoice was expanded to include two additional touchpoints:

- **Pulse App**: We completed the first survey on our Pulse App in October 2021 and are currently exploring the feasibility of developing an in-app feedback/survey mechanism in 2022. The next external survey (i.e. outside of the app) will take place in 2022.
- **Customer Experience Feedback Survey**: This always-on survey was made available to all employees with an aim to capture their personal experiences as Prudential's customers, or as observers of our customer interactions. They are also encouraged to offer suggestions for the improvement of our service experiences. This survey will continue to be implemented in 2022.

### CSISG annual benchmark research

While PRUVoice offers a real-time view of the state of customer satisfaction with our transactional touchpoints, the Customer Satisfaction Index of Singapore (CSISG) was commissioned in 2020 to provide us with an annual measure and benchmark of our customers' relationship and satisfaction with us.

The CSISG framework evaluates customer satisfaction based on customers' expectations, perceived quality, and perceived value of a company's service delivery. A CSISG Score, which ranges from 0 to 100, represents a company's composite performance across these drivers. In 2021, we achieved a CSISG Score of 75.5-points, an improvement from 74.0-points attained in 2020.

### PRUVoice customer satisfaction scores*

**98%**
Agency Force – Financial Consultants' Onboarding Experience

**75%**
Bancassurance – Standard Chartered Bank Financial Services Consultants' Servicing Experience

**96%**
Customer Service Centre

**87%**
Contact Centre

**83%**
Claims Submission Service Interaction

**82%**
Claims Decision Service Interaction

**85%**
Policy Servicing Interaction

**69%**
PRUAccess Usage Experience

* Average satisfaction score per touchpoint for the period January to December 2021.

# Responsible Investment

13 CLIMATE ACTION



As a significant allocator of capital in financial markets, our commitment to responsible investment encompasses our role as an asset manager and asset owner. In this capacity, we play an important role in the transition to a low-carbon economy.

As part of our responsible investment approach, we are decarbonising our investment portfolio and actively engaging with policymakers and investee businesses to encourage sustainable development. It is important that as we support the move to a lower-carbon economy, we strive to ensure that the transition is an inclusive one for all of society – one that supports sustainable growth and economic health within our markets and communities.

We are guided by our Responsible Investment policy which sets out principles regarding our approach to responsible investment. We work closely with Eastspring, our Asian asset management arm as well as other external managers, to bring this to life.

Some of the principles include taking into consideration ESG factors that have the potential to have a material financial impact. We require investment managers to engage with and influence investee companies on business sustainability and company behaviour, where appropriate. We believe that active engagement is critical in the net zero transition which is why we will be conducting more of such dialogues with companies going forward.

We have a Responsible Investment Working Group (RIWG) chaired by our Head of Investment that meets at least once every quarter, or when needed. It is responsible for implementing and reviewing our Responsible Investment strategy and ESG standards as they pertain to our investment portfolio, while ensuring consistency with the overall Group ESG strategy and Responsible Investment policy. The RIWG also monitors and tracks all Responsible Investment targets and provides regular updates and recommendations to the Investment Committee and ESG Committee. For more information on our Responsible Investment governance structure, please refer to page 54 in this report.

In 2021, Prudential plc joined the UN-convened Net Zero Asset Owner Alliance (NZAOA) and committed to become a net zero asset owner by 2050. This pledge is aligned to the Paris Agreement, which invites parties to commit to holding the increase in the global average temperature to well below two degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change.

**To achieve this, we started taking immediate steps to help deliver on our ambitious longer-term objective:**

Contributing to Group's target of a **25%** reduction in WACI* in our investment portfolio by **2025**.

Our portfolio's WACI path is monitored monthly and is making good progress against these goals.

Divesting from all direct investments in businesses which derive more than **30%** of their income from coal

with equities fully divested by the end of 2021 and fixed-income assets by the end of 2022.

Engaging with the companies responsible for **65%** of the emissions in our portfolio

* Weighted Average Carbon Intensity is a measure we use to calculate the carbon intensity of our investment portfolio.

One of the challenges we face has been the sourcing of appropriate data in order to ensure the screening process is systematic. To overcome this, engagement with third party vendors has been sought.

In 2021, we launched two ESG friendly Investment-Linked Policy (ILP) sub-funds. They were:

- **PRULink Global Impact ESG Equity Fund**
  Managed by Wellington Management Company LLC, the fund invests primarily in global equities and focuses on companies whose core business aims to generate positive social and/or environmental change alongside financial returns. The underlying fund will seek to identify the universe of these companies based on three primary impact categories – life essentials, human empowerment, and the environment; and within these categories across one or a combination of Impact Themes such as sustainable agriculture and nutrition, clean water and sanitation, health, affordable housing, education and jobs training, financial inclusion, digital divide and cybersecurity, alternative energy, resource stewardship, and resource efficiency.
- **PRULink Global Climate Change Equity Fund**
  Managed by GMO Investment Management Company (Ireland) Limited, it invests primarily in equities of companies that are positioned to directly or indirectly benefit from efforts to curb or mitigate the long-term effects of global climate change, to address the environmental challenges presented by global climate change, or to improve the efficiency of resource consumption. Companies considered include those that are involved in industries relating to clean energy, batteries and storage, electric grid, energy efficiency, recycling and pollution control, agriculture, water, and businesses that service such industries.

Both these funds have seen great interest from customers and have generated positive performance since inception.

## ESG Investments

Following our initial investment of S$25 million in the Eastspring Asia Sustainable Bond Fund in 2019, we had reported in 2020 that progress to meet our S$200 million target was a challenge due to a lack of internal ESG fund strategies and shifting business priorities. We have since fulfilled our target to invest into ESG-related products by end of 2021 and this was done mainly through ESG Exchange-Traded Funds (ETFs). We continue to align ourselves with our Group's ESG targets and have taken active steps to identify relevant assets that promote ESG factors within our investment portfolios including Green, Social & Sustainability Bonds, exposure to Properties with Green Building Certifications, and Green Infrastructure projects.

At present, there are no plans to set a new investment target for ESG-related products, but we anticipate integrating more investment strategies with an ESG focus in 2022.

We continue to apply ESG screening in all our Life fund investment portfolios. To promote greater transparency and help customers make better informed decisions, we are targeting to providing ESG ratings for our ILPs from 2022.



### Case Study: Environmental

**Equity Team**

Company A is a real estate development, investment, capital and property management company headquartered in Singapore.

| | |
|---|---|
| **Objective** | Our investment team is looking to better understand the company's plans to increase the ESG profile of its data centres and its disclosure on energy efficiency and consumption. |
| **Process** | During the group call with the company CEO, the company shared that energy efficiency and consumption data for certain North American assets are not made available because the majority of these assets are managed by the tenants.<br><br>The company is cognisant of this issue and is taking steps to engage tenants for more environmental data on these buildings. As a significant majority of their North American portfolio is on triple-net leases, the company's operational control over the environmental performance of these properties is limited. Accordingly, the company will be reaching out to their North American tenants to obtain environmental data for setting targets and formulating plans to improve the environmental performance. The company is striving towards obtaining green certifications for selected data centres in North America where it has operational control. It will look to disclose energy consumption for five to six multi-tenanted buildings in their next Sustainability Report. The company has also submitted its first GRESB Real Estate Assessment for FY21/22, signifying its commitment to improving transparency via public ESG disclosures.<br><br>Currently, the average age of the company's North American data centres is about 30 years, which is older than the estimated average age of industry peers. During this engagement, the company acknowledged that its data centre assets are mature and shared that it will be mindful of the environmental impact when upgrading these assets. The company added that all future developments will also factor in environmental sustainability considerations. For new acquisitions, environmental risk assessments are conducted as a standard part of their due diligence which include issues such as building safety and hazardous materials assessments.<br><br>Within its Singapore portfolio, where it has operational control, 35 of its property clusters are powered by 100% renewable energy through renewable energy certificates since June 2021. In December 2021, BCA Green Mark GoldPlus certification was awarded to one of their buildings.<br><br>The company has plans to obtain BCA Green Mark certifications and re-certifications for both new and existing buildings in their Singapore portfolio progressively over the years. Specifically, it has prioritised the certifications of properties with centralised air-conditioning systems, as air-conditioning accounts for a high proportion of total energy consumption in buildings. The company also organises monthly forums to discuss ongoing applications or renewals of green building certifications for its properties in Singapore. |
| **Outcome** | The company shared that it would continue to evaluate the feasibility of incorporating renewable energy opportunities within the portfolio while balancing its merits and costs. The investment team gained a clearer understanding of the company's stance and will continue in timely engagements to raise the company's awareness and encourage disclosure of their sustainability journey. |

# Community Engagement and Investment




As we continue to address the challenges and impact of Covid-19, it is critical we do not lose sight of our responsibilities towards contributing to the community. We remain committed in our efforts to create sustainable and positive social impact, and we actively seek to build an inclusive society through our community engagement and investment initiatives. We do this by addressing some of our society's most pressing needs through sustainable value creation, employee volunteerism and effective public-private partnerships.

Our global Community Investment (CI) strategy is closely aligned with our purpose and with our stakeholders' concerns and interests, focusing on health and resilience issues, as well as education, particularly financial education. In Singapore, our community engagement efforts are aimed at supporting an inclusive society and are focused on two key areas that contribute to our CI and broader ESG strategy:

- **Education** – Imparting financial literacy knowledge and skills to children through the Cha-Ching programme
- **Health** – Promoting the importance of early childhood care and development through Healthy with KidSTART, and supporting healthy and active ageing for seniors through our Seniors' Wellbeing Masterclass (SWM) programme

To achieve this, we undertake a multi-stakeholder approach by working with partners including government agencies, non-profits and other corporates to amplify scale and impact. Building strategic partnerships and setting clear impact measurements are key to ensuring that our communities are getting the best out of our efforts.

We are guided by our Group-wide Community Investment Policy and ESG strategy when it comes to investing in the community. Prudence Foundation, a unified charitable organisation governed by a statutory board of directors, conducts regular reviews of our strategy and spending with our community investment team. In Singapore, we have a CI Steering Committee - comprising our CEO as chair and representatives from Customer, Distribution, Human Resources and Operations divisions - that provides counsel on local strategy and initiatives on a quarterly basis.

## Building a DO Good culture

Our colleagues, financial consultants and customers contribute actively through sustained volunteering efforts that allow them to build meaningful connections with our communities. We provide them with tools and resources to make volunteering seamless and easy. The culture of giving is further institutionalised by recognising outstanding volunteers and making volunteering opportunities part of the business day. In addition, we give our employees five days of volunteer leave annually, which they can use to support any of the UN SDGs.

### Prudential Longevity Pledge

As the pandemic transitions to being endemic, we want to further strengthen our relationships with community partners and help them tide over challenging times. This includes a more sustainable form of support, both financially and through service-based and skills-based volunteerism.

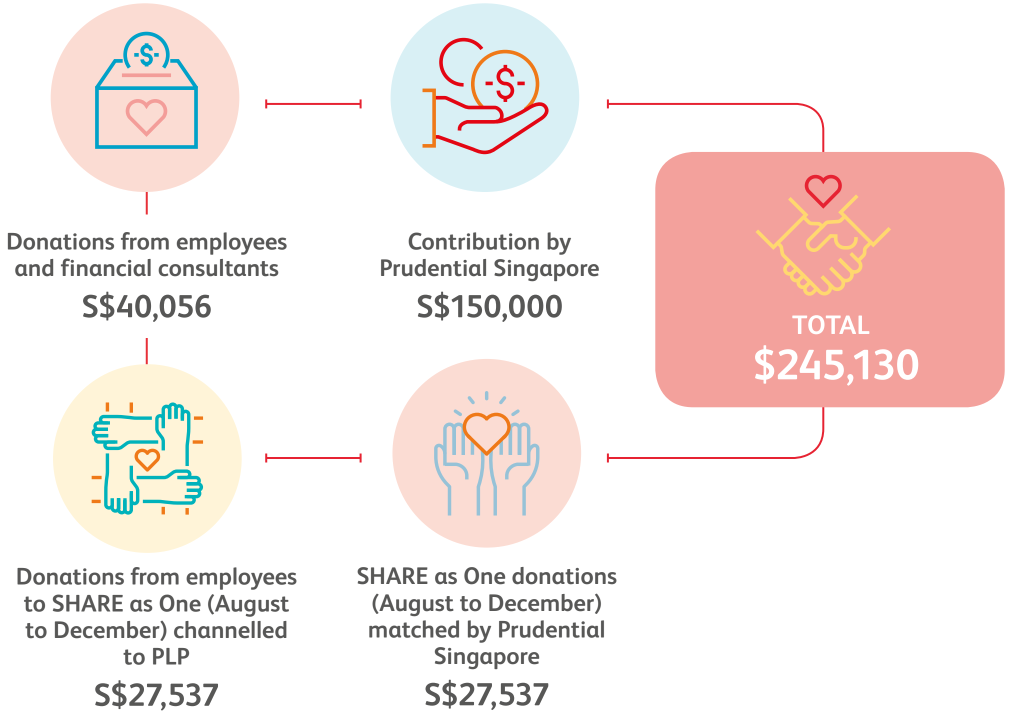
In 2021, we launched the Prudential Longevity Pledge (PLP), a fundraising programme set up for our employees and financial consultants to help vulnerable groups in our community live well for longer. Established in partnership with the Community Chest (ComChest), contributions to the PLP will go towards supporting Healthy with KidSTART and our SWM programme.

| | 2020 | 2021 |
|---|---|---|
| **Volunteering hours*** | 5,300 hours | **5,200 hours** |
| **Number of beneficiaries who have developed new skills as a result of our support or experienced a direct impact on their lives as a result of our programme** | 8,600 individuals and 780 families | **6,600 individuals and close to 1,000 families from the KidSTART programme** |

* From 2021 onwards, we will not be including volunteer training hours into our calculation for volunteering hours.

Through this collaboration, we will also channel the contributions of SHARE as One, the monthly giving programme led by ComChest, to the PLP. This started from PLP's launch in August, allowing us to focus our efforts within a single platform and amplifying our impact. Under the programme, employees have the option to make regular donations, which will also be matched by the company and the government. In addition, Prudential contributed S$150,000 to the PLP programme.

In 2021, the following amounts were raised for the Prudential Longevity Pledge:




In 2022, we will explore new means to continue driving contributions to PLP and ensure the programme's sustainability.

**"Prudential is a valued and long-time partner of Community Chest. Our partnership is further strengthened through the Prudential Longevity Pledge, a sustainable giving programme that supports groups in need. This meaningful initiative has empowered seniors to take charge of their wellbeing, provided children from low-income families with healthier food and equipped parents with nutrition knowledge for their young ones. We are grateful for Prudential's commitment in the social service sector, which has brought positive changes to many lives. We look forward to continuing this close partnership to build a caring and inclusive society."**

– **Phillip Tan,** Chairman, Community Chest



## Cha-Ching

Developed by Prudence Foundation, Cha-Ching is a global financial education and responsibility programme for children aged seven to 12 years old to help them learn the four key fundamental money smart concepts: Earn, Save, Spend and Donate. For more information on our approach to promoting financial literacy and how it supports making health and financial security more accessible, please see page 65 in this report.

## Healthy with KidSTART

We continued our strong partnership with KidSTART Singapore to drive greater awareness on the importance of early childhood nutrition and bridge the health gap in our community. In 2021, we extended our collaboration on Healthy with KidSTART, a programme that aims to provide parents from vulnerable families with access to resources on early childhood nutrition. This programme is aligned with KidSTART's mission of offering child development, health and social support to low-income families with children below the age of seven.

The extension saw close to 1,000 KidSTART families benefitting from the programme, an increase from 800 in 2020. The programme's beneficiaries have been receiving fresh produce deliveries and guidance on preparing healthier meals, all while keeping to safe distancing guidelines.

Following feedback received from KidSTART families and workers, enhancements to the programme in 2021 included:

- **My Healthy Plate** – To bridge the knowledge-action gap, each KidSTART family received a Healthy Plate to help them prepare a well-balanced meal. The Healthy Plate depicts the recommended proportions of the major food groups in an ideal meal for young children.
- **Gamified Learning** – Preliminary findings found that children typically open the fresh produce packs when they are delivered. With this insight, we have included simple quizzes and games for children, as well as activities to promote parent-child bonding.
- **Nutrition Workshop** – Learning sessions conducted by an accredited nutritionist were extended to families and volunteers to provide continuous guidance on healthy cooking and eating.

(standing from left) Prudential Singapore CEO Dennis Tan, KidSTART Singapore CEO Rahayu Buang and Minister of State for Social and Family Development Sun Xueling sharing a light-hearted moment with a KidSTART beneficiary.

As we moved into the programme's second year, we started measuring its effectiveness in encouraging the adoption of healthier eating habits. The impact assessment is expected to be completed by 2022. We have received qualitative feedback garnered from KidSTART beneficiaries:

**"I would like to thank Prudential for all the fresh fruits and vegetables that they have given to us. It has benefited me a lot as my children loves to eat potatoes, fruits and vegetables. Everything in the pack is fresh. I am also able to save my money for other important items such as my son's diaper and milk powder. Thank you once again for the support."**

– **Siti Marliana,** KidSTART family

**"The fresh food received helped my family to save on our daily expenses, which in turn allowed us to spend more on other urgent needs such as medical bills and transportation fees. My children loved the carrots, cabbage, potatoes and fruits included in the pack, and even my husband is enjoying the vegetables! I am very grateful for the Healthy with KidSTART initiative and look forward to the next distribution drive for us to enjoy more fresh and healthy food."**

– **Nadia Nabiha Binte Dudy Widjaya,** KidSTART family

Moving forward, our goal from 2022 to 2024 is to have at least 75% of the total families in the programme reporting greater motivation and encouragement to adopt healthier eating habits. Ultimately, the Healthy with KidSTART programme aims to make health more accessible to the communities who need it most, helping them get the most out of life.

## Seniors' Wellbeing Masterclass

With increasing life expectancy and low fertility rates, Singapore has one of the most rapidly ageing populations in the world with one in four residents expected to be aged 65 and above by 2030. With more Singaporeans ageing, being prepared for longevity is key. A recent study commissioned by Prudential Singapore found that less than one third of residents are prepared for longevity[18] from a financial and health perspective. Our efforts are focused on making the ageing journey a meaningful one for all Singaporeans so that everyone can be ready for 100.

Building from our previous engagement efforts to tackle social isolation among seniors, we developed the Seniors' Wellbeing Masterclass (SWM) programme in 2021 to empower seniors to learn new skills, gain knowledge and take charge of their own wellbeing. At the end of the programme, participants receive a Graduation Skills Kit that encourages sustained application of their newly learnt skills. The programme, which runs between four and six weeks, is closely co-curated with our community partners – AMKFSC Community Services, Goodlife!, Lions Befrienders and Tembusu Senior Activity Centre – to ensure the needs of participating seniors are met. Some of the topics covered in the SWM include arts, nutrition and digital literacy. A total of **138 seniors have since benefited from the SWM programme** in 2021.

18 Source: Re-imagining 100: The pandemic's impact on longevity.



### Improvement in quality of life

The SWM aims to improve seniors' quality of life in three key domains – social relationships, physical health, and independence – which are important contributors to overall wellbeing[19]. Through our impact assessment efforts, the following key findings emerged[20]:

- **95% of seniors reported to be satisfied/completely satisfied** with their quality of life at the end of the programme compared to 90% of seniors surveyed before the programme began.
- **83% of seniors reported having high/very high knowledge of the nutritional content of fruits** at the end of the programme compared to 59% of seniors surveyed before the programme began.
- **51% of seniors felt confident/very confident in using their mobile phones at the end of the programme** compared to 38% of seniors surveyed before the programme began.

In 2022, our ambition is to extend the SWM to more community partners to increase the reach and impact of the programme. We are currently working with the Ministry of Health's Ageing Planning Office (MOH APO) to expand the programme to more partners. A fourth topic on financial literacy will be piloted in the SWM programme in 2022 to encourage seniors to be more confident in planning their finances. Some of the topics include expenses management, government solutions/pension schemes, scam prevention and retirement planning. By 2024, our ambition is for the programme to have benefited 1,000 seniors since its pilot.

**"Prudential's Seniors' Wellbeing Masterclass – this is one class I will never forget. Life was very boring because of Covid but thanks to Prudential for sharing their precious time in making our life full of fun. I enjoyed every moment and am looking forward to seeing the volunteers again. And not forgetting to thank you all for the graduation certificate and skills kit too."**

– **Primla,** SWM participant

19 Source: Associations have been found between mental health and social networks (Mueller, 1980), physical activity (Fox, 1999), as well as autonomy (Reis et al, 2000).
20 SWM Programme batch of 76 seniors from AMKFSC, Goodlife, Lions Befrienders, Tembusu SAC.

# EXTERNAL INITIATIVES AND MEMBERSHIP OF ASSOCIATIONS

## External Initiatives

### Commitments

- BCA HPB Green Mark for Healthier Workplaces Platinum Certification – We submit our annualised energy data on a yearly basis.
- Business for Nature – We are a signatory to the Call to Action, "Nature is Everyone's Business".
- Global Compact Network Singapore – We are a signatory to the UN Global Compact and this report serves as our annual Communication on Progress.
- Singapore Business Federation Sustainable Employment Pledge – We support sustainable employment practices and encourage innovation as thriving customers, employees and communities lead to better business and healthier long-term growth.
- Singapore Stewardship Principles for Responsible Investors (SSP) – We have been a signatory to the SSP since 2019.

### Community

- Community Chest – We support a monthly giving programme with Community Chest which enables individuals to make regular donations on a sustained basis. Our Chief Executive Officer is also a SHARE Ambassador.
- Council for Third Age – Our Chief Executive Officer is a board director with the Council and promotes active ageing in Singapore.
- Singapore FinTech Youth Chapter – We are a lead collaborator with the MAS, Singapore FinTech Association and the five local polytechnics to build a pipeline of future Fintech talent by deepening collaboration between educators and the FinTech industry.
- SME Skills Accelerator (SSA) programme – Under the Skills Future Queen Bee partnership, we have collaborated with SkillsFuture Singapore to provide SMEs with support to equip themselves with the necessary skills to further grow their business under our SSA programme.

### Industry engagement & capability building

- Intermediaries Conduct Sub-Committee, Corporate Governance and Oversight Sub-Committee and International Best Practices Sub-Committee as part of the Insurance Culture and Conduct Steering Committee (ICCSC) – The committee was established by the MAS, the General Insurance Association of Singapore (GIA), the Life Insurance Association (LIA) and the Singapore Reinsurers' Association (SRA), to foster sound culture and strengthen standards of conduct among insurers in Singapore. We contribute to the development of guidelines and papers surrounding good culture and conduct in the three sub-committees.
- Life Insurance Association Investment Sub-Committee – We participate in discussions on common investment-related issues that insurers are facing, such as the capital treatment on investment assets, the implementation of responsible investment as well as any new requirements from the MAS.
- MAS International Advisory Panel (IAP) – Prudential Group's Chief Executive Officer is a member of the IAP which advises the MAS on Singapore's financial sector reforms and strategies.
- MAS Green Finance Industry Taskforce (GFIT) – We contribute to Workstream 2 of GFIT on improving disclosures.
- Multilateral Healthcare Insurance Committee (MHIC) – Our Chief Executive Officer is a committee member on the MHIC and works together with healthcare providers, payors, consumer representatives and the government to collaboratively address issues related to health insurance.
- Veritas – Veritas was convened by the MAS to support financial services institutions in implementing the principles behind the use of artificial intelligence and data analytics. We are part of the industry working group and are consulted for comments on white papers shared by the organisers.

## Membership of Associations

- Asian Venture Philanthropy Network
- British Chamber of Commerce
- Business Ethics Leadership Alliance
- Council for Third Age
- European Chamber of Commerce
- Global-Asia Insurance Partnership Ltd
- Institute of Policy Studies
- Life Insurance Association
- Life Office Management Association
- Singapore Business Federation
- Singapore College of Insurance
- Singapore Insurance Employees' Union
- Singapore International Chambers of Commerce
- Singapore National Employers Federation
- Singapore Press Club



# AWARDS AND CERTIFICATIONS

| | | |
|---|---|---|
| **March 2021** | **May 2021** | **June 2021** |
| **Silver for Asia's Best Sustainability Report (Design)**<br>**Bronze for Asia's Best Sustainability Report (First Time)**<br>Asia Sustainability Reporting Awards 2020 by CSRWorks | **Platinum for 2020 Annual Report**<br>Hermes Creative Awards 2021 by Hermes Awards | **Gold for Best In-House Candidate Experience**<br>**Gold for Best Use of Recruitment Technology Tools**<br>**Silver for Most Innovative and Sustainable Office Design**<br>**Bronze for Best Organisational Upskilling and Reskilling Strategy**<br>Employee Experience Awards 2021 by Human Resources Online |
| **June 2021** | **June 2021** | **August 2021** |
| **Gold for Best Well-Being Strategy**<br>Workplace Transformation Awards 2021 by Institute of Human Resource Professionals and EngageRocket | **Best Use of Micro and Niche Influencers**<br>PR Awards 2021 by Marketing-Interactive | **Age Inclusive Practices Award**<br>**Leadership Award for Age Inclusive Practices – Individual award presented to Sheela Parakkal, CHRO**<br>Tripartite Alliance Award 2021 by Tripartite Alliance Limited |
| **September 2021** | **November 2021** | **November 2021** |
| **Patron of the Arts Award 2021**<br>Friend of the Arts by National Art Council | **Silver for Best Employee Insurance Provider**<br>HR Vendors of the Year 2021 by Human Resources Online | **Anchor Financial Institution Award**<br>**Innovation at Work Award (Fintech Category) – Individual award presented to Magdalene Loh, Head of Innovation**<br>APIX Inaugural Awards 2021 by APIX |
| **December 2021** | **December 2021** | **December 2021** |
| **Best Companies to Work for in Asia 2021 (Singapore Edition)**<br>HR Asia Best Companies to Work for in Asia 2021 (Singapore Edition) by HR Asia | **WeCare™ Certification**<br>HR Asia Most Caring Companies Award 2021 (Singapore Edition) by HR Asia | **Community Chest Charity Bronze 2021**<br>Community Chest Awards 2021 by Community Chest |

# BOARD OF DIRECTORS

## Lilian Lup-Yin Ng
**Chairman and Executive Director**

Lilian Ng is Chief Executive, Insurance, of Prudential Group. She was appointed as the Chairman of the Board of Directors of Prudential Singapore in August 2015. She is also a member of the Nomination and Remuneration Committee of Prudential Singapore. Lilian is also the Chairman of the Board of Directors of Pulse Ecosystem Pte. Ltd.

Lilian is leading and responsible for the Group's customer, distribution channel and marketing strategy and deployment of business solutions across the network of insurance businesses, driving business performance and competitive advantage in the digital world to deliver the customer ambitions and growth agenda. She is also accountable for the corporate governance of local business units, including Legal and Government Relations.

She has been part of the Prudential family for over 20 years with extensive experience in the insurance sector. She has held a range of leadership roles in Prudential in both the local businesses and at regional level, including Chief Operating Officer, Insurance, Asia for 6 years. Lillian is a Fellow of the Institute of Actuaries of Australia.

## Dennis Tan
**Chief Executive Officer and Executive Director**

Dennis Tan was appointed the Chief Executive Officer of Prudential Singapore in March 2020. He is also a Council Member at IBF Singapore, and Deputy President of the Life Insurance Association Singapore.

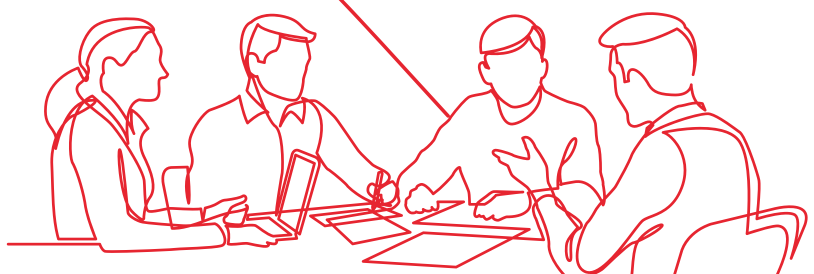
A veteran banker, Dennis has 26 years of experience in consumer banking spanning product development, segment management, marketing and sales and distribution.

Prior to joining Prudential, Dennis was with OCBC Bank for 10 years, of which 7 were spent leading a 3,100-strong consumer banking division as Head, Consumer Financial Services. Dennis also spearheaded the growth of OCBC's Premier Banking business in Singapore, Malaysia, Indonesia and China as Head of Branch and Group Premier Banking. He was also a member of OCBC Bank's Management Committee.

He began his banking career as a Management Associate with Citibank Singapore in 1993. In 16 years, Dennis rose through the ranks to become Managing Director, Sales and Distribution where he was responsible for 20 branches and 700 frontline staff.

Dennis is also a Director with Prudential Singapore Holdings Pte Ltd since March 2020 and Pulse Ecosystem Pte. Ltd since December 2020. In addition, he has taken on directorship with European Chamber of Commerce (Singapore) since August 2020, Council for Third Age Ltd since July 2021, Global-Asia Insurance Partnership Ltd since October 2021 as well as Singapore College of Insurance since October 2021.

Dennis is Singaporean. He holds a Bachelor of Science in Business (Honours with Distinction) from Indiana University and has completed the Stanford Executive Programme at Stanford University's Graduate School of Business. He is a Certified Financial Planner.





## Professor Annie Koh
**Non-Executive Director**

Professor Annie Koh was appointed as a Non-Executive Director of Prudential Singapore in August 2018. At Prudential Singapore, she is a member of the Audit Committee and the Board Risk Committee, as well as the Chairman of the Nomination and Remuneration Committee.

Prof. Koh possesses a wealth of experience and expertise in education and management in the banking and finance markets. She started her career as Treasury Manager of DBS Bank Singapore in 1976. Since then, she has worked in educational institutions such as the National University of Singapore (NUS) and the Singapore Management University (SMU).

Prof. Koh is Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business, SMU since 2021. She is a renowned conference speaker, panel moderator and commentator. In addition to being a Member of the World Economic Forum Global Future Council on New Agenda for Work, Wages and Job Creation, Prof. Koh also chairs the Asian Bond Fund 2 supervisory committee of the Monetary Authority of Singapore (MAS) since 2016 and is a committee member of Singapore's Customs Advisory Council and HR Transformation Advisory Panel since 2019.

Since June 2019, Prof. Koh is Lead Independent Director, and Chairman, Audit and Risk Committee of KBS US Prime Property Management Pte. Ltd. She is also an Independent Director of AMTD International Inc since May 2020 and a member of the Audit Committee of AMTD International Inc since December 2020. In addition, Prof. Koh is a Non-Executive Director of PBA International Pte. Ltd. since July 2020 and an Independent Director of Yoma Strategic Holdings Ltd since November 2020.

Prof. Koh also advises privately owned enterprises such as Flexxon Pte Ltd, Hendricks Corp. Pte Ltd, TOP International, and startups such as AvePoint EduTech, Dedoco, Elevate Tech, RootAnt Global, StashAway, StaffOnDemand, SWAT Mobility, and non-profits such as Cyber Youth Singapore and WWF Singapore. She has been an investment committee member of iGlobe Partners since July 2010 and advisor to CUBE3 Ventures since October 2021.

Prof. Koh's achievements include being awarded a MAS Scholarship for NUS BSc in Economics (Hons) and a Fulbright scholar for her PhD degree in International Finance from Stern School of Business, New York University in 1988. Her research interests are in Family Office and Family Business, Investor Behaviour, Alternative Investments and Enterprise Risk Management. She is co-author of Financial Management: Theory and Practice, 2nd edition (2021), and Financing Internationalisation – Growth Strategies for Successful Companies (2004), co-editor of Asian Family Business: Succession, Governance and Innovation (2020), and author of a number of Asian family business cases and survey reports. In recognition of her contribution to education and the public sector, she was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016 respectively, and the Adult Education Prism Award in 2017.

## Simon Christopher John Machell
**Non-Executive Director**

Simon Christopher John Machell was appointed as a Non-Executive Director of Prudential Singapore in March 2020. At Prudential Singapore, he is a member of the Audit Committee and the Board Risk Committee.

Simon has over 30 years of CEO experience in both the life and general insurance sectors in Europe and Asia and has a wealth of experience and expertise in the areas of management, operations, finance, risk and strategy.

Simon qualified as a Chartered Accountant with Ernst and Young in London in 1988 and held auditing and finance roles at Legal & General before joining Norwich Union (later renamed Aviva) in 1994. Simon spent almost 20 years with Aviva where he started as a finance executive in the general insurance business before taking on claims and operations roles. He became the Managing Director of RAC when Aviva bought that business and subsequently became the CEO of the UK general insurance business. From 2002 to 2007, Simon was also the Chairman of the Motor Insurers Bureau.

In 2007, Simon moved to Singapore to become the CEO of Aviva's business in Asia. The markets in eastern Europe were added to the portfolio in 2012. He was responsible for all aspects of the business and was accountable for relationships with regulators and joint venture partners. Simon was also a Non-Executive Director of Aviva's asset management business in Asia.

In 2013, Simon became a Non-Executive Director of Tesco Bank in the UK and also a member of the Audit, Risk, Nomination and Remuneration Committees. He became the Chairman of Tesco Underwriting which is Tesco Bank's insurance underwriting vehicle in 2016. Simon is also the chair of the Tesco Underwriting Remuneration Committee. He continues to hold both roles today.

In 2015, Simon became a Non-Executive Director of Pacific Life Re and a member of the Risk Committee. In 2018, he became the Chairman of Pacific Life's Australian entity and sat on the risk, audit and remuneration committees. Simon joined the Prudential Corporation Asia Board in 2016 and became Chairman of the Risk Committee. He continued in this role until the board was disbanded in 2020. Simon was elected to the Board of Suncorp in Australia in 2017 and a member of the People and Remuneration Committee and a member of the Audit and Nomination Committees. In April 2021, Mr Simon became a Non-Executive Director and Non-Executive Chairman of GreenPlace Assets Pte. Ltd.

Simon has a Bachelor of Art degree in Economics from University of Durham and is a Fellow Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He is also a Guest Professor of the Southwest University of Finance and Economics in Chengdu, China.

## BOARD OF DIRECTORS

### Teo Teow Hock (Daniel T H Teo)

Non-Executive Director

Daniel Teo was appointed as a Non-Executive Director of Prudential Singapore in October 2018. At Prudential Singapore, he is a member of the Audit Committee and the Nomination and Remuneration Committee, as well as the Chairman of the Board Risk Committee.

Daniel started his banking career at Standard Chartered Bank Singapore in 1984. From 1989 to 2000, he was Commercial Banking Manager and Operations Manager at the Republic National Bank of New York, Singapore. From 2001 to 2012, he was Regional Chief Operating Officer at ING Asia Private Bank Ltd Singapore (later renamed Bank of Singapore Ltd). In 2012, Daniel joined ABN AMRO Bank NV Singapore and held the roles of Country Operating Officer (COO) and Deputy Country Executive, Singapore and COO Private Banking International Asia and Middle East. He left the bank in September 2016 to focus on serving in non-profit organisations.

Since 2016, he has been the Chairman of the Board of Directors of Industrial and Services Cooperative Society Ltd, a cooperative for ex-offenders, and a member of the Rehabilitation Committee of the Singapore Corporation of Rehabilitative Enterprises. He has previously served on the boards of Home Nursing Foundation and YR Industries Pte Ltd. Since January 2018, Daniel also serves as a Senior Advisor at the Singapore Consultancy Pte Ltd which provides services to financial institutions. Since June 2021, he has been the Chairman of Audit Committee and member of the Advisory Board of Singapore Photographic Society, a non-profit organisation.

Daniel is an Ordinary Member of the Singapore Institute of Directors, as well as a member of its Non-Profit Organisations Sub-Committee. From 2014 to 2016, he was an Alternate Council Member at the Association of Banks in Singapore. Professionally, his achievements include the "Leading Individual" award at the 2015 Wealth Briefing Asia Awards.

Daniel has a Bachelor of Business Administration degree from National University of Singapore and has completed executive programmes at INSEAD Singapore and IMD Lausanne.

### Wan Mei Kit

Non-Executive Director

Wan Mei Kit was appointed as a Non-Executive Director of Prudential Singapore in January 2018. She is the Chairman of the Audit Committee and a member of the Board Risk Committee of Prudential Singapore.

Mei Kit is an experienced professional in audit, risk control, governance and compliance roles across leading international banks, with knowledge spanning across Asia Pacific. She began her career in audit with Coopers & Lybrand Public Accountants (now PricewaterhouseCoopers). Since then, Mei Kit has worked in various global financial institutions, including Bank of America as the Regional Auditor, South East Asia and Union Bank of Switzerland as the Head of Internal Audit, Singapore. She held various regional head and leadership roles in the global audit, compliance and operational risk functions within Standard Chartered Bank Singapore from 1989 to 2015. In her most recent corporate role, she was the Regional Head of Audit, ASEAN, at Standard Chartered Bank Singapore from 2011 to 2015.

She is currently serving on the governance committees of various non-profit organisations including the Audit and Risk Committee of National Kidney Foundation in Singapore since May 2016, the Audit Committee of Singapore Institute of Directors since January 2017 and the Advisory Committee on Oversight of United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in New York since February 2019. She is also a Director of Meritus (1996) Investments Pte Ltd and Tee Boon Leong Investments Pte Ltd since June 2018, and Asia Philanthropic Ventures Pte Ltd since March 2020. She was previously the Audit Committee member of The Boys' Brigade in Singapore (2016 to 2019) and an Adjunct Associate Professor with Department of Accounting at the National University of Singapore Business School (2019 to 2020).

Mei Kit is a Fellow of the Association of Chartered Certified Accountants UK and of the Institute of Singapore Chartered Accountants. She is a member of the Singapore Institute of Directors and a Graduate of the Australian Institute of Company Directors. She has completed the executive management programmes at the Templeton College of Oxford University (UK) and INSEAD (France).



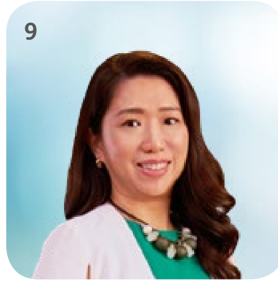
## LEADERSHIP TEAM














**1 | Dennis Tan**
Chief Executive Officer and Executive Director

**2 | Tony Benitez**
Chief Operations Officer

**3 | Jackie Chew**
Chief Risk Officer

**4 | Goh Theng Kiat**
Chief Customer Officer

**5 | Sheela Parakkal**
Chief Human Resources Officer

**6 | Andreas Rosenthal**
Chief Financial Officer

**7 | Ben Tan**
Chief Distribution Officer

**8 | John Chow**
Chief Partnership Distribution Officer

**9 | Liauw Lee Jiat**
Chief Actuary

**10 | John Soong**
Chief Agency Officer

**11 | Dr Ian Warford**
Chief Information Technology Officer

# LEADERSHIP TEAM

## Dennis Tan
Chief Executive Officer and Executive Director

Dennis Tan was appointed the Chief Executive Officer of Prudential Singapore on 9 March 2020. He is also a Council Member at IBF Singapore, and Deputy President of the Life Insurance Association Singapore.

A veteran banker, Dennis has 26 years of experience in consumer banking spanning product development, segment management, marketing and sales and distribution.

Prior to joining Prudential, Dennis was with OCBC Bank for 10 years, of which 7 were spent leading a 3,100-strong consumer banking division as Head, Consumer Financial Services. Dennis also spearheaded the growth of OCBC's Premier Banking business in Singapore, Malaysia, Indonesia and China as Head of Branch and Group Premier Banking. He was also a member of OCBC Bank's Management Committee.

He began his banking career as a Management Associate with Citibank Singapore in 1993. In 16 years, Dennis rose through the ranks to become Managing Director, Sales and Distribution where he was responsible for 20 branches and 700 frontline staff.

Dennis is Singaporean. He holds a Bachelor of Science in Business (Honours with Distinction) from Indiana University and has completed the Stanford Executive Programme at Stanford University's Graduate School of Business. He is a Certified Financial Planner.

## Tony Benitez
Chief Operations Officer

Tony Benitez is the Chief Operations Officer of Prudential Singapore. In this role, he is responsible for overseeing the Life Operations and Information Technology functions of the company.

Tony has over 25 years of financial and insurance industry experience spanning areas such as strategy, operations, transformation, mergers and acquisitions, post-integration implementation and change management.

Tony joined Prudential Singapore as Acting COO in June 2019, assuming the full-time role in January 2020. Prior to joining Prudential, Tony was the CEO and Managing Partner of Ancora Management Consulting where he engaged in major insurance-related transformation projects as well as conducted a variety of leadership and management training programmes and workshops.

At Allianz, he developed and drove Operational Excellence (OPEX), a process improvement/reengineering methodology as well as a programme to help establish quality management units to support the development and implementation of global change initiatives. At GE Employers Reinsurance Corporation, Tony was responsible for strategic planning and implementing the Six Sigma quality management approach.

Tony, a British national, holds a Diploma in Business and Finance from North East London Polytechnic and a Diploma in Business and Marketing from Paddington College London.

## Jackie Chew
Chief Risk Officer

Jackie Chew is the Chief Risk Officer of Prudential Singapore. She oversees Enterprise Risk Management, Technology Risk Management, Compliance and Risk Analytics.

She is a trained accountant who has more than 20 years of work experience in insurance, asset management, investment banking and private banking.

Jackie joined Prudential in 2011 and has a distinguished career in various Prudential entities. Her most recent role was in Group-wide Internal Audit as Audit Director, Fund Management, Prudential Corporation Asia. Prior to that, Jackie was the Chief Executive Officer of Eastspring (Singapore) Investments. Her previous experience also includes roles at Merrill Lynch, ING Bank and PwC.

Jackie holds a Master of Business Administration in Finance (Merit) from the University of Leeds, UK and a Bachelor of Accountancy (Hons) from Nanyang Technological University, Singapore. A Singaporean, she is a certified public accountant and a fellow, Life Management Institute with Distinction, LOMA.

## Goh Theng Kiat
Chief Customer Officer

Goh Theng Kiat is the Chief Customer Officer of Prudential Singapore. In his role, Theng Kiat champions customer-centricity across the organisation and is responsible for the delivery of a differentiated proposition and experience to our customers in both the retail and enterprise segments. He oversees Prudential Singapore's customer strategy and initiatives, marketing and events.

Theng Kiat brings with him more than 25 years of marketing and business management experience across different industries, from FMCG to financial services.

Prior to joining Prudential Singapore in August 2018, he was Chief Marketing Officer at the consumer arm of OCBC Bank Singapore, where he helped build its brand, product, customer segments and digital marketing practice. He has also held a number of regional and global responsibilities in marketing and innovation.

Theng Kiat is Singaporean and holds a Bachelor degree in Electrical Engineering from the National University of Singapore.

## Sheela Parakkal
Chief Human Resources Officer

Sheela Parakkal was appointed Chief Human Resources Officer of Prudential Singapore in September 2015. In this role, Sheela champions the human capital value chain and leads the HR function to develop and drive people strategies in line with the business goals. This includes building best-in-class HR practices in recruitment, talent and succession planning, reward and recognition programmes.

Sheela started her 17-year career with PricewaterhouseCoopers Singapore (PwC Singapore) as an auditor before moving into a human capital role focusing on business partnership, talent and development, and mobility of its large professional workforce. Prior to joining Prudential Singapore, she was the Human Capital Leader for PwC Singapore Consulting and the Group Human Resources Director overseeing regional operations at Sindicatum Sustainable Resources.

Sheela is a Malaysian citizen and a Singapore Permanent Resident for 27 years. She holds an MBA (Banking & Finance) from the Nanyang Technological University, Singapore. A certified public accountant, Sheela was conferred the Institute of Human Resource Professionals Master Professional (IHRP-MP) in 2021.

## Andreas Rosenthal
Chief Financial Officer

Andreas Rosenthal is the Chief Financial Officer (CFO) of Prudential Singapore. He oversees Finance (Operations), Financial Reporting, Actuarial Financial Management, Actuarial Products and Advisory, Distribution Compensation and Analytics, Performance and Expense Management, Finance Projects and Transformation, and Procurement.

A finance and actuarial veteran with over 20 years of insurance industry experience, Andreas has held regional and local CFO roles in markets across Asia including Korea, Singapore, Taiwan, Thailand, the Philippines.

Prior to joining Prudential Singapore in January 2018, Andreas has served as CFO at AIA Philam Life and AIA Korea. He was also the regional CFO of Allianz till 2011.

A qualified German Actuary, Andreas holds a Master's Degree in Mathematics from the FU University of Berlin, Germany and a PhD in Mathematics from the University of Bielefeld, Germany.

# LEADERSHIP TEAM

## Ben Tan
**Chief Distribution Officer**

Ben Tan is Chief Distribution Officer at Prudential Singapore. In this role, he manages both agency and partnerships distribution, driving performance, ensuring alignment of strategies across channels, and developing new partnerships to accelerate growth.

Ben has more than 25 years of experience in the insurance industry, with roles spanning sales and marketing as well as channels development and management.

Prior to joining Prudential Singapore on 21 December 2020, Ben spent 13 years with Great Eastern Life (GE Life) where he was Head of Customer Acquisition, then Chief Distribution Officer and subsequently Managing Director. He was responsible for the development and implementation of the strategic plan and business initiatives for GE Life's distribution channels in Singapore. He also provided governance oversight and regional support to the distribution teams in Malaysia, Indonesia and Brunei.

Earlier in his career, Ben spent 12 years with AIA where he held multiple leadership roles in the General and Life insurance businesses, including being the Regional Director of Agencies.

Ben is Singaporean and holds a Bachelor of Science in Business from Indiana University.

## John Chow
**Chief Partnership Distribution Officer**

John Chow is Chief Partnership Distribution Officer at Prudential Singapore. In this role, he oversees our bancassurance partnerships with UOB and SCB.

John has more than 15 years of bancassurance experience in both the banking and insurance industry.

Prior to joining Prudential Singapore on 6 January 2021, John spent five years with Manulife, where he held various roles in regional partnerships, including leading performance management for the insurer's regional DBS partnership. In his most recent role, John was based out of Kuala Lumpur as Chief Partnership Officer of Manulife Insurance Berhad (MIB) and Manulife Labuan International Limited (MILL). He was responsible for MIB's exclusive bancassurance partnership with Alliance Bank Berhad and MILL's omni-channel distribution strategy, including the exclusive bancassurance partnership with Standard Chartered Bank (Malaysia).

John was also with OCBC Bank for four years. In his last role as Head of Bancassurance, he developed and executed the strategies to grow the bancassurance business of OCBC and Great Eastern Life in Singapore.

John is Singaporean and holds a Master of Engineering in Aeronautical Engineering from Imperial College London.

## Liauw Lee Jiat
**Chief Actuary**

Liauw Lee Jiat is the Chief Actuary of Prudential Singapore and was appointed the Appointed Actuary on 22 February 2021. In this role, she provides strategic direction and leadership across the Corporate Actuarial, Actuarial Pricing and Distribution Compensation functions.

Lee Jiat has held various roles in the Finance division since joining Prudential in 2013. As the Head of Distribution Compensation & Analytics, she led her team to revamp and implement the compensation structure for the Agency force to increase productivity. During her appointment as Head, Business Finance, she oversaw Finance Business Partnerships, Finance Performance Management, Distribution Compensation & Analytics and Finance Sales Reporting.

With close to two decades of experience in the Finance and Actuarial Field, Lee Jiat was previously the Head of Capital Management & MCEV Reporting and Appointed Actuary (HK) at Aviva, and the Head of Pricing and Product Development for Bancassurance Channel at Great Eastern Life.

Lee Jiat is Singaporean. A qualified Actuary, she graduated with a Bachelor of Business (Actuarial Science) from Nanyang Technological University, Singapore.

## John Soong
**Chief Agency Officer**

John Soong is the Chief Agency Officer of Prudential Singapore. In his role, he oversees our Agency channel and manages a 5,000-strong Agency force.

John joined us as Head of Agency in October 2018. A specialist in sales and sales management in the life insurance field for more than 29 years across Asia Pacific, John began his career as an insurance agent in 1990. He brings with him many years of experience in training, recruitment and business development which includes leading and driving agency sales, manpower and productivity targets.

Prior to joining Prudential, John was a consultant and he engaged in projects to transform the agency channel, improve agent productivity and drive revenue growth for insurers including Zurich Topas Life (Indonesia) and Zurich Global Life (Singapore). At Allianz, John was the Chief Agency Officer of Pioneer Life (Philippines), Ayudhya Allianz (Thailand), Allianz Dazhong (China) and Pioneer-Allianz (Philippines).

A Singaporean, John graduated from National University of Singapore Law school.

## Dr Ian Warford
**Chief Information Technology Officer**

Dr Ian Warford was appointed Chief Information Technology Officer for Prudential Singapore in July 2020. In this role, he leads us in our efforts to build our digital capabilities and to remain at the forefront of our industry.

Ian also holds a dual appointment as Regional Director, Wealth Ecosystem, Prudential Services Singapore, a role which he has held since August 2019.

With over 28 years of IT experience within the financial services industry, Ian has served as CEO of software company, Navarik. He was Director, Global Head of Client and Channel Solutions Group (Sales) and Director, Global Head of Core Transaction Products (Product Management) at Deutsche Bank. At Microsoft, he held the role of Director, Global Head of Securities & Capital Markets.

A British national, Ian has lived in Vancouver, New York, London, Stockholm, Manila and now Singapore. He holds a PhD in Electrical Engineering from Aston University and a Bachelor of Engineering (Electrical Engineering) from Swansea University.

# CORPORATE GOVERNANCE

## Board's conduct of affairs

### Board responsibility and accountability

The Board oversees the affairs of Prudential Singapore, including providing oversight over the setting of the strategic goals of the Company, ensuring that there are adequate resources available, establishing a framework of controls to assess and manage risks, and reviewing the business performance of the Company.

### Board committees

Prudential Singapore is an indirect wholly-owned subsidiary of Prudential plc. The Board at Prudential Singapore has established several Board committees consisting of the Audit Committee, Board Risk Committee, and Nomination and Remuneration Committee, which have been constituted with clear Board-approved written terms of reference.

### Board/committee meetings and attendance

The Board meets at least four times a year to review business performance and key activities, as well as to approve policies. Board Risk Committee and Audit Committee meetings are also held not less than four times a year and usually before the Board meetings. At least one meeting of the Nomination and Remuneration Committee is held in a year for the relevant deliberation with at least one meeting. Ad-hoc Board or Board Committee meetings will be convened if warranted. The table below lists the number of meetings of the Board and the Board committees held and attended by each director throughout 2021.

| Board/Committee Meetings and Attendance | Board Meetings (include 1 Special meeting) | Board Risk Committee Meetings | Audit Committee Meetings | Nomination and Remuneration Committee Meetings |
|---|---|---|---|---|
| Number of meetings held in 2021 | 5 | 4 | 6 | 1 |
| **Chairman** | | | | |
| Lilian Lup-Yin Ng | 5 | 4 | 5 | 1 |
| **Chief Executive Officer** | | | | |
| Tan Thean Oon Dennis | 4 | 4 | 6 | 1 |
| **Non-Executive Director** | | | | |
| Annie Koh | 5 | 4 | 6 | 1 |
| Teo Teow Hock | 5 | 4 | 6 | 1 |
| Wan Mei Kit | 5 | 4 | 6 | 1 |
| Simon Christopther John Machell | 5 | 4 | 6 | 1 |

The Board has developed internal guidelines on matters which require its approval, as well as matters for which it has to be informed on a regular basis. The types of material transactions that require Board approval include non-routine transactions that are not made in the ordinary course of business and/or any transactions exceeding its approved pre-defined limits.



## Board composition and independence

The Board conducts a review and determines the independence of its directors annually. In accordance with the Corporate Governance Regulations, an independent director in Prudential Singapore is one who is independent from management and business relationships with the Company, its substantial shareholders and has not served for more than nine years on the Board. The Board is required to have at least one-third of directors who are independent directors and at least a majority of directors who are independent from management and business relationships.

As at the date of this report, the Board comprises the Chairman, Ms Lilian Lup-Yin Ng, the Chief Executive Officer (CEO), Mr Tan Thean Oon Dennis, and four non-executive directors, namely, Ms Wan Mei Kit, Prof. Annie Koh, Mr Teo Teow Hock and Mr Simon Christopher John Machell. There are four independent directors, namely Ms Wan Mei Kit, Prof. Annie Koh, Mr Teo Teow Hock and Mr Simon Christopher John Machell. The current composition of the Board satisfies the statutory requirement of having a majority of directors who are independent from any management and business relationship with Prudential Singapore.

The directors possess a wide spectrum of competencies in finance, business/management, risk, strategy and education. The non-executive directors are constructively involved in discussing strategic proposals, as well as in reviewing the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance. The directors' profiles can be found in the Board of Directors section of this Annual Report.

## Chairman and CEO

The division of responsibilities between the Chairman and CEO has been approved by the Board and is set out in the Board Governance Policy and Guidelines.

Among her other responsibilities, the Chairman is tasked with the leadership and the governance of the Board as a whole. She approves the agenda of the Board, monitors the quality and timeliness of the flow of information to the Board, and promotes effective communication and constructive relationships between the Board and management.

With the assistance of members of the Core Leadership Team (CLT), Appointed Actuary and relevant senior management staff, the CEO is responsible for the management of Prudential Singapore and the implementation of the Company's strategies and plans, as well as oversight of its day-to-day operations.

The Board has not appointed a lead independent director because the Chairman and the CEO are separate persons and Prudential Singapore is a wholly-owned subsidiary of Prudential plc.

## Board membership

### Role of the nominating committee

In performing the functions of a Nominating Committee, the Nomination and Remuneration Committee supports the Board with a formal, documented and transparent process for the nomination, selection, appointment, removal as well as succession of directors and the CLT, Appointed Actuary and relevant senior management staff of Prudential Singapore. The Nomination and Remuneration Committee assesses candidates for directorship and CLT, Appointed Actuary and relevant senior management staff positions and propose appointments for approval by the Board, taking into consideration the candidate's merit, as well as his/her fulfillment of pre-defined criteria. The Nomination and Remuneration Committee considers the re-appointment of directors every three years, and reasons for resignations of directors as well as the members of the CLT, Appointed Actuary and relevant senior management staff. Directors who are above 70 years of age are also subject to annual re-appointment at the AGM.

The Nomination and Remuneration Committee comprises Prof. Annie Koh (Chairman), Ms Lilian Lup-Yin Ng and Mr Teo Teow Hock.

On an annual basis, the Nomination and Remuneration Committee determines whether each director remains qualified for office taking into account various factors such as the extent of independence, fit and proper status and experience. It is Prudential Singapore's policy not to set a one-size-fits-all policy on the number of directorships which may be held by each director. Directors may serve on a number of other Boards, provided that they are able to demonstrate satisfactory time commitment to their roles at Prudential Singapore.

CORPORATE GOVERNANCE

### Process for appointment of new directors

In appointing new directors, the Nomination and Remuneration Committee evaluates the balance of skills, knowledge and experience of the Board and identifies the roles and capabilities required at any time, taking into account the environment in which Prudential Singapore operates.

### Induction

Newly appointed directors are provided with induction/orientation programmes covering an overview of the Company, its structure and principal activities.

All directors are also issued the Board Governance Policy and Guidelines, which covers internal policies and guidelines observed by the Board in its oversight activities.

### Continuous professional development

Prudential Singapore has developed a continuous professional training programme which commences with a regular gap analysis on the required skill-sets based on the expected business operating environment of the year. Directors complete survey forms to provide an assessment of how effective the training programme is. Based on the 2021 survey results, the training programme provided to directors was effective in equipping them with relevant knowledge and skills to perform their roles effectively.

Throughout their period in office, directors are also regularly updated on Prudential Singapore's businesses and the regulatory and industry specific environment in which the Company operates, as well as on their duties and obligations. These updates can be in the form of written reports to the Board, or presentations by internal staff or external professionals.

In addition to the regular schedule of meetings, the Board holds at least one "Away Day" on an annual basis to discuss the latest developments within the industry, including changes to regulations, corporate governance, accounting standards, risk management and control, where relevant.

## Board performance

Board evaluations are conducted on an annual basis. This process comprises evaluations by each director on the Board's performance as a whole and its Board committees, the contribution by the Chairman as well as self-evaluations of individual performance.

In carrying out their assessments, the following are considered: (a) the key performance criteria which include qualitative measures such as the provision of oversight over the establishment of strategic directions; and (b) the achievement of objectives where they have been set and approved by the Board.

## Access to information

All directors have direct access to the Company Secretary, who attends all Board meetings and prepares minutes of Board proceedings. Directors also have full access to members of the CLT, Appointed Actuary and relevant senior management staff.

The Board has approved a procedure, as established in the Board Governance Policy and Guidelines, whereby directors have the right to seek independent professional advice, to enable them to fulfill their obligations.

## Remuneration

### Development of policies

The Board approves the remuneration framework for directors and members of the CLT, Appointed Actuary and relevant senior management staff as developed by Prudential Singapore and the Regional Head Office in Hong Kong respectively. In performing the functions of a Remuneration Committee, the Nomination and Remuneration Committee is tasked to, amongst others, review and recommend to the Board the remuneration packages for independent directors as well as the CLT, Appointed Actuary and relevant senior management staff. The Board endorses the remuneration packages for independent directors and members of the CLT, Appointed Actuary and relevant senior management staff.

The composition of the Nomination and Remuneration Committee is provided in the section above on Board Membership.



### Director, CLT, appointed actuary and relevant senior management staff remuneration

The independent directors are paid directors' fees which are reviewed regularly. Considerations such as the director's effort, time spent and responsibilities are taken into account during the review.

The remuneration policy for the members of the CLT, Appointed Actuary and relevant senior management staff, including the CEO, is formulated to ensure that they are compensated in line with individual performance and performance of Prudential Singapore based on a balanced scorecard of key performance indicators (KPIs) which include both financial and strategic objectives. Members of the CLT, Appointed Actuary and relevant senior management staff with control job functions such as risk management, compliance, etc., are also subject to these KPIs. Factors such as market competitiveness and industry benchmarks are taken into account.

The remuneration of members of the CLT, Appointed Actuary and relevant senior management staff largely comprises fixed remuneration, i.e., their basic salary, variable remuneration, which is a performance-based variable bonus and closely linked to the performance of Prudential Singapore and the individual concerned, as well as long-term incentives which provide alignment to Prudential Group's value through making share awards to key individuals on a selected basis. The long-term incentive will vest after three years subject to continued employment.

The remuneration of the CEO and members of the CLT, Appointed Actuary and relevant senior management staff are reviewed by the Regional Head Office in Hong Kong as well as the Nomination and Remuneration Committee, and endorsed by the Board.

While the Regional Head Office takes into account the Implementation Standards[1] issued by the Financial Stability Board, its policies are intended for the broader audience of all Prudential entities across Asia. Consequently, there may be some differences between its policies and the Implementation Standards.

### Disclosure on remuneration

After careful consideration, Prudential Singapore has decided not to disclose information on the remuneration of directors and the members of the CLT, Appointed Actuary and relevant senior management staff. We are of the view that the disadvantages to Prudential Singapore's business interests would far outweigh the benefits of such disclosure, in view of the disparities in remuneration in the industry and the competitive pressures which are likely to result from such disclosure.

## Accountability

As a private limited company, Prudential Singapore is accountable to its Regional Head Office and Group Head Office, and provides updates and reports on a regular basis. Financial updates on the performance, position and prospects are also provided to the Board on a quarterly basis, as well as on any significant events which have occurred or affected the Company during the year.

## Risk management and internal controls

Overall, the Board is satisfied that the internal control and risk management systems are adequate and effective, having considered factors such as the truth and fairness of the financial statements prepared by management, the internal auditors' independent assessment of the internal control, risk management practices and management letter points highlighted by the external auditors. The Board has received assurance from the CEO and the CFO that Prudential Singapore's risk management and internal control systems are effective, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

## Risk Management

### Principles and Objectives

Risk is defined as the uncertainty that Prudential Singapore faces in successfully implementing its strategies and objectives. This includes all internal or external events, acts or omissions that have the potential to threaten the success and

1 Please refer to the Financial Stability Board Principles for Sound Compensation Practices: Implementation Standards.

CORPORATE GOVERNANCE

survival of Prudential Singapore. Accordingly, material risks will be retained selectively where we think there is value to do so, and where it is consistent with the Company's risk appetite and philosophy towards risk-taking.

The control procedures and systems established within Prudential Singapore are designed to manage rather than eliminate the risk of failure to meet business objectives. They can only provide reasonable and not absolute assurance against material misstatement or loss and focus on aligning the levels of risk-taking with the achievement of business objectives.

Material risks will only be retained where this is consistent with Prudential Singapore's risk appetite framework and its philosophy towards risk-taking. Prudential Singapore's current approach is to retain such risks where doing so contributes to value creation and the Company is able to withstand the impact of an adverse outcome, and has the necessary capabilities, expertise, processes and controls to appropriately manage the risk.

Internal reporting is performed by the business in accordance to the standards set by the Group Risk function. Risks inherent in the business operations are reviewed as part of the annual preparation of the business plan. Clear escalation criteria and processes are in place for the timely reporting of risks and incidents by the business to the risk management and compliance functions and, where appropriate, the Board and regulators.

## Risk Governance

Prudential Singapore's risk governance framework comprises organisational structures, reporting relationships, delegation of authority, roles and responsibilities and risk policies to enable business units to make decisions and control activities on risk-related matters. Business units establish processes for identifying, evaluating and managing the key risks faced by Prudential Singapore. The framework is based on the concept of 'three lines of defence' comprising risk-taking and management, risk control and oversight, and independent assurance.

Primary responsibility for strategy, performance management and risk control lies with the Board, which has established a Board Risk Committee to assist in providing leadership, direction and oversight in respect of Prudential Singapore's significant risks. The Board Risk Committee is supported by the Risk Committee at management level.

## Board Risk Committee

The Board Risk Committee comprises Mr Teo Teow Hock (Chairman), Mr Tan Thean Oon Dennis, Prof. Annie Koh, Ms Wan Mei Kit and Mr Simon Christopher John Machell. The principal responsibilities of the Board Risk Committee are to provide oversight on:

- Prudential Singapore's overall risk appetite, risk tolerance and strategy, overseeing and advising the Board on the current and potential future risk exposures of the Company (including regulatory risk), reviewing and approving the Company's risk framework, monitoring its effectiveness and adherence to the various risk policies.
- Financial advisory and business quality across distribution channels in Prudential Singapore.
- Compliance with relevant Singapore regulatory requirements relating to risk and fair dealing with customers, sales advisory requirements, and Prudential Singapore's risk management framework.

## Risk Committee

The Risk Committee comprises members of the CLT and senior management representation as standing invitees to ensure that there is an adequate risk management system to identify, measure, monitor, control and report risks.

The principal responsibilities of the Risk Committee are to:

- Review Prudential Singapore's Enterprise Risk Management framework, as well as the risk appetite and risk policies, including the parameters used, methodologies and processes adopted for identifying and assessing risks;
- Review the material and emerging risk exposures of Prudential Singapore, including market, credit, insurance, liquidity, operational, technology, economic and regulatory capital risks as well as regulatory and compliance matters;
- Highlight to the Board Risk Committee significant matters arising out of the Risk Committee's review of Prudential Singapore's risks, including any breaches of risk appetite, indications that material risks may potentially crystallise, and significant modifications to risk mitigation strategies, controls and action plans.

The Risk Committee ensures that the risk management function has adequate resources and is staffed by experienced and qualified employees. The risk management function is led by the Chief Risk Officer who is also accountable to the Board Risk Committee and the Board.



During the year, the Risk Committee met at least four times and approved components of the Enterprise Risk Management framework, including Prudential Singapore's Own Risk and Solvency Assessment (ORSA) Report, Recovery Plan as well as approved changes from the annual review of its risk management framework and related risk policies.

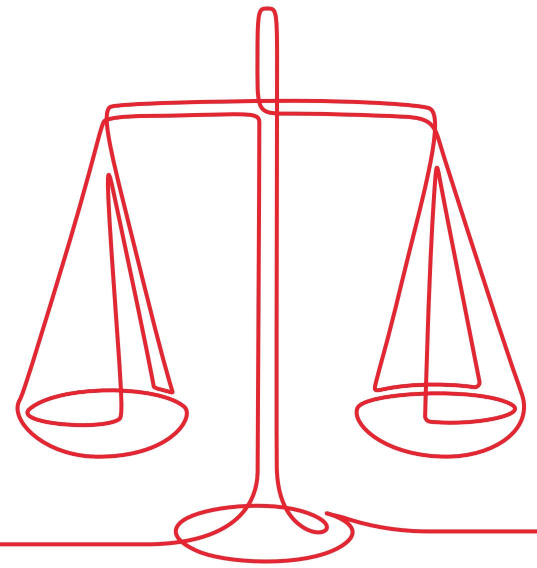
## Risk Management Framework and Capital Management

As a provider of financial services, including insurance, the management of risk lies at the heart of Prudential Singapore's business. As a result, effective risk management capabilities represent a key source of competitive advantage for Prudential Singapore.

Prudential Singapore's risk framework includes its appetite for risk exposures as well as its approach to risk management. Under this approach, Prudential Singapore continuously assesses its top risks and monitors its risk profile against approved limits. Prudential Singapore's main strategies for managing and mitigating risk include asset liability management, and implementing reinsurance programmes.

### A. Risk Appetite

Prudential Singapore defines and monitors aggregate risk limits based on financial and non-financial stresses for its earnings volatility, liquidity, solvency and operational risks.



**Earnings volatility**: the objectives of the limits are to ensure that:
a. the volatility of earnings is consistent with the expectations of stakeholders,
b. earnings are managed properly.

The measure used to monitor the volatility of earnings is European Embedded Value (EEV) New Business Profits.

**Liquidity**: the objective is to ensure that Prudential Singapore is able to generate sufficient cash resources to meet financial obligations as they fall due to business as usual and stress scenarios.

**Solvency**: the limits aim to ensure that supervisory intervention is avoided. The measures used are the Tier 1 Ratio (T1R) and the Capital Adequacy Ratio (CAR), under the Singapore Risk Based Capital (RBC) 2 requirements.

**Operational Risk**: the limits are set to support the monitoring and management of risks as Prudential Singapore has no appetite for material losses suffered as a result of failing to develop, implement and monitor appropriate controls to manage operational risks.

### B. Risk Policies and Risk Exposures

Risk Policies set out the specific requirements which cover the fundamental principles for risk management within the Risk Management Framework. Policies are designed to give some flexibility so that business users can determine how best to comply with policies based on their local expertise. There are core risk policies for insurance, market, liquidity, credit and operational risks.
Risks are categorised as shown below:

CORPORATE GOVERNANCE

| Category | Risk type | Definition |
|---|---|---|
| Financial Risks | Insurance Risk | The risk of loss for the business or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of a number of insurance risk drivers. This includes adverse mortality, longevity, morbidity, persistency and expense experience. |
| | Market Risk | The risk of loss for the business, or of adverse change in the financial situation, resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities. |
| | Liquidity Risk | The risk of Prudential Singapore being unable to generate sufficient cash resources or raise finance to meet financial obligations as they fall due to business as usual and stress scenarios. |
| | Credit Risk | The risk of loss for the business or of adverse change in the financial position, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event (e.g. downgrade or spread widening). |
| Non-financial Risks | Operational Risk | The risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. |
| | Business Environment Risk | Exposure to forces in the external environment that could significantly change the fundamentals that drive Prudential Singapore's overall strategy. |
| | Strategic Risk | Ineffective, inefficient or inadequate senior management processes for the development and implementation of business strategy in relation to the business environment and Prudential Singapore's capabilities. |

The key financial and non-financial risks and uncertainties faced by Prudential Singapore, that have been considered by the Risk Committee during the year and the Company's approaches to managing the financial risks, are described in Note 4 of the Financial Statements.

## Risk culture

Culture is a strategic priority of the Board who recognises the importance of how we do business. Risk culture is a subset of the broader organisational culture, which shapes the organisation-wide values that we use to prioritise risk management behaviours and practices. Prudential Singapore defines its risk culture as the ecosystem of collective values, beliefs and attitudes of its employees that shapes their behaviour and conduct to manage risks in day-to-day business operations. Prudential Singapore developed and implemented its own Risk Culture Assessment Framework in 2019. As per this framework, risk culture assessment was carried out in 2021 to identify areas of strength and improvement, and to develop action plans to make progress on a consistent basis.

## Internal controls

Prudential Singapore has established a sound system of internal controls to safeguard its investments and assets. A review of the effectiveness of controls is carried out by auditors from Group-wide Internal Audit (GwIA) Asia, with recommendations provided to the Audit Committee (AC). In turn, the AC provides oversight over 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 this financial year.



# Audit committee

The AC comprises Ms Wan Mei Kit (Chairman), Prof. Annie Koh, Mr Teo Teow Hock and Mr Simon Christopher John Machell who are all non-executive directors. All the AC members have significant financial management expertise and experience.

The AC provides oversight over financial reporting and internal controls, and reviews the scope and results of audits. In addition, the AC is tasked with reviewing material related party transactions and informing the Board of such transactions.

In consultation with the Group AC, Prudential Singapore's AC also makes recommendations to the Board on the appointment, re-appointment, terms of engagement and remuneration of the external auditor. It also reviews the independence of external auditors.

The aggregate amount of fees, including those relating to non-audit services, paid to the external auditors for 2021 was not significant. The AC has reviewed the volume and nature of non-audit services provided by the external auditors during the year and is satisfied that their independence and objectivity have not been impaired by the provision of those services.

On an annual basis, the AC meets with the internal and external auditors without the presence of the CLT, Appointed Actuary and relevant senior management staff.

The Group AC has instituted an independent confidential whistle-blowing programme that includes helpline, web and mobile reporting options, available in multiple languages across all of Prudential's entities to support the Company's whistle-blowing policy. Employees of these companies may, in confidence, raise concerns about possible improprieties, whether in financial reporting or other matters. The AC of Prudential Singapore provides oversight over arrangements for the independent investigation of such matters within the Singapore business and for appropriate follow-up action.

# Internal audit

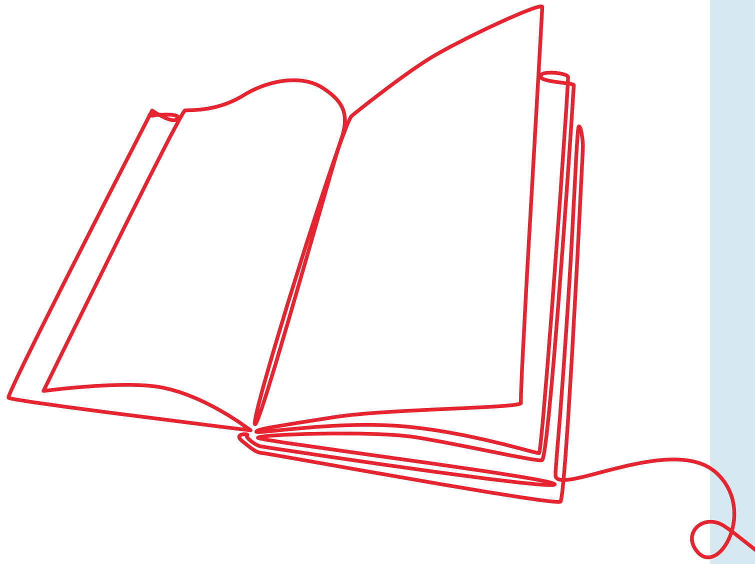
The internal audit function, GwIA, is a group-wide function reporting to the Head Office in London. In turn, the Chief Internal Auditor is directly responsible for the internal audit of Prudential entities throughout the whole Asian region.

The scope and role of GwIA Asia's activities encompass the examination and evaluation of the adequacy and effectiveness of the Prudential Group's system of internal controls and the quality of performance in carrying out assigned responsibilities. This includes performing an independent assessment of the risk and the adequacy of controls to ensure that the control environments are operating in a manner that commensurate with the risk appetite of the organisation.

It also includes making objective and appropriate recommendations to improve the organisation's control environment and to assist the business in achieving its strategies. GwIA Asia has unfettered access to the AC, Board and senior management of all Prudential entities, including Prudential Singapore as well as the right to seek information and explanations.

In carrying out its audits, GwIA Asia is compliant with Group Audit Standards, which adheres to the Institute of Internal Auditors' (IIA) requirements as set out in the IIA's "Code of Ethics" and "International Standards for the Professional Practice of Internal Auditing". GwIA Asia will conduct itself in accordance with standards, policies and practices as set out in the GwIA Procedures Manual, and will carry out its audit work in accordance with the GwIA Methodology.

GwIA Asia provides its services through Regional Teams located across the region, whose structure reflects its independence through direct reporting lines within GwIA, and, where required by local regulations, to the AC of the local unit, including Prudential Singapore.



Being a group-wide function, the appointment, remuneration, resignation or dismissal of the Chief Internal Auditor is made by the Group AC. On a semi-annual basis, GwIA Asia will prepare and present audit plans to the Group AC, as well as the AC of various Prudential entities, including Prudential Singapore, for approval.

## Shareholder Communication

As a private limited company, Prudential Singapore has a limited number of shareholders. Nonetheless, Prudential Singapore continues to place great significance on regular and effective communication with all its stakeholders, including policyholders.

The Annual Report, which contains the financial statements of the Company, is available on our corporate website.

## Board Executive Committee

Between its regular meetings, the Board continues to exercise its oversight of Prudential Singapore via electronic mail, a directors' online secured portal, as well as regular teleconversations with the CEO and members of the CLT, Appointed Actuary and relevant senior management staff. Given the ease with which the Board can be contacted for decisions on significant matters, as well as the regularity with which the Board is engaged in between meetings, a separate Board Executive Committee is not required.

## Related Party Transactions

Policies on related party transactions are established at the Regional Head Office level for all Prudential entities operating in Asia. Material transactions are disclosed in the Section on Financial Statements in this Annual Report.



# FINANCIAL STATEMENTS

# DIRECTORS' STATEMENT

**YEAR ENDED 31 DECEMBER 2021**

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 136 to 201 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## DIRECTORS

The directors in office at the date of this statement are as follows:

Lilian Lup-Yin Ng
Wan Mei Kit
Annie Koh
Teo Teow Hock
Tan Thean Oon Dennis
Simon Christopher John Machell

## DIRECTORS' INTERESTS

The Company has obtained approval from the Accounting and Corporate Regulatory Authority for relief from the requirements of section 202 of the Singapore Companies Act 1967. Under the relief, the Company is exempted from disclosure of directors' interests in the shares and debentures of the Company and its related corporations.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2021

## SHARE OPTIONS

During the financial year, there were:

(a) no options granted by the Company to any person to take up unissued shares in the Company; and

(b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

## AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Tan Thean Oon Dennis**
*Director*

**Lilian Lup-Yin Ng**
*Director*

10 March 2022

# INDEPENDENT AUDITORS' REPORT

**YEAR ENDED 31 DECEMBER 2021**

**MEMBER OF THE COMPANY**
**PRUDENTIAL ASSURANCE COMPANY SINGAPORE (PTE) LIMITED**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Opinion*

We have audited the financial statements of Prudential Assurance Company Singapore (Pte) Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 136 to 201.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

*Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

# INDEPENDENT AUDITORS' REPORT

**ZZ ENDED 31 DECEMBER 2021**
**MEMBER OF THE COMPANY**
**PRUDENTIAL ASSURANCE COMPANY SINGAPORE (PTE) LIMITED**

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

*Opinion*

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
10 March 2022

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Property and equipment | 6 | 63,654 | 61,728 |
| Intangible assets | 7 | 279,711 | 281,483 |
| Right-of-use assets | 8 | 73,162 | 72,272 |
| Investments and loans | | | |
| – Equity securities | 9 | 4,345,116 | 4,862,037 |
| – Debt securities | 9 | 17,531,688 | 14,691,505 |
| – Collective investment schemes | 9 | 30,410,506 | 28,438,977 |
| – Derivative financial instruments | 9 | 195,337 | 301,802 |
| – Loans and receivables | 9 | 660,695 | 660,771 |
| Reinsurers' share of insurance contract liabilities | 10 | 426,630 | 441,142 |
| Insurance and other receivables | 11 | 299,159 | 370,424 |
| Cash and cash equivalents | 12 | 1,240,416 | 1,284,074 |
| **Total assets** | | 55,526,074 | 51,466,215 |
| **Liabilities** | | | |
| Gross insurance contract liabilities | 13 | 48,489,612 | 44,532,189 |
| Insurance and other payables | 14 | 3,430,136 | 3,535,218 |
| Derivative financial instruments | 15 | 118,505 | 66,297 |
| Provision for tax | | 122,992 | 97,590 |
| Deferred tax liabilities | 16 | 2,100,650 | 1,852,787 |
| Lease liabilities | 17 | 74,221 | 71,648 |
| **Total liabilities** | | 54,336,116 | 50,155,729 |
| **Net assets** | | 1,189,958 | 1,310,486 |
| **Equity** | | | |
| Share capital | 18 | 526,557 | 526,557 |
| Reserves | 19 | 21,721 | 21,081 |
| Retained earnings | 20 | 641,680 | 762,848 |
| **Total equity** | | 1,189,958 | 1,310,486 |

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Insurance premiums | 22 | 8,393,565 | 6,945,206 |
| Reinsurance premiums | 22 | (205,645) | 552,952 |
| Net insurance premiums | 22 | 8,187,920 | 7,498,158 |
| | | | |
| Fees and commission income | 23 | 147,305 | 182,203 |
| Investment income | 24 | 1,731,033 | 3,514,723 |
| Other operating income | | 7,848 | 27,758 |
| **Net income before claims, benefits and expenses** | | 10,074,106 | 11,222,842 |
| | | | |
| Gross claims, maturity and surrender benefits | | (4,182,354) | (3,257,058) |
| Increase in gross insurance contracts liabilities during the year | | (3,927,680) | (5,802,206) |
| Reinsurers' share of contract liabilities, claims and benefits incurred | | 134,558 | (500,793) |
| Net claims and benefits incurred | 25 | (7,975,476) | (9,560,057) |
| | | | |
| Commission and distribution costs | 26 | (871,240) | (719,020) |
| Staff costs | 27 | (173,369) | (175,324) |
| Depreciation of property and equipment | 6 | (17,979) | (22,302) |
| Depreciation of right-of-use assets | 8 | (25,889) | (26,936) |
| Interest expense | 8 | (1,973) | (2,322) |
| Other operating expenses | 28 | (311,880) | (298,322) |
| **Claims, benefits and expenses** | | (9,377,806) | (10,804,283) |
| | | | |
| **Profit before tax** | | 696,300 | 418,559 |
| Taxation expense | 29 | (397,468) | (241,252) |
| **Profit for the year** | 30 | 298,832 | 177,307 |
| | | | |
| **Other comprehensive income** | | | |
| **Item that will not be reclassified to profit or loss:** | | | |
| Gain on revaluation of leasehold property (net of tax) | 6 | 640 | 628 |
| **Total other comprehensive income** | | 640 | 628 |
| | | | |
| **Total comprehensive income for the year** | | 299,472 | 177,935 |

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

| | Note | Share capital $'000 | Revaluation reserve $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|---|
| At 1 January 2020 | | 526,557 | 20,453 | 885,541 | 1,432,551 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | | – | – | 177,307 | 177,307 |
| **Other comprehensive income** | | | | | |
| Gain on revaluation of leasehold property | 6 | – | 628 | – | 628 |
| Total comprehensive income for the year | | – | 628 | 177,307 | 177,935 |
| **Transactions with owner, recorded directly in equity** | | | | | |
| Dividends to equity holder | 20 | – | – | (300,000) | (300,000) |
| Total transactions with owner | | – | – | (300,000) | (300,000) |
| At 31 December 2020 | | 526,557 | 21,081 | 762,848 | 1,310,486 |
| At 1 January 2021 | | 526,557 | 21,081 | 762,848 | 1,310,486 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | | – | – | 298,832 | 298,832 |
| **Other comprehensive income** | | | | | |
| Gain on revaluation of leasehold property | 6 | – | 640 | – | 640 |
| Total comprehensive income for the year | | – | 640 | 298,832 | 299,472 |
| **Transactions with owner, recorded directly in equity** | | | | | |
| Dividends to equity holder | 20 | – | – | (420,000) | (420,000) |
| Total transactions with owner | | – | – | (420,000) | (420,000) |
| At 31 December 2021 | | 526,557 | 21,721 | 641,680 | 1,189,958 |

# STATEMENT OF CASH FLOWS

**YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 298,832 | 177,307 |
| Adjustments for: | | | |
| Amortisation of intangible assets | 7 | 2,325 | 6,351 |
| Depreciation of property and equipment | 6 | 17,979 | 22,302 |
| Depreciation of right-of-use assets | 8 | 25,889 | 26,936 |
| Equity settled share-based compensation expense | 31 | 947 | 1,378 |
| Interest, rental and other investment income | 24 | (991,914) | (918,080) |
| Gain on disposal of property and equipment | | (288) | (86) |
| Interest expense on lease liabilities | 8 | 1,973 | 2,322 |
| Modification or derecognition of lease asset/liabilities | | (996) | (627) |
| Net realised gains and fair value changes on financial assets at fair value through profit or loss | 24 | (779,049) | (2,598,787) |
| Tax expense | 29 | 397,468 | 241,252 |
| | | (1,026,834) | (3,039,732) |
| Changes in operating assets and liabilities: | | | |
| Loans and receivables and insurance and other receivables | | 88,695 | (111,572) |
| Reinsurers' share of insurance contract liabilities | 10 | 14,512 | 620,139 |
| Gross insurance contract liabilities | 13 | 3,957,423 | 5,816,633 |
| Insurance and other payables | | 131,068 | (278,110) |
| Cash generated from operations | | 3,164,864 | 3,007,358 |
| Income taxes paid | | (124,203) | (113,272) |
| **Net cash from operating activities** | | 3,040,661 | 2,894,086 |
| **Cash flows from investing activities** | | | |
| Dividends received | | 551,184 | 598,227 |
| Interest received | | 421,411 | 355,661 |
| Proceeds from sale of investments | | 52,120,073 | 38,973,662 |
| Proceeds from disposal of property and equipment | | 618 | 646 |
| Net purchases of intangible assets | 7 | (553) | (1,692) |
| Purchases of investments | | (55,477,318) | (42,287,485) |
| Purchases of property and equipment | 6 | (19,595) | (14,474) |
| Rental income received | 24 | 1,194 | 1,262 |
| **Net cash used in investing activities** | | (2,402,986) | (2,374,193) |
| **Cash flow from financing activities** | | | |
| Dividends paid | 20 | (420,000) | (300,000) |
| Payment of lease liabilities | 8 | (23,210) | (25,022) |
| Interest paid on lease liabilities | 8 | (1,973) | (2,322) |
| **Net cash used in financing activities** | | (445,183) | (327,344) |
| **Net increase in cash and cash equivalents** | | 192,492 | 192,549 |
| Cash and cash equivalents at beginning of the year | | 778,498 | 585,949 |
| **Cash and cash equivalents at end of the year** | | 970,990 | 778,498 |
| **Cash and cash equivalents comprise:** | | | |
| Cash at bank and in hand, including short-term time deposits | 12 | 970,990 | 778,498 |
| Cash collaterals received | 12 | 269,426 | 505,576 |
| | | 1,240,416 | 1,284,074 |

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 March 2022.

## 1 DOMICILE AND ACTIVITIES

Prudential Assurance Company Singapore (Pte) Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 30 Cecil Street, #30-01 Prudential Tower, Singapore 049712.

The principal activities of the Company consist of transacting life insurance business including linked and accident and health business.

The Company's immediate holding company is Prudential Singapore Holdings Pte Limited, which is incorporated in the Republic of Singapore. The Company's intermediate and ultimate holding companies are Prudential Corporation Holdings Limited and Prudential Public Limited Company respectively. Both are incorporated in England and Wales.

## 2 BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

The assets and liabilities of the Company which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act 1966 (the "Insurance Act"). Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 of the Insurance Act and the Company continues to be able to meet the solvency requirement of Section 18 of the Insurance Act.

The changes to significant accounting policies are described in Note 2(e).

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value: leasehold property and certain financial instruments designated at fair value through profit or loss.

### (c) Functional and presentation currency

These financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2 BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are disclosed in Note 4.

### (e) New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (*Amendments to FRS 116*)*
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)

The application of these amendments to standards and interpretations do not have a material effect on the financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Basis of consolidation

#### *(i) Business combination*

*Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Company's controlling shareholder, except for acquired value in-force business, distribution fee and goodwill. The acquired value in-force business was adjusted subsequently to take into consideration refinements to the estimates and assumptions used in the calculation. The distribution fee was also separately recognised from goodwill. Goodwill was restated to take into consideration of these changes.

Income and expenses of acquired interest are included in profit or loss from the date that common control was established.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### *(ii) Collective investment schemes*

The Company invests in a number of collective investment schemes of which it holds more than 50% of the units. These investments are measured in the Company's statement of financial position at fair value.

In accordance with FRS 27 Separate Financial Statements and Section 201 (3BA) of the Companies Act, the Company need not prepare consolidated financial statements as it is a wholly-owned subsidiary of Prudential Public Limited Company, which prepares consolidated financial statements. The financial statements of Prudential Public Limited Company are available at its registered office, 1 Angel Court, London, EC2R 7AG, United Kingdom.

### (b) Insurance contracts – classification

The Company issues life insurance contracts that transfer insurance risk. These are classified as insurance contracts.

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Disclosures on the various life insurance contracts are classified into the principal components as follows:

- Life insurance par contracts
- Life insurance non-par contracts
- Investment-linked contracts

The Company does not unbundle any insurance contracts as its accounting policy recognises all insurance premiums, claims and benefit payments, expenses and valuation of future benefit payments, inclusive of the investment component, through the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Insurance contracts – classification (continued)

#### *(i) Life insurance par contracts*

Insurance contracts that contain DPF are classified as participating policies. The DPF feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

– that are likely to be a significant portion of the total contractual benefits;

– whose amount or timing is contractually at the discretion of the Company; and

– that are contractually based on:

  (a) the performance of a specified pool of contracts or a specified type of contract;

  (b) realised and/or unrealised investment returns on a specified pool of assets held by the Company; or

  (c) the profit or loss of the Company or fund that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the Company may exercise its discretion as to the quantum and timing of their payment to policyholders.

The DPF is classified as a liability in the Company's statement of financial position and as part of claims and benefits incurred in the statement of profit or loss and other comprehensive income, as it does not recognise the guaranteed element separately.

#### *(ii) Life insurance non-par contracts*

These are contracts that are predominantly protection based. In addition, the Company also has annuity and universal life contracts.

For protection based contracts, the Company usually guarantees a fixed level of benefit that is payable upon a claim event (e.g. death, disability, critical illness). In return, the policyholders will pay contractual premiums that may be guaranteed over the term of the contract.

For annuity contracts, the Company provides a stream of income on a regular basis to the policyholders as long as they are alive.

For universal life contracts, the Company provides financial protection against death and terminal illness. Unlike other non-participating policies, the policy values are based on an accumulated value in which interest is credited to and charges are deducted from it. The interest credited to this account is determined by the Company based on the portfolio investment returns, which is subject to a minimum crediting rate.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Insurance contracts – classification (continued)

#### *(iii) Investment-linked contracts*

These are contracts that transfer only insurance risk from policyholders to the Company. Policyholders of such contracts use their premium to purchase units of available investment funds. The amount of benefits is directly linked to the performance of these investment funds. A fixed level of benefit may also be payable upon a claim event (e.g. death, disability, critical illness) in addition to unit account value. Units are deducted from the unit-linked account balances for mortality and morbidity insurance charges, asset management and policy administration fees. The investment returns derived from the variety of investment funds as elected by the policyholder accrue directly to the policyholder.

### (c) Insurance contracts – recognition and measurement

#### *(i) Premiums and commission*

Premiums from policyholders are recognised on their respective due dates. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums recognised in the statement of financial position. The commission expense arising from these outstanding premiums is accrued in the same reporting period.

Premiums due after but received before the end of the financial year are recorded as advance premiums and are recognised as liabilities in the statement of financial position.

The Company does not adopt the policy of deferring acquisition costs for its insurance contracts.

#### *(ii) Claims and benefits incurred*

Claims include maturities, annuities, surrenders, deaths and other claim events and are recorded as an expense when they are incurred.

#### *(iii) Insurance contract liabilities*

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is measured using assumptions considered to be appropriate for the policies in force. The actuarial valuation basis is determined by the Appointed Actuary and complies with the Insurance Act, Insurance (Valuation and Capital) Regulations, and any other requirements prescribed by the regulator and guidance notes issued by the Singapore Actuarial Society (SAS GN L01 and SAS GN L02).

Additional provision is made in the valuation assumptions to allow for any adverse deviation from the best estimate experience. Provision for adverse deviation (PAD) is reviewed annually by the Appointed Actuary to assess its appropriateness and sufficiency.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Insurance contracts – recognition and measurement (continued)

#### *(iii) Insurance contract liabilities (continued)*

*Insurance contract liabilities - life insurance par contracts*

For policies within the life participating fund, the insurance contract liabilities are calculated as the higher of the following:

(a) the sum of the liability calculated as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for any adverse deviation from the expected experience, less expected future receipts arising in respect of each policy of the life participating fund, including the allowance for expected payments arising from non-guaranteed benefits, using best estimate assumptions and discounting the future cash flows at the best estimate investment returns;

(b) the minimum condition liability of the life participating fund as defined under Insurance (Valuation and Capital) Regulations; or

(c) the value of policy assets of the life participating fund.

*Insurance contract liabilities - life insurance non-par*

In respect of policies within the non-participating fund which are not universal life, the Company values the insurance contract liabilities as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for any adverse deviation from the expected experience, less expected future receipts arising, using best estimate assumptions and discounting the future cash flows at interest rates determined in accordance with the Monetary Authority of Singapore (MAS) Notice 133 on Valuation and Capital Framework for Insurers ("MAS Notice 133").

For universal life policies, the insurance contract liabilities are calculated as the higher of the following on an individual policy basis:

(a) the value obtained by projecting the liabilities under the policy at the minimum guaranteed crediting rate and discounting at the risk-free rate; or

(b) the value obtained by projecting the liability cash flows under the policy at the current crediting rate and discounting at the best estimate investment return.

*Insurance contract liabilities - Investment-linked contracts*

The Company values its investment-linked liabilities as the sum of the following:

(a) the unit reserves, calculated as the value of the underlying assets backing the units relating to the policy; and

(b) the non-unit reserves, calculated as the value of expected future payments arising from the policy (other than those relating to the unit reserves), including any expense that the insurer expects to incur in administering the policies and settling the relevant claims and any provision made for any adverse deviation from the expected experience, less expected future receipts arising from the policy (other than those relating to the unit reserves), using best estimate assumptions and discounting the future cash flows at the risk-free rate.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Insurance contracts – recognition and measurement (continued)

#### *(iv) Insurance receivables and payables*

Insurance receivables and payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method.

The carrying amount of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets. Insurance receivables and payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in Note 3k(i) and 3k(ii).

### (d) Insurance contracts – embedded derivatives

The Company does not separately measure embedded derivatives that meet the definition of an insurance contract or options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate).

Options and guarantees inherent in some insurance contracts which are closely related to the host contract issued by the Company are not separated and measured at fair value.

### (e) Insurance contracts – reinsurance

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

An asset or liability is recognised in the statement of financial position representing premiums due to or payments due from reinsurers and the share of benefits and claims recoverable from reinsurers. The net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Insurance contracts – liability adequacy test

At each reporting date, liability adequacy tests are performed on each insurance fund to assess the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of discounted contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Where a shortfall is identified, additional provision is made and the deficiency is charged to profit or loss in the statement of profit or loss and other comprehensive income.

### (g) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss in the statement of profit or loss and other comprehensive income.

### (h) Property and equipment

#### *(i) Recognition and measurement*

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for leasehold property, which is stated at revalued amount. The revalued amount, which represents the fair value, is determined based on the best price that would reasonably be expected in an orderly transaction between market participants at the measurement date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of this asset does not differ materially from that which would be determined using fair value at the reporting date.

Any increase in the revalued amount is credited to the revaluation reserve unless it offsets a previous decrease in value recognised in profit or loss in the statement of profit or loss and other comprehensive income. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation surplus is transferred directly to retained earnings.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of property and equipment, except for leasehold property, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Property and equipment (continued)

#### *(ii) Depreciation*

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of the items of property and equipment. Depreciation is recognised from the date that the property and equipment are installed and are ready for use. The depreciation based on estimated useful lives for the current and comparative years are as follows:

| | |
|---|---|
| Leasehold property | 1 to 2 % |
| Office equipment | 20 % |
| Computer equipment | 20 % to 33 1/3 % |
| Motor vehicles | 20 % |
| Office renovations | 20 % |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### (i) Intangible assets

#### *(i) Goodwill*

Goodwill represents the excess of the fair value of the consideration transferred over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses.

#### *(ii) Acquired value in-force business*

Acquired value in-force business represents the present value of acquired in-force policies for insurance contracts as classified under FRS 104 *Insurance Contracts*. Acquired value in-force business is initially measured at fair value at acquisition and subsequently measured at cost less amortisation and any accumulated impairment losses. The present value of in-force business, which represents the profits that are expected to emerge from the acquired insurance business, is calculated using best estimate actuarial assumptions for interest, mortality, persistency and expenses and is amortised over the anticipated lives of the related contracts in the portfolio. The net carrying amount of insurance liabilities acquired less the value of in-force business, represents the carrying value of the insurance liabilities acquired.

Amortisation calculated is charged to profit or loss in line with the unwinding of the future cash flows over the estimated useful life of the acquired contracts. The residual values and useful lives are reviewed at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Intangible assets (continued)

#### *(iii) Others*

Others represent amounts paid to third parties under certain distribution agreements and agency development expenses. The amounts paid have finite useful lives ranging from eight to twelve years and three years respectively. They are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated as follows:

| | |
|---|---|
| Distribution agreements | Sales generated over the duration of the agreements |
| Agency development expenses | Straight-line basis |

### (j) Financial instruments

#### *(i) Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

*Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and make purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

The Company's investments in equity securities, debt securities and collective investment schemes have been designated at fair value through profit or loss as these instruments are managed and their performance evaluated on a fair value basis.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Financial instruments (continued)

#### *(i) Non-derivative financial assets (continued)*

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise policy loans, investment income receivables, other receivables and cash and cash equivalents. Other receivables are recognised when due.

With the exception for infrastructure loans which have been designated at fair value through profit or loss to reduce accounting mismatch arising from insurance liabilities.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, bank deposits and pledged deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

#### *(ii) Non-derivative financial liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other non-derivative financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Financial instruments (continued)

#### *(iii) Derivative financial instruments*

The Company, as stipulated in its Investment Policy, uses derivative financial instruments only for the purposes of hedging existing risk elements (such as interest rate, exchange rate and equity price) pertaining to either asset or liability positions, or to facilitate efficient portfolio management. The Company does not hold derivative financial instruments for speculative purposes. Derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. Changes in the fair value are recognised in profit or loss. The notional amounts of derivative financial instruments are not recognised in the financial statements.

#### *(iv) Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### (k) Impairment

#### *(i) Impairment of non-derivative financial assets*

A financial asset that is not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### *(i) Impairment of non-derivative financial assets (continued)*

*Loans and receivables*

The Company considers evidence of impairment for loans and receivables at both a specific and collective level. All individually significant loans and receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss in the statement of profit or loss and other comprehensive income and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss in the statement of profit or loss and other comprehensive income.

#### *(ii) Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### *(ii) Impairment of non-financial assets (continued)*

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in respect of prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property which are carried at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Leases (continued)

**As a lessee (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liability' in the statement of financial position.

### (m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Tax

Taxation expenses comprise current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

– taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact taxation expense in the period that such a determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Other revenue and expenditure recognition

#### *(i) Fees and commission income*

Fees and commission income comprises reinsurance commission income, distribution income and security lending fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Distribution income and security lending fees are recognised as revenue on an accrual basis.

#### *(ii) Dividend income*

Dividend income is recognised in profit or loss when the Company's right to receive payment is established.

#### *(iii) Interest income*

Interest income is recognised as it accrues, using the effective interest method.

#### *(iv) Rental income from operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### *(v) Employee benefits – defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for employer's contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### *(vi) Short-term employee benefits*

Short term employee benefits obligations comprising salaries, bonuses and fees are measured on an undiscounted basis and are expensed as the related service is provided.

### (p) Share-based payment

The Company offers share-based compensation plans to its employees and non-employee advisors. The arrangements for distribution to its employees and non-employee advisors of share-based share compensation plans depend upon the particular terms and conditions of each plan.

For cash settled share-based plans, the compensation expense charged to profit or loss with a corresponding increase in liabilities is primarily based upon the fair value of the shares granted, taking into consideration of the vesting period and vesting conditions. The Company revises its estimate of the cash settled share-based payment likely to occur at each reporting date and adjusts the charge to profit or loss accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Share-based payment (continued)

For equity settled share-based plans, the grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### (q) Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Chief Executive Officer and the senior management team are considered as key management personnel of the Company.

### (r) New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

***(i) Applicable to 2021 financial statements***

**Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts (Amendments to FRS 104)***

The amendments introduce two approaches for entities that apply FRS 104 to reduce the impact of differing effective dates with FRS 117 *Insurance Contracts* and FRS 109 *Financial Instruments:* an overlay approach and a temporary exemption from applying FRS 109.

The amended FRS 104:

- gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when FRS 109 is applied before the new insurance contracts standard is issued (the "Overlay Approach"); and
- gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying FRS 109 till the earlier of annual reporting periods beginning before 1 January 2021 or when FRS 117 becomes effective. The entities that defer the application of FRS 109 will continue to apply the existing financial instruments standard – FRS 39 until that time.

An insurer that applies the Overlay Approach shall disclose information to enable users of financial statements to understand:

(a) how the total amount reclassified between profit or loss and other comprehensive income in the reporting period is calculated; and

(b) the effect of that reclassification on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) New standards and interpretations not adopted (continued)

#### *(i) Applicable to 2021 financial statements (continued)*

**Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts (Amendments to FRS 104) (continued)***

The amendments allowing the overlay approach are applicable when the insurer first applies FRS 109.

An insurer that elects to apply the temporary exemption from FRS 109 shall disclose information to enable users of financial statements:

(a) to understand how the insurer qualified for the temporary exemption; and

(b) to compare insurers applying the temporary exemption with entities applying FRS 109.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 1 January 2018. The temporary exemption is available for annual reporting periods beginning before 1 January 2021 and will expire once FRS 117 becomes effective.

*Potential impact on the financial statements*

The new insurance accounting standard that is currently under consideration is expected to have a significant impact on the Company's financial statements. That standard may impact how the classification and measurement of financial instruments requirements under FRS 109 is adopted.

The Company has decided that it will elect the temporary exemption in the amendments to FRS 104 from applying FRS 109 till FRS 117 is effective. The Company will be able to perform a comprehensive assessment of the impact of both standards, taking into considerations the options available for the implementation of both standards together. The Company assessed that it has qualified for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities; and that the total carrying amount of its liabilities connected with insurance is above 90% of its total liabilities as at 31 December 2015.

The credit ratings and the fair value information of the Company's directly held financial assets at 31 December 2021 with contractual terms that give rise on specified dates to cash flows are solely payments of principal and interest ("SPPI") condition of FRS 109, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109 are disclosed in Notes 5(c)(iv) and Note 21 respectively, together with all other financial assets[1].

[1] Any financial asset:
(i) with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
(ii) that meets the definition of held for trading in FRS 109; or
(iii) that is managed and whose performance is evaluated on a fair value basis.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) New standards and interpretations not adopted (continued)

***(i) Applicable to 2021 financial statements (continued)***

**FRS 117 Insurance Contracts**

FRS 117 Insurance Contracts which is effective for years beginning on 1 January 2021, and is to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements. The Company is currently assessing the impact of FRS 117 on the financial statements of the Company.

On 2 October 2020, the Accounting Standards Council Singapore reiterated its policy intent for continuing alignment with the effective date of FRS 117 *Insurance Contracts*, which has been deferred to 1 January 2023.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Annual Improvements to FRS(I)s 2018 – 2020*
- *Disclosure to Accounting Policies* (Amendments to FRS 1 and FRS Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12)

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### (a) Insurance contract liabilities

The determination of insurance contract liabilities is dependent on assumptions made by the management of the Company. These estimates are reviewed and adjusted (if necessary) each year in order to establish contract liabilities which reflect best estimate assumptions. The carrying amount as at the reporting date is disclosed in Note 13.

#### *(i) Process used to determine assumptions*

At inception of the contract, the Company determines assumptions in relation to future mortality and morbidity, voluntary terminations and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract.

Subsequently, as experience unfolds, the Company conducts experience studies to investigate the appropriateness of these assumptions. The initial assumptions will be adjusted according to the Company's experience.

The assumptions are required to be on a "best estimate" basis and are considered to be so, if on average, the results are expected to be worse than the assumptions in 50% of the possible scenarios and better in the other 50%. Additional provision is required in the valuation assumptions to allow for any adverse deviation from the best estimate experience.

Information regarding key assumptions used to calculate insurance contract liabilities is set out below:

*Mortality*

Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases the estimates as to the number of deaths/claims on the reinsurers' mortality tables. Where appropriate, the estimates are adjusted to reflect the Company's own experience. The estimated number of deaths determines the value of the benefit payments. The main source of uncertainty is that epidemics such as COVID-19, Acquired Immune Deficiency Syndrome, Severe Acute Respiratory Syndrome and wide-ranging lifestyle changes, such as changes in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. Also, continuing improvements in medical care and social conditions could result in improvements in longevity with the Company being exposed to longevity risk.

*Morbidity*

The incidence rates of morbidity are based on the reinsurers' morbidity tables. Where appropriate, the estimates are adjusted to reflect the Company's own experience. For contracts that are exposed to increases in healthcare costs, appropriate allowance has been made to allow for future increases in such costs after taking into consideration of company's ability to review premium rate.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### (a) Insurance contract liabilities (continued)

#### *(i) Process used to determine assumptions (continued)*

*Persistency*

An investigation into the Company's experience over the most recent five years is performed on an annual basis and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. The main source of uncertainty is policyholders' behaviour, which may be affected by market and economic conditions. Changes in policyholders' behaviour could result in future termination rates being different from what the Company experienced previously. Allowance will be made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account of such policyholders' behaviour.

*Discount rate*

The risk-free rates below are used for discounting the insurance contract liabilities in respect of non-participating policies, non-unit reserves of investment-linked policies, as well as the minimum condition liability of life participating funds and universal life policies. The derivation of the risk-free rates is in accordance with MAS Notice 133 including its amendments and exemptions as granted by MAS, and SAS GNL02.

| SGD denominated liabilities | 2021 % | 2020 % |
|---|---|---|
| 1 year | 0.60 | 0.28 |
| 2 years | 0.88 | 0.31 |
| 3 years | 1.13 | 0.39 |
| 4 years | 1.27 | 0.43 |
| 5 years | 1.37 | 0.47 |
| 6 years | 1.47 | 0.61 |
| 7 years | 1.55 | 0.70 |
| 8 years | 1.60 | 0.78 |
| 9 years | 1.65 | 0.83 |
| 10 years | 1.71 | 0.89 |
| 11 years | 1.77 | 0.94 |
| 12 years | 1.83 | 1.00 |
| 13 years | 1.89 | 1.05 |
| 14 years | 1.93 | 1.09 |
| 15 years | 1.97 | 1.12 |
| 16 years | 2.01 | 1.14 |
| 17 years | 2.03 | 1.16 |
| 18 years | 2.06 | 1.17 |
| 19 years | 2.09 | 1.20 |
| 20 years and above | 2.12 | 1.23 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### (a) Insurance contract liabilities (continued)

#### *(i) Process used to determine assumptions (continued)*

*Discount rate (continued)*

| USD denominated liabilities | 2021<br>% | 2020<br>% |
|---|---|---|
| 1 year | 0.38 | 0.11 |
| 2 years | 0.73 | 0.12 |
| 3 years | 0.97 | 0.17 |
| 4 years | 1.15 | 0.29 |
| 5 years | 1.27 | 0.36 |
| 6 years | 1.37 | 0.53 |
| 7 years | 1.44 | 0.65 |
| 8 years | 1.47 | 0.77 |
| 9 years | 1.50 | 0.86 |
| 10 years | 1.53 | 0.94 |
| 11 years | 1.58 | 1.02 |
| 12 years | 1.64 | 1.10 |
| 13 years | 1.71 | 1.18 |
| 14 years | 1.77 | 1.25 |
| 15 years | 1.83 | 1.31 |
| 16 years | 1.88 | 1.36 |
| 17 years | 1.92 | 1.40 |
| 18 years | 1.95 | 1.43 |
| 19 years | 1.97 | 1.47 |
| 20 years | 1.98 | 1.49 |
| 21 years | 1.97 | 1.51 |
| 22 years | 1.96 | 1.53 |
| 23 years | 1.94 | 1.55 |
| 24 years | 1.93 | 1.57 |
| 25 years | 1.91 | 1.59 |
| 26 years | 1.90 | 1.61 |
| 27 years | 1.90 | 1.63 |
| 28 years | 1.90 | 1.66 |
| 29 years | 1.90 | 1.69 |
| 30 years and above | 1.92 | 1.72 |

The best estimate liability of each policy in the participating fund and universal life products are as defined in Note 3c(iii) and discounted using best estimate investment returns.

The best estimate investment return is derived from the expected investment return of assets backing the insurance contract liabilities. Investment returns are generally based on a long term expected market return. These assumptions are set based on a few methodologies, depending on the underlying investment and asset-liability management (ALM) strategy for the sub-fund, including an analysis of historical and trended returns by asset classes, asset yield-to-maturity, fund manager's return projection as well as the ultimate holding company's view of long-term returns. The best estimate investment returns for different sub-funds ranged from 0.78% to 4.89% (2020: 0.49% to 4.60%).

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### (a) Insurance contract liabilities (continued)

#### *(i) Process used to determine assumptions (continued)*

*Renewal expense level and inflation*

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be at 1.75 % (2020: 1.75 %) per annum. The Company conducts an expense study on an annual basis, and utilises the results as a basis to derive expense loadings for calculating liabilities.

*Tax*

It has been assumed that current tax legislation and rates continue substantially unaltered.

#### *(ii) Sensitivity analysis*

The following tables present the sensitivity of the value of insurance contract liabilities disclosed in this note to movements in the variables used in the estimation of insurance contract liabilities.

*Life insurance par contracts*

| Variable | Change in variable | Change in liability 2021 $'000 | Change in liability 2020 $'000 |
|---|---|---|---|
| Worsening of mortality and morbidity | +10 % | – | – |
| Lowering of investment returns | -1 % | 4,116,177 | 6,139,848 |
| Worsening of base renewal expense level | +10 % | – | – |
| Worsening of renewal expense inflation rate | +2 % | – | – |
| Worsening of lapse rate | -10 % | – | – |

Under the Insurance Act, the Company is required to calculate the insurance contract liabilities in respect of the policies in the participating fund as:

(a) the sum of the liability in respect of each policy of the fund;

(b) the minimum condition liability of the fund; and

(c) the value of policy assets of the fund, whichever is the highest.

The sensitivity analyses are performed on the life insurance par contract liabilities based on the above consideration with no change in bonus scale. In most instances, the policy assets remain the dominant value. As the Company can exercise its discretion to vary bonuses, the impact on profit and equity for life insurance par contracts will depend on the extent of bonus revisions under each scenario.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### (a) Insurance contract liabilities (continued)

#### *(ii) Sensitivity analysis (continued)*

*Life insurance non-par contracts*

| Variable | Change in variable | Change in liability 2021 $'000 | Change in profit/equity 2021 $'000 | Change in liability 2020 $'000 | Change in profit/equity 2020 $'000 |
|---|---|---|---|---|---|
| Worsening of mortality and morbidity | +10 % | 121,924 | (101,197) | 125,485 | (104,152) |
| Lowering of investment returns | -1 % | 614,637 | (510,148) | 696,855 | (578,390) |
| Worsening of base renewal expense level | +10 % | 6,440 | (5,345) | 7,062 | (5,862) |
| Worsening of renewal expense inflation rate | +2 % | 3,861 | (3,205) | 4,274 | (3,547) |
| Worsening of lapse rate | -10 % | 66,142 | (54,897) | 85,746 | (71,169) |

*Investment-linked contracts (non-unit reserves)*

| Variable | Change in variable | Change in liability 2021 $'000 | Change in profit/equity 2021 $'000 | Change in liability 2020 $'000 | Change in profit/equity 2020 $'000 |
|---|---|---|---|---|---|
| Worsening of mortality and morbidity | +10 % | 6,338 | (5,260) | 7,378 | (6,124) |
| Lowering of investment returns | -1 % | 14,319 | (11,885) | 15,847 | (13,153) |
| Worsening of base renewal expense level | +10 % | 4,089 | (3,394) | 4,622 | (3,836) |
| Worsening of renewal expense inflation rate | +2 % | 5,754 | (4,776) | 7,153 | (5,937) |
| Worsening of lapse rate | -10 % | 4,246 | (3,524) | 5,332 | (4,425) |

The change in profit/equity takes into account the effect of income taxation of the change in profit.

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; change in lapses and future mortality and morbidity. The whole yield curve is assumed a parallel shift of 1 % down in the investment returns (i.e. yield curve) sensitivity scenario except for long term risk-free discount rate defined in MAS Notice 133.

### (b) Goodwill

Goodwill impairment testing requires the exercise of judgement by management as to prospective future cash flows. Further information is disclosed in Note 7.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT

This section describes the Company's risks exposure, their concentration and the way the Company manages them.

### (a) Capital management

The Company's capital management policy is to maintain a strong capital base to meet policyholders' obligations and regulatory requirements, to create shareholder value, deliver sustainable returns to shareholders and to support future business growth. Capital consists of total equity with adjustments to inadmissible assets such as intangible assets, deferred tax asset and any other adjustments specified by MAS.

It is the Company's policy to hold capital levels in excess of the minimum capital requirement (MCR) and prescribed capital requirement (PCR). Based on MAS Notice 133, the capital adequacy ratio (CAR) of the Company as at the reporting date is 198% (2020: 177%).

Under the Insurance (Valuation and Capital) Regulations, all insurers are required to maintain a minimum fund solvency ratio (FSR) and capital adequacy ratio (CAR) above the higher intervention level (HIL) and lower intervention level (LIL) as specified in MAS Notice 133, in order to meet policyholders' obligations. The FSR and CAR apply a risk-based approach to capital adequacy and are determined by the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer under the Insurance Act.

The total risk requirement consists of three components. They are insurance risk requirement, asset risk requirement comprising mainly asset specific and asset/liability duration mismatch charge and operational risk requirement.

The values, assumptions and methodology used for the measurement of the solvency position are in accordance with MAS Notice 133. The valuation of assets and liabilities identified as financial resources is closely aligned to those in the Company's statement of financial position, except for the exclusion of inadmissible assets and assets that exceed the concentration limit as prescribed in MAS Notice 133.

In addition to satisfying regulatory capital requirements, the Company conducts stress tests on the projected solvency position of the Company to ensure that the management is aware of the risks and threats to solvency that the Company faces and to plan for risk mitigation actions where necessary. The Company is also subject to the ultimate holding company's economic capital framework.

There were no changes in the Company's approach to capital management during the year.

### (b) Insurance risk

The risk of loss for the business or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of a number of insurance risk drivers. This includes adverse mortality, morbidity, persistency and expense experience. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Insurance risk (continued)

MAS Notice 133 prescribes capital requirement to be held in respect of insurance risk as well as to maintain sufficient capital resources to cover any shortfall between the aggregate surrender value of contracts and the insurance contract liabilities for each individual insurance fund.

Risks that are specific to the various types of insurance contracts are elaborated below.

***Life insurance par contracts***

The amount of risk to which the Company is exposed to depends on the level of guarantees inherent in the contracts. As at 31 December 2021, the minimum condition liability, which includes only guaranteed benefits, is $20.8 billion (2020: $20.4 billion) and is significantly below the policy assets of $35.0 billion (2020: $30.7 billion). The corresponding policy liability, which would include future bonuses at a level which meets policyholders' reasonable expectations, is $32 billion (2020: $29.9 billion). The policy assets in excess of the policy liabilities, amounting to $3.0 billion (2020: $0.8 billion), are available to meet the insurance fund's solvency requirements and any adverse deviations in the Company's operating experience.

For life insurance par contracts, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the policyholder.

***Life insurance non-par contracts***

The life insurance non-par contracts consist of individual term insurance, annuity, universal life, health business and group business. The major health business written is the Integrated Shield plans which cover hospitalisation, surgical fees and certain outpatient treatment expenses. The key risks faced by the Company in respect of non-par contracts are mortality and morbidity risks.

***Investment-linked contracts (unit reserves)***

For these contracts, the insurance contract liabilities represent the fair value of the investment funds or assets linked to those contracts at the reporting date. Additional benefits may be payable upon death, total permanent disability and critical illness. The key risks faced by the Company in respect of investment-linked contracts are mortality and morbidity risks.

***(i) Concentration of insurance risk***

Concentration of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise.

Insurance risk for contracts is also affected by the policyholders' right to pay reduced or no future premiums or to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholders' behaviour. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. The Company has factored the impact of policyholders' behaviour into the assumptions used to measure insurance contract liabilities.

The Company is also exposed to geographical concentration of risks as most of its contracts originate in Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Insurance risk (continued)

#### *(ii) Management of insurance risk*

For the management of insurance risk, the Company has implemented guidelines and procedures for conducting insurance core activities which include product development, product pricing, underwriting, claims handling and reinsurance management.

The Company assesses the risks and opportunities of a product at the product development stage to ensure only products with risk consistent with the Company's risk appetite and create commensurable value to the Company are being developed.

Product pricing ensures products are appropriately priced to reflect their embedded risk exposures. It is conducted in a prudent manner with the aid of sensitivity and scenario analysis. It is the Company's philosophy to sell at a price sufficient to fund the cost it incurs to hedge or reinsure its risks and for the risk that the Company accepts and manages, to achieve an acceptable return for the shareholders.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of the type of risk and the level of insured benefits. The Company has developed its insurance underwriting strategy according to two main areas - risk selection and risk classification.

The risk selection process determines the groups of insurance risk that are acceptable to the Company so that diversification of insurance risk types is achieved. At the same time, this is to ensure that within each of these risk types, there is a sufficiently large population of risks to reduce the variability of the expected outcome.

Each group of insurance risks is classified into categories of standard and degree of substandard through underwriting. Medical selection and financial underwriting guidelines included in the Company's underwriting procedures allow the correct assignment of insurance risk to the appropriate classes. Each class has varied premium to reflect the health condition and family medical history of the applicants.

The Company has in place claims handling processes to handle claims efficiently, accurately and fairly. Claims are assessed at a level consistent with policy provision, statutory regulations and corporate governance.

The Company uses reinsurance in the normal course of business to diversify its risks and to limit its net loss potential. Reinsurance arrangements for risk undertaken by the Company have limited the Company's risk exposure. The Company has a maximum retention limit for any single life insured that is set according to the reinsurance management strategy guideline approved by the Board of Directors. Catastrophic reinsurance is used to limit the Company's maximum overall exposure to a single event.

### (c) Financial risk

The investment objective for each insurance fund is to maximise the returns including capital gains, having regard to the nature and term of the liabilities, the fund's financial strength, the desired level of risk, and any tax, statutory and regulatory constraints.

Transactions in financial instruments result in the Company assuming financial risks. These include market risk, foreign currency risk, liquidity risk and credit risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk

#### *(i) Market risk*

Market risk is the risk of loss for the business or of adverse change in the financial situation, resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities. The unexpected change in fair value of a financial instrument could be due to adverse movements in prices, interest rates, or foreign currency exchange rates.

Price risk is the risk that the market values of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to the impact of changes in market interest rates on interest income from cash and cash equivalents and other fixed income instruments.

The Asset-Liability Management Committee and the Investment Committee of the Company reviews the investment policy of the Company on a regular basis. The investment policy establishes investment guidelines and limits and sets controls on the ALM process. The investment policy is approved by the Board of Directors before implementation.

Investment limits for each insurance fund are set with consideration for diversification by geographical area, markets, sectors, counterparties and currency to reduce the impact of non-systematic risks in the market.

The objective of the Company's ALM process is to meet policy liabilities with the returns generated from investment assets held by the Company, while maintaining appropriate financial strength. Additionally, the Company's ALM strategy adopted considers the following:

(a) liability profile of in-force business and new products;

(b) to appropriately manage investment risk in relation to liability related assumptions;

(c) to ensure that the ALM strategy is within the Company's risk appetite limits and able to withstand an appropriate range of different scenarios, in accordance with economic and local regulatory requirements;

(d) capital, solvency position, participating fund bonus policy and universal life crediting rate policy; and

(e) other considerations such as availability of matching assets, diversification, currency and duration.

The values, key assumptions and methodology in the measurement of assets and liabilities used for ALM are closely aligned to those in the Company's statement of financial position. In addition, best estimate insurance liabilities are also taken into consideration.

MAS Notice 133 prescribes capital requirements to be held in respect of investment assets and market risk arising from interest rate sensitivity between assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(i) Market risk (continued)*

Risks that are specific to the various types of insurance contracts are elaborated below:

*Life insurance par contracts*

For par contracts, past experience has shown that surrender rates are relatively stable as compared to movements in interest rates and market values. This could be due to the nature of the contracts as early termination could result in financial losses to the policyholders.

The participating fund invests in a broad range of assets, including equities and corporate bonds, to provide long-term investment return, in the form of reversionary and terminal bonuses to participating policies. Investments in these assets may be subject to market fluctuations and thus affect the Company's ability to declare bonuses as originally illustrated.

*Life insurance non-par contracts*

For non-par contracts that are protection-based, they usually do not acquire surrender values and thus the Company's exposure to movements in interest rates and market value is limited.

For annuity contracts and universal life contracts, the duration of the liability is usually longer than the duration of the assets available in the market. As such, the Company is exposed to the risk of interest rates fluctuation.

*Investment-linked contracts*

For investment-linked contracts, the investment risk is largely passed on to the policyholders. As a result, the Company is not directly exposed to movements in interest rates and market values of the underlying assets.

The Company segregates the asset pool it manages into different funds. Each fund represents distinct characteristics in its objectives and the nature and term of its liabilities. The investment objective for each fund is to maximise the returns including capital gains, having regard to the nature and term of the liabilities, the fund's financial strength, the desired level of risk, and any tax, statutory and regulatory constraints.

The Company establishes target asset portfolios for each fund, which represents the investment strategies used to profitably meet the liabilities from products written in the fund within acceptable levels of risk. Performance benchmarks are agreed for each fund and asset class where there is an appropriate and liquid benchmark available.

The Company's exposure to market risk for changes in interest rates is concentrated in its investment portfolio and insurance contract liabilities. Changes in investment values attributable to interest rate changes are mitigated by partially offsetting changes in the value of insurance contract liabilities. The overall objective of these asset/liability matching strategies is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

Stochastic simulations are commonly performed on the major participating sub-funds to investigate into the risks of not being able to meet the liabilities and statutory solvency under various investment strategies. The amounts and timing of payments to or on behalf of policyholders for insurance contract liabilities are regularly evaluated to ensure that matching and liquidity needs of each fund are taken into account in the investment strategy adopted. The projections of these cash flows may involve subjective assumptions and such subjectivity could impact the Company's ability to achieve its ALM objectives.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(i) Market risk (continued)*

The table below presents the interest rate exposure of the Company's assets and liabilities:

| | Fixed rate $'000 | Floating rate $'000 | Non-interest sensitive $'000 | Total $'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Assets** | | | | |
| Equity securities | – | – | 4,345,116 | 4,345,116 |
| Debt securities | 16,328,447 | 1,203,241 | – | 17,531,688 |
| Collective investment schemes | – | – | 30,410,506 | 30,410,506 |
| Derivative financial instruments | – | – | 195,337 | 195,337 |
| Loans and receivables | 519,774 | – | 140,921 | 660,695 |
| Reinsurers' share of insurance contract liabilities | – | – | 426,630 | 426,630 |
| Insurance and other receivables | – | – | 299,159 | 299,159 |
| Cash and cash equivalents | 1,240,416 | – | – | 1,240,416 |
| | 18,088,637 | 1,203,241 | 35,817,669 | 55,109,547 |
| **Liabilities** | | | | |
| Gross insurance contract liabilities | (13,122,082) | (4,562,746) | (30,804,784) | (48,489,612) |
| Insurance and other payables | (2,573,651) | – | (856,485) | (3,430,136) |
| Derivative financial instruments | – | – | (118,505) | (118,505) |
| | (15,695,733) | (4,562,746) | (31,779,774) | (52,038,253) |
| **2020** | | | | |
| **Assets** | | | | |
| Equity securities | – | – | 4,862,037 | 4,862,037 |
| Debt securities | 13,589,518 | 1,101,987 | – | 14,691,505 |
| Collective investment schemes | – | – | 28,438,977 | 28,438,977 |
| Derivative financial instruments | – | – | 301,802 | 301,802 |
| Loans and receivables | 537,975 | – | 122,796 | 660,771 |
| Reinsurers' share of insurance contract liabilities | – | – | 441,142 | 441,142 |
| Insurance and other receivables | – | – | 370,424 | 370,424 |
| Cash and cash equivalents | 1,284,074 | – | – | 1,284,074 |
| | 15,411,567 | 1,101,987 | 34,537,178 | 51,050,732 |
| **Liabilities** | | | | |
| Gross insurance contract liabilities | (11,625,673) | (3,543,394) | (29,363,122) | (44,532,189) |
| Insurance and other payables | (2,627,734) | – | (907,484) | (3,535,218) |
| Derivative financial instruments | – | – | (66,297) | (66,297) |
| | (14,253,407) | (3,543,394) | (30,336,903) | (48,133,704) |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(ii) Foreign currency risk*

The Company faces foreign currency risk, primarily because some of its investments in equity securities, debt securities and collective investment schemes are held in currencies other than Singapore Dollars to improve the diversification of its portfolio, while almost all its liabilities are denominated in Singapore Dollar (SGD). Other than SGD, the currencies in which these transactions are denominated include United States Dollar (USD), Euro (EUR) and Hong Kong Dollar (HKD).

Apart from natural offsets where the assets and liabilities are denominated in the same currency, the Company adopts the approach of hedging the currency risk of investments that generate stable cash flows. Currency risk derived from investments in foreign equities is generally not hedged.

MAS Notice 133 prescribes the capital requirement to be held in respect of foreign currency mismatch risk between assets and liabilities.

The following table presents the main currency exposure as of the reporting date, in Singapore Dollar equivalents:

| | SGD $'000 | USD $'000 | EUR $'000 | HKD $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Assets** | | | | | | |
| Property and equipment | 63,654 | – | – | – | – | 63,654 |
| Intangible assets | 279,711 | – | – | – | – | 279,711 |
| Right-of-use assets | 73,162 | – | – | – | – | 73,162 |
| Investments and loans | | | | | | |
| – Equity securities | 1,232,417 | 1,186,595 | – | 652,060 | 1,274,044 | 4,345,116 |
| – Debt securities | 10,424,920 | 7,012,733 | 34,148 | 12,886 | 47,001 | 17,531,688 |
| – Collective investment schemes | 10,133,690 | 16,810,195 | 2,780,237 | 27,596 | 658,788 | 30,410,506 |
| – Derivative financial instruments | 10,458,374 | (9,335,442) | (485,023) | (2,088) | (440,484) | 195,337 |
| – Loans and receivables | 592,959 | 65,778 | 386 | 172 | 1,400 | 660,695 |
| Reinsurers' share of insurance contract liabilities | 424,624 | 2,006 | – | – | – | 426,630 |
| Insurance and other receivables | 269,147 | 30,012 | – | – | – | 299,159 |
| Cash and cash equivalents | 457,935 | 570,825 | 175,313 | 658 | 35,685 | 1,240,416 |
| | 34,410,593 | 16,342,702 | 2,505,061 | 691,284 | 1,576,434 | 55,526,074 |
| **Liabilities** | | | | | | |
| Gross insurance contract liabilities | (44,912,841) | (3,576,771) | – | – | – | (48,489,612) |
| Insurance and other payables | (2,897,671) | (441,452) | (89,632) | – | (1,381) | (3,430,136) |
| Derivative financial instruments | 2,827,094 | (2,420,418) | (121,371) | (10,738) | (393,072) | (118,505) |
| Provision for tax | (122,992) | – | – | – | – | (122,992) |
| Deferred tax liabilities | (2,100,650) | – | – | – | – | (2,100,650) |
| Lease liabilities | (74,221) | – | – | – | – | (74,221) |
| | (47,281,281) | (6,438,641) | (211,003) | (10,738) | (394,453) | (54,336,116) |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(ii) Foreign currency risk (continued)*

| | SGD $'000 | USD $'000 | EUR $'000 | HKD $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| **Assets** | | | | | | |
| Property and equipment | 61,728 | – | – | – | – | 61,728 |
| Intangible assets | 281,483 | – | – | – | – | 281,483 |
| Right-of-use assets | 72,272 | – | – | – | – | 72,272 |
| Investments and loans | | | | | | |
| – Equity securities | 1,601,621 | 669,706 | – | 799,084 | 1,791,626 | 4,862,037 |
| – Debt securities | 10,806,942 | 3,741,484 | 40,114 | 50,023 | 52,942 | 14,691,505 |
| – Collective investment schemes | 10,033,405 | 14,206,228 | 3,488,968 | 64,562 | 645,814 | 28,438,977 |
| – Derivative financial instruments | 8,101,089 | (7,745,777) | 61,880 | (49,855) | (65,535) | 301,802 |
| – Loans and receivables | 612,839 | 42,245 | 434 | 352 | 4,901 | 660,771 |
| Reinsurers' share of insurance contract liabilities | 442,854 | (1,712) | – | – | – | 441,142 |
| Insurance and other receivables | 345,879 | 19,051 | 14 | 2,516 | 2,964 | 370,424 |
| Cash and cash equivalents | 556,441 | 596,875 | 115,807 | 6,622 | 8,329 | 1,284,074 |
| | 32,916,553 | 11,528,100 | 3,707,217 | 873,304 | 2,441,041 | 51,466,215 |
| **Liabilities** | | | | | | |
| Gross insurance contract liabilities | (41,524,700) | (3,007,489) | – | – | – | (44,532,189) |
| Insurance and other payables | (2,848,850) | (678,857) | (293) | (5,043) | (2,175) | (3,535,218) |
| Derivative financial instruments | 1,991,259 | (74,604) | (1,261,378) | – | (721,574) | (66,297) |
| Provision for tax | (97,590) | – | – | – | – | (97,590) |
| Deferred tax liabilities | (1,852,787) | – | – | – | – | (1,852,787) |
| Lease liabilities | (71,648) | – | – | – | – | (71,648) |
| | (44,404,316) | (3,760,950) | (1,261,671) | (5,043) | (723,749) | (50,155,729) |

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

**5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Financial risk (continued)**

***(ii) Foreign currency risk (continued)***

*Sensitivity analysis*

The sensitivity analysis below is performed to assess the impact on profit, equity, investments and loans, and insurance contract liabilities by changes in each major type of market risk which the Company is exposed to:

| Variable | Change in profit 2021 $'000 | Change in equity 2021 $'000 | Change in profit 2020 $'000 | Change in equity 2020 $'000 |
|---|---|---|---|---|
| Equity prices | | | | |
| +10 % | 12,005 | 9,964 | 12,351 | 10,251 |
| -10 % | (12,948) | (10,747) | (13,198) | (10,955) |
| Interest rates | | | | |
| +10 basis points | (11,182) | (9,281) | (3,879) | (3,220) |
| -10 basis points | 9,595 | 7,964 | 2,030 | 1,685 |
| Foreign currency | | | | |
| +5 % | 82 | 68 | 69 | 57 |
| -5 % | (82) | (68) | (69) | (57) |

The change in profit/equity takes into account the effect of income tax on the change in profit.

| Variable | Change in investments and loans 2021 $'000 | Change in gross insurance contract liabilities 2021 $'000 | Change in investments and loans 2020 $'000 | Change in gross insurance contract liabilities 2020 $'000 |
|---|---|---|---|---|
| Equity prices | | | | |
| +10 % | 1,065,886 | 1,053,881 | 1,010,953 | 998,602 |
| -10 % | (1,065,852) | (1,052,904) | (807,385) | (794,186) |
| Interest rates | | | | |
| +10 basis points | (230,434) | (219,252) | (199,532) | (195,652) |
| -10 basis points | 230,441 | 220,846 | 199,541 | 197,511 |
| Foreign currencies | | | | |
| +5 % | 500,539 | 500,456 | 459,993 | 459,924 |
| -5 % | (500,539) | (500,456) | (459,993) | (459,924) |

The above analyses are based on a change in a variable while holding all other variables and assumptions constant. In practice, this is unlikely to occur as changes in variables may be correlated and will have a significant effect in determining the ultimate fair value of the financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(iii) Liquidity risk*

Liquidity risk is the risk of the Company being unable to generate sufficient cash resources or raise finance to meet financial obligations as they fall due in business as usual and stress scenarios. Liquidity management seeks to ensure that, even under adverse conditions over a short projected period, the Company has access to the funds necessary to cover surrenders, withdrawals and maturing liabilities.

In practice, most of the Company's invested assets are marketable securities. This, combined with the positive net cash flows, reduces the liquidity risk. The Company has in place a Liquidity Risk Policy, which governs the Company's appetite for liquidity risk, how these risks are measured, managed and reported to Senior Management. There are also documented management actions that will be considered depending on extent and nature of liquidity event.

The following table shows the Company's financial liabilities and insurance liabilities with the remaining contractual maturities:

| | Unit-linked $'000 | Within one year $'000 | After one year but within five years $'000 | After five years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Gross insurance contract liabilities | 11,618,147 | 1,288,855 | 5,907,828 | 29,674,782 | 48,489,612 |
| Insurance and other payables | – | 3,414,022 | 16,114 | – | 3,430,136 |
| Derivative financial instruments | 4,019 | 110,807 | 3,679 | – | 118,505 |
| Lease liabilities | – | 22,426 | 49,652 | 2,143 | 74,221 |
| | 11,622,166 | 4,836,110 | 5,977,273 | 29,676,925 | 52,112,474 |
| **2020** | | | | | |
| Gross insurance contract liabilities | 11,554,073 | 1,184,181 | 5,181,445 | 26,612,490 | 44,532,189 |
| Insurance and other payables | – | 3,517,461 | 17,757 | – | 3,535,218 |
| Derivative financial instruments | 5,060 | 47,454 | 13,783 | – | 66,297 |
| Lease liabilities | – | 20,211 | 41,154 | 10,283 | 71,648 |
| | 11,559,133 | 4,769,307 | 5,254,139 | 26,622,773 | 48,205,352 |

The contractual maturities of policies under unit-linked business are on demand as policyholders can surrender anytime.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(iv) Credit risk*

Credit risk is the risk of loss for the business or of adverse change in the statement of financial position, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event (e.g. downgrade or spread widening).

The Company is exposed to substantial credit risk through its investments and reinsurance arrangements. At the reporting date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the aggregate carrying amount of all instruments from the same issuer.

The Company's exposure to credit risk relating to its debt securities, loans and receivables, other receivables, cash and cash equivalents and reinsurers' share of insurance contract liabilities is summarised below:

| | Credit ratings (from Standard & Poor's or equivalents) | | | | | |
|---|---|---|---|---|---|---|
| | AAA $'000 | AA+ to AA- $'000 | A+ to A- $'000 | BBB+ to BBB- $'000 | Below BBB- or not rated $'000 | Total $'000 |
| **2021** | | | | | | |
| Debt securities | | | | | | |
| – Government bonds | 5,644,441 | 52,077 | 167,276 | 148,191 | 2,665,458 | 8,677,443 |
| – Corporate and other bonds | 990,773 | 766,422 | 3,660,546 | 3,250,161 | 186,343 | 8,854,245 |
| Loans and receivables* | – | – | – | – | 660,695 | 660,695 |
| Reinsurers' share of insurance contract liabilities | – | 392,254 | – | – | 34,376 | 426,630 |
| Other receivables* | – | 16,212 | 26,007 | 742 | 256,198 | 299,159 |
| Cash and cash equivalents* | – | 174,777 | 1,048,975 | 464 | 16,200 | 1,240,416 |
| | 6,635,214 | 1,401,742 | 4,902,804 | 3,399,558 | 3,819,270 | 20,158,588 |
| **2020** | | | | | | |
| Debt securities | | | | | | |
| – Government bonds | 5,465,349 | 33,855 | 32,658 | 18,173 | 2,401,101 | 7,951,136 |
| – Corporate and other bonds | 514,067 | 378,893 | 2,488,386 | 3,108,461 | 250,562 | 6,740,369 |
| Loans and receivables* | – | – | – | – | 660,771 | 660,771 |
| Reinsurers' share of insurance contract liabilities | – | 403,663 | – | – | 37,479 | 441,142 |
| Other receivables* | – | 23,412 | 4,503 | 3,602 | 338,907 | 370,424 |
| Cash and cash equivalents* | – | 209,902 | 1,068,815 | 14,429 | (9,072) | 1,284,074 |
| | 5,979,416 | 1,049,725 | 3,594,362 | 3,144,665 | 3,679,748 | 17,447,916 |

* These are the financial assets that meet the SPPI conditions of FRS 109, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Financial risk (continued)

#### *(iv) Credit risk (continued)*

The Company's investment policy sets limits on investments in bonds of different credit quality. The Company also imposes limits on each investment counterparty to control concentration risks.

Cash and deposits are placed with banks and financial institutions which are regulated and rated by rating agencies. Investments and transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality.

In addition, the Company accounts for credit risk by allowing for expected losses due to asset defaults in the determination of the premium rates for the products that will be supported by these assets.

MAS Notice 133 prescribes capital requirement to be held in respect of counterparty default risk exposure.

For receivables arising from insurance and reinsurance contracts, none of the Company's receivables due from policyholders are past due (2020: none past due).

In accordance with the reinsurance management strategy, the Company maintains a panel of reinsurers that the Company is allowed to transact business with. The reinsurers must either be licensed or authorised to carry out reinsurance business in Singapore by MAS and are able to meet the minimum financial rating requirements before being selected, and if there is exception, justification and approval are required. The Company monitors the aggregate exposure in terms of sum at risk reinsured to any one reinsurer according to internal risk limit.

### (d) Estimation of fair values

***Equity securities, debt securities and collective investment schemes***

The fair values of investments are based on current bid prices or last traded prices at the reporting date, obtained from the Company's custodian's external price sources such as Bloomberg. For investments for which prices are not readily available, quotes are obtained from brokers or issuing agents. At least two quotes will be obtained if available, to ensure the reasonableness of the quotes.

***Derivative financial instruments***

The fair value of derivative financial instruments is their indicative price at the reporting date as quoted by banks or brokers.

The fair value of forward exchange contracts and futures contracts is based on their quoted market price, if available. If a quoted market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The table below sets out the notional amounts and valuations of the Company's derivative financial instruments. The valuation of derivative financial instruments reflects amounts which the Company expects to pay or receive to terminate the contracts or replace the contracts at their current market rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Estimation of fair values (continued)

***Derivative financial instruments (continued)***

| | Notional amount (Assets) $'000 | Notional amount (Liabilities) $'000 | Positive revaluation $'000 | Negative revaluation $'000 |
|---|---|---|---|---|
| **2021** | | | | |
| Forward exchange contracts | 12,275,569 | 6,205,246 | 114,633 | (49,099) |
| Futures contracts | 4,516,302 | 1,808,033 | 79,137 | (65,974) |
| Currency swap contracts | 7,887 | 69,637 | 23 | (1,314) |
| Interest rate swap contracts | 152,557 | 202,621 | 1,503 | (2,118) |
| | 16,952,315 | 8,285,537 | 195,296 | (118,505) |
| **2020** | | | | |
| Forward exchange contracts | 8,521,807 | 2,347,383 | 227,585 | (28,192) |
| Futures contracts | 2,864,431 | 594,560 | 61,700 | (25,552) |
| Currency swap contracts | 82,678 | 45,105 | 1,462 | (908) |
| Interest rate swap contracts | 206,000 | 169,189 | 11,055 | (11,645) |
| | 11,674,916 | 3,156,237 | 301,802 | (66,297) |

***Other financial assets and liabilities***

The carrying amounts of other financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

***Fair value hierarchy***

The table below analyses financial instruments carried at fair value with changes recognised in the statement of profit or loss and other comprehensive income, by classification. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Estimation of fair values (continued)

*Financial assets and financial liabilities carried at fair value*

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **2021** | | | | |
| Equity securities | 4,215,145 | – | 129,971 | 4,345,116 |
| Debt securities | 14,200,774 | 3,330,914 | – | 17,531,688 |
| Collective investment schemes | 26,301,834 | 3,942,039 | 166,633 | 30,410,506 |
| Derivative financial assets | 79,178 | 116,159 | – | 195,337 |
| Derivative financial liabilities | (65,974) | (52,531) | – | (118,505) |
| | 44,730,957 | 7,336,581 | 296,604 | 52,364,142 |
| **2020** | | | | |
| Equity securities | 4,748,146 | – | 113,891 | 4,862,037 |
| Debt securities | 11,181,381 | 3,505,324 | 4,800 | 14,691,505 |
| Collective investment schemes | 25,097,662 | 3,168,656 | 172,659 | 28,438,977 |
| Derivative financial assets | 61,700 | 240,102 | – | 301,802 |
| Derivative financial liabilities | (25,552) | (40,745) | – | (66,297) |
| | 41,063,337 | 6,873,337 | 291,350 | 48,228,024 |

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Cash and cash equivalents | 12 | 1,240,416 | 1,284,074 |
| Loans and receivables | | 660,695 | 660,771 |
| Other receivables | 11 | 64,752 | 152,388 |
| Other payables | 14 | (793,513) | (1,135,620) |
| | | 1,172,350 | 961,613 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Estimation of fair values (continued)

*Financial assets measured at fair value based on Level 3*

| | Equity securities $'000 | Debt securities $'000 | Collective investment schemes $'000 | Total $'000 |
|---|---|---|---|---|
| At 1 January 2021 | 113,891 | 4,800 | 172,659 | 291,350 |
| Net gains/(losses) included in profit or loss for the year presented in investment income | 14,803 | (4,800) | (10,988) | (985) |
| Purchases | 1,277 | – | 4,962 | 6,239 |
| Sales | – | – | – | – |
| At 31 December 2021 | 129,971 | – | 166,633 | 296,604 |
| At 1 January 2020 | 104,234 | – | 84,363 | 188,597 |
| Net losses included in profit or loss for the year presented in investment income | (3,577) | – | (4,320) | (7,897) |
| Purchases | 109,662 | – | 178,043 | 287,705 |
| Sales | (96,428) | – | (85,427) | (181,855) |
| Transfer | – | 4,800 | – | 4,800 |
| At 31 December 2020 | 113,891 | 4,800 | 172,659 | 291,350 |

The following table shows the key valuation techniques and the key unobservable inputs used in the determination of fair value of the financial assets measured based on Level 3.

| Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| • The fair value is determined by adjusting the underlying property value, which forms part of the net asset value of the investment. The estimated fair value of the underlying property is determined by discounting the expected cash flows at a risk-adjusted discount rate which is considered appropriate for the inherent, observable risks within the cash flows. | Risk-adjusted discount rates used by the external licensed appraiser which reflect the nature, location and tenancy profile of the property together with current market investment criteria. | Fair value will increase if the risk adjusted discount rates decrease. |
| • Valuation by independent valuer which uses discounted cash flow method for the Company's loan portfolio. | Risk adjusted discount rates that are not market determined. | Fair value will increase if the risk adjusted discount rates decrease. |
| • Valuation by Net Asset Value of the fund or unquoted equity. | Not applicable. | Not applicable. |

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have immaterial effects on profit or loss and equity.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Estimation of fair values (continued)

***Offsetting financial assets and financial liabilities***

The disclosures set out in the tables below include financial assets and financial liabilities that:

– are offset in the Company's statement of financial position; or

– are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Company's derivative transactions that are not transacted on an exchange are mostly entered into under International Swaps and Derivatives Association (ISDA) Master Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 5 CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Estimation of fair values (continued)

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

*Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements*

| | Note | Gross amounts of recognised financial assets/ (liabilities) $'000 | Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position $'000 | Net amounts of financial assets/ (liabilities) presented in the statement of financial position $'000 | Related amounts not offset in the statement of financial position – Financial instruments $'000 | Net amount $'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Financial assets** | | | | | | |
| Amount due from related companies (non-insurance) | 11 | 15,879 | (15,476) | 403 | – | 403 |
| Other receivables | 11 | 36,733 | – | 36,733 | (7,482) | 29,251 |
| | | 52,612 | (15,476) | 37,136 | (7,482) | 29,654 |
| **Financial liabilities** | | | | | | |
| Amount due to related companies (non-insurance) | 14 | (27,576) | 15,476 | (12,100) | – | (12,100) |
| Other payables and accrued expenses | 14 | (443,534) | – | (443,534) | 7,482 | (436,052) |
| | | (471,110) | 15,476 | (455,634) | 7,482 | (448,152) |
| **2020** | | | | | | |
| **Financial assets** | | | | | | |
| Amount due from related companies (non-insurance) | 11 | 8,279 | (8,201) | 78 | – | 78 |
| Other receivables | 11 | 143,385 | – | 143,385 | (37,834) | 105,551 |
| | | 151,664 | (8,201) | 143,463 | (37,834) | 105,629 |
| **Financial liabilities** | | | | | | |
| Amount due to related companies (non-insurance) | 14 | (64,343) | 8,201 | (56,142) | – | (56,142) |
| Other payables and accrued expenses | 14 | (513,431) | – | (513,431) | 37,834 | (475,597) |
| | | (577,774) | 8,201 | (569,573) | 37,834 | (531,739) |

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the following basis:

– receivables and payables – amortised cost.

The amounts in the above tables that are offset in the statement of financial position are measured on the same basis.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 6 PROPERTY AND EQUIPMENT

| | Leasehold property $'000 Valuation | Office equipment $'000 Cost | Computer equipment $'000 Cost | Motor vehicles $'000 Cost | Office renovations $'000 Cost | Total $'000 |
|---|---|---|---|---|---|---|
| **Cost/Valuation** | | | | | | |
| At 1 January 2020 | 34,500 | 5,141 | 97,272 | 511 | 34,343 | 171,767 |
| Additions | – | 335 | 11,636 | – | 2,503 | 14,474 |
| Disposals | – | (1) | (538) | – | (22) | (561) |
| Gain on revaluation | 628 | – | – | – | – | 628 |
| Reversal of depreciation on revaluation | (628) | – | – | – | – | (628) |
| At 31 December 2020 | 34,500 | 5,475 | 108,370 | 511 | 36,824 | 185,680 |
| At 1 January 2021 | 34,500 | 5,475 | 108,370 | 511 | 36,824 | 185,680 |
| Additions | – | 91 | 14,093 | – | 5,411 | 19,595 |
| Disposals | – | (298) | (24,652) | – | (6,368) | (31,318) |
| Gain on revaluation | 640 | – | – | – | – | 640 |
| Reversal of depreciation on revaluation | (640) | – | – | – | – | (640) |
| At 31 December 2021 | 34,500 | 5,268 | 97,811 | 511 | 35,867 | 173,957 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2020 | – | 3,509 | 77,657 | 128 | 20,985 | 102,279 |
| Depreciation charge for the year | 628 | 653 | 14,868 | 102 | 6,051 | 22,302 |
| Disposals | – | (1) | – | – | – | (1) |
| Reversal of depreciation on revaluation | (628) | – | – | – | – | (628) |
| At 31 December 2020 | – | 4,161 | 92,525 | 230 | 27,036 | 123,952 |
| At 1 January 2021 | – | 4,161 | 92,525 | 230 | 27,036 | 123,952 |
| Depreciation charge for the year | 640 | 600 | 11,284 | 102 | 5,353 | 17,979 |
| Disposals | – | (285) | (24,652) | – | (6,051) | (30,988) |
| Reversal of depreciation on revaluation | (640) | – | – | – | – | (640) |
| At 31 December 2021 | – | 4,476 | 79,157 | 332 | 26,338 | 110,303 |
| **Carrying amounts** | | | | | | |
| At 1 January 2020 | 34,500 | 1,632 | 19,615 | 383 | 13,358 | 69,488 |
| At 31 December 2020 | 34,500 | 1,314 | 15,845 | 281 | 9,788 | 61,728 |
| At 31 December 2021 | 34,500 | 792 | 18,654 | 179 | 9,529 | 63,654 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 6 PROPERTY AND EQUIPMENT (CONTINUED)

An independent valuation of the leasehold property was carried out by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being revalued, at open market values on 31 December 2021 and 31 December 2020. The valuation has been made on the assumption that the property is sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property. It is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which would affect its value. The leasehold property is classified as Level 2 in the fair value hierarchy.

$640,000 (2020: $628,000) of revaluation gain was credited to the revaluation reserve (note 19).

The approximate carrying amount of leasehold property would have been $12,356,000 (2020: $12,599,000) had the leasehold property been carried under the cost method.

Property and equipment are non-current assets.

## 7 INTANGIBLE ASSETS

| | Goodwill $'000 | Acquired value in-force business $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2020 | 231,279 | 29,787 | 112,785 | 373,851 |
| Net additions | – | – | 1,692 | 1,692 |
| At 31 December 2020 | 231,279 | 29,787 | 114,477 | 375,543 |
| Net additions | – | – | 553 | 553 |
| At 31 December 2021 | 231,279 | 29,787 | 115,030 | 376,096 |
| **Accumulated amortisation** | | | | |
| At 1 January 2020 | – | 14,894 | 72,815 | 87,709 |
| Net amortisation charge for the year | – | 1,490 | 4,861 | 6,351 |
| At 31 December 2020 | – | 16,384 | 77,676 | 94,060 |
| Net amortisation charge for the year | | 1,488 | 837 | 2,325 |
| At 31 December 2021 | – | 17,872 | 78,513 | 96,385 |
| **Carrying amounts** | | | | |
| At 1 January 2020 | 231,279 | 14,893 | 39,970 | 286,142 |
| At 31 December 2020 | 231,279 | 13,403 | 36,801 | 281,483 |
| At 31 December 2021 | 231,279 | 11,915 | 36,517 | 279,711 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 7 INTANGIBLE ASSETS (CONTINUED)

***Goodwill and acquired value in-force business***

Goodwill is tested for impairment by comparing the CGU (the Company's in-force business) carrying amount, including any goodwill, with its recoverable amount. Management compares the aggregate of net asset value and goodwill of the acquired life business with the aggregate of the net asset value and the present value of in-force business to determine whether there is any impairment. The present value of in-force business, which represents the profits that are expected to emerge from the insurance business is calculated based on the European Embedded Value Principles issued by the CFO Forum, using best estimate actuarial assumptions for mortality, morbidity, persistency and expenses as described in Note 4 and the following economic assumptions with no additional provision for any adverse deviation from the best estimate experience in the valuation assumptions:

***(i) Discount rates***

Discount rates are determined by adding a risk margin to the appropriate risk-free rate of return. The discount rates applied to the insurance funds ranged from 2.46% to 5.83% (2020: 1.63% to 4.70%).

***(ii) Investment returns***

Investment returns are generally based on a combination of current market data. The investment returns applied to different asset classes ranged from 0.72% to 8.00% (2020: -0.11% to 7.19%).

***Others***

Others represent amounts paid to third parties under certain distribution agreements and agency development expenses.

Intangible assets are non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 8 RIGHT-OF-USE ASSETS

***Leases as lessee (FRS 116)***

The Company leases office space. The leases typically run for a period of 3 to 6 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3 to 6 years to reflect market rentals.

The office space leases were entered into many years ago as combined leases of land and buildings.

Information about leases for which the Company is a lessee is presented below.

***Right-of-use assets***

| | Office space | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Balance at 1 January | 72,272 | 97,944 |
| Depreciation charge for the year | (25,889) | (26,936) |
| Additions to right-of-use assets | 26,779 | 2,065 |
| Derecognition of right-of-use assets | – | (801) |
| Balance at 31 December | 73,162 | 72,272 |

Right-of-use assets are non-current assets.

***Amounts recognised in profit or loss***

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Lease under FRS 116** | | |
| Interest on lease liabilities | 1,973 | 2,322 |

***Amounts recognised in statement of cash flows***

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Total cash outflow for leases** | 25,183 | 27,344 |

**Extension options**

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in undiscounted lease liabilities of $39,780,000 (2020: $32,796,000).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 9 INVESTMENTS AND LOANS

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Financial assets designated at fair value through profit or loss** | | | |
| Equity securities | | | |
| – Listed equity securities | | 4,215,145 | 4,748,279 |
| – Unlisted equity securities | | 129,971 | 113,758 |
| | | 4,345,116 | 4,862,037 |
| Debt securities | | | |
| – Government bonds | | 8,677,443 | 7,951,136 |
| – Listed corporate and other bonds | | 8,472,310 | 6,396,917 |
| – Unlisted corporate and other bonds | | 381,935 | 343,452 |
| | | 17,531,688 | 14,691,505 |
| **Collective investment schemes** | | 30,410,506 | 28,438,977 |
| **Derivative financial instruments** | 5(d) | 195,337 | 301,802 |
| **Loans and receivables** | | | |
| Investment income receivables | | 140,921 | 122,796 |
| Policy loans | | 519,774 | 537,975 |
| | | 660,695 | 660,771 |
| **Total investments and loans** | | 53,143,342 | 48,955,092 |
| Current portion | | 38,778,726 | 36,619,453 |
| Non-current portion | | 14,364,616 | 12,335,639 |
| | | 53,143,342 | 48,955,092 |

Included in the investments above are financial assets which have been lent out to third parties. The Company currently participates in a securities lending programme, whereby securities are lent to the lending agent's approved borrowers in return for a fee. These transactions are conducted under terms and conditions that are usual and customary to standard securities lending arrangements.

The loaned securities are not derecognised; rather, they continue to be recognised within the appropriate investment classification. The Company's policy is that collateral in excess of 100 per cent of the fair value of securities loaned is required from all securities' borrowers and typically consists of short-term time deposits and money market instruments. The collateral and corresponding obligation to return such collateral are recognised in the statement of financial position.

The fair values of the assets on loan and collateral under the securities lending programme are as follow:

| Fair value of assets on loan | | Fair value of collateral | | Collateral as a % of assets on loan | |
|---|---|---|---|---|---|
| 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 | 2021 % | 2020 % |
| 201,094 | 305,874 | 206,674 | 315,586 | 103 | 103 |

Policy loans are mainly loans secured by the cash surrender values of the relevant policies. No portion of the balance was included as part of the receivables less than twelve months as it is not practicable to determine such portion with sufficient reliability given that the loans have no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 10 REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Reinsurers' share of insurance contract liabilities | 426,630 | 441,142 |

The movement of reinsurers' share of insurance contract liabilities is as follows:

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| At 1 January | 441,142 | 1,061,281 |
| Decrease in reinsurers' share of insurance contract liabilities | (14,512) | (620,139) |
| At 31 December | 426,630 | 441,142 |
| | | |
| Current portion | – | – |
| Non-current portion | 426,630 | 441,142 |
| | 426,630 | 441,142 |

## 11 INSURANCE AND OTHER RECEIVABLES

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Receivables arising from insurance and reinsurance contracts: | | |
| – Due from policyholders | 191,721 | 162,113 |
| – Due from agents | 24,309 | 21,431 |
| – Due from reinsurers | 15,345 | 22,592 |
| | 231,375 | 206,136 |
| | | |
| Prepayments | 3,032 | 11,900 |
| | | |
| Other receivables: | | |
| – Amounts due from related companies (non–insurance) | 403 | 78 |
| – Other receivables | 36,733 | 143,385 |
| – Collateral deposits placed with financial institutions | 27,616 | 8,925 |
| | 64,752 | 152,388 |
| | | |
| | 299,159 | 370,424 |
| | | |
| Current portion | 296,933 | 368,415 |
| Non-current portion | 2,226 | 2,009 |
| | 299,159 | 370,424 |

Amounts due from related companies (non-insurance) are unsecured, interest-free and have no fixed terms of repayment. There is no allowance for doubtful debts arising from these receivables (2020: nil).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 12 CASH AND CASH EQUIVALENTS

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Cash at bank and in hand | 309,473 | 120,520 |
| Short-term time deposits | 661,517 | 657,978 |
| Cash and cash equivalents in the statement of cash flows | 970,990 | 778,498 |
| Cash collateral received | 269,426 | 505,576 |
| Cash and cash equivalents in the statement of financial position | 1,240,416 | 1,284,074 |

The effective interest rate on short-term time deposits was 0.37% (2020: 0.27%) per annum and the deposits have an average maturity of less than 7 days (2020: less than 68 days).

Cash collateral received represents bank balances received under the securities lending programme (see Note 9) and derivatives transactions.

## 13 GROSS INSURANCE CONTRACT LIABILITIES

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Long term insurance contracts: | | | |
| – Life insurance par contracts | 13(i) | 32,911,552 | 28,834,160 |
| – Life insurance non-par contracts | 13(ii) | 3,656,701 | 3,867,088 |
| – Investment-linked contracts | | | |
| – Unit reserves | 13(iii) | 11,618,147 | 11,554,073 |
| – Non-unit reserves | 13(iv) | 37,222 | 40,621 |
| | | 48,223,622 | 44,295,942 |
| Provision for outstanding claims | | 265,990 | 236,247 |
| **Total insurance contract liabilities** | | 48,489,612 | 44,532,189 |
| Current portion | | 265,990 | 236,247 |
| Non-current portion | | 48,223,622 | 44,295,942 |
| | | 48,489,612 | 44,532,189 |

Included in the life insurance par contracts is:

– an amount of $998.9 million (2020: $946.9 million) relating to accumulated capital injections from the Prudential Worldwide Long-Term Estate (the "Estate") and accumulated investment returns since 1988; and

– a provision for current year policyholder bonuses of $627.0 million (2020: $555.3 million).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 13 GROSS INSURANCE CONTRACT LIABILITIES (CONTINUED)

***Movements in insurance contract liabilities***

### *(i) Life insurance par contracts*

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| At 1 January | 28,834,160 | 24,703,929 |
| Premiums received, net of reinsurance | 6,053,975 | 4,801,500 |
| Claims and surrenders | (2,475,324) | (1,703,173) |
| Expenses: | | |
| – Operating | (720,844) | (599,197) |
| – Non-operating | (89,696) | (73,426) |
| Movements in deferred tax | (249,321) | (142,443) |
| Income: | | |
| – Investment income | 1,763,736 | 1,976,580 |
| – Other expense | (130,303) | (64,303) |
| Transfer to shareholders' fund | (74,831) | (65,307) |
| At 31 December | 32,911,552 | 28,834,160 |

### *(ii) Life insurance non-par contracts*

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| At 1 January | 3,867,088 | 3,128,303 |
| Valuation premiums | 68,545 | 82,033 |
| Liabilities released for payments on death and other terminations | (113,388) | (147,653) |
| Accretion of interest | 68,548 | 44,849 |
| Other movements | (13,176) | 100,483 |
| New business | 73,200 | 69,490 |
| Change in valuation basis: | | |
| – Discount rate | (296,706) | 405,376 |
| – Regulatory changes | – | 189,303 |
| – Others | 2,590 | (5,096) |
| At 31 December | 3,656,701 | 3,867,088 |

As defined in the accounting policies Note 3(c)(iii), valuation premiums are the amount of premiums received that have a direct impact of increasing the insurance contract liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 13 GROSS INSURANCE CONTRACT LIABILITIES (CONTINUED)

***Movements in insurance contract liabilities (continued)***

***(iii) Investment-linked contracts (unit reserves) (continued)***

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| At 1 January | 11,554,073 | 10,650,513 |
| Premiums received | 1,073,795 | 956,597 |
| Fees deducted from account balances of investment-linked contracts | (331,060) | (307,177) |
| Liabilities released for payments on death, surrender and other terminations | (930,018) | (862,841) |
| Changes in unit prices | 260,612 | 1,120,857 |
| Other movements | (9,255) | (3,876) |
| At 31 December | 11,618,147 | 11,554,073 |

***(iv) Investment-linked contracts (non-unit reserves)***

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| At 1 January | 40,621 | 10,992 |
| Premiums received | 1,379 | 503 |
| Fees deducted from account balances | 11,018 | 5,569 |
| Liabilities released for payments on death, surrender and other terminations | (1,500) | (1,335) |
| Accretion of interest | 118 | 76 |
| Changes in unit prices (within insurance benefits) | (524) | (3,126) |
| New business | (3,012) | (549) |
| Change in valuation basis: | | |
| – Discount rate | (10,583) | 9,466 |
| – Regulatory changes | – | 18,636 |
| – Others | (295) | 389 |
| At 31 December | 37,222 | 40,621 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 14 INSURANCE AND OTHER PAYABLES

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Payables arising from insurance and reinsurance contracts: | | | |
| – Insurance contract payables | | 2,550,604 | 2,352,307 |
| – Reinsurance payables | | 86,019 | 47,291 |
| | | 2,636,623 | 2,399,598 |
| Other payables: | | | |
| – Provision for agency expenses | | 25,023 | 17,571 |
| – Share-based payment liability | 31 | 43,430 | 42,900 |
| – Amount due to related companies (non-insurance) | | 12,100 | 56,142 |
| – Cash collateral received | 12 | 269,426 | 505,576 |
| – Other payables and accrued expenses | | 443,534 | 513,431 |
| | | 793,513 | 1,135,620 |
| | | 3,430,136 | 3,535,218 |
| Current portion | | 3,414,022 | 3,517,461 |
| Non-current portion | | 16,114 | 17,757 |
| | | 3,430,136 | 3,535,218 |

Amounts due to related companies (non-insurance) are unsecured, interest-free and repayable on demand.

Share-based payment liability relates to share-based award plans created and designed to provide benefits to advisors, senior management and retirement needs of long serving advisors.

## 15 FINANCIAL LIABILITIES

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Derivative financial instruments | 5(d) | 118,505 | 66,297 |
| Current portion | | 114,826 | 52,514 |
| Non-current portion | | 3,679 | 13,783 |
| | | 118,505 | 66,297 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 16 DEFERRED TAX LIABILITIES

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| At 1 January | | 1,852,787 | 1,710,186 |
| Net provision made during the year | 29 | 247,863 | 142,601 |
| At 31 December | | 2,100,650 | 1,852,787 |

Deferred tax (assets)/liabilities, determined after appropriate offsetting, are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Short-term timing differences | (6,691) | (4,926) | – | – | (6,691) | (4,926) |
| Capital allowances for property and equipment | – | – | 1,962 | 1,736 | 1,962 | 1,736 |
| Tax on future distributions | – | – | 2,105,379 | 1,855,977 | 2,105,379 | 1,855,977 |
| Deferred tax (assets)/liabilities | (6,691) | (4,926) | 2,107,341 | 1,857,713 | 2,100,650 | 1,852,787 |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax (assets)/liabilities are non-current.

## 17 LEASE LIABILITIES

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Current portion | 22,426 | 20,211 |
| Non-current portion | 51,795 | 51,437 |
| | 74,221 | 71,648 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 17 LEASE LIABILITIES (CONTINUED)

**Reconciliation of movements in liabilities to cash flows arising from financing activities**

| | Lease liabilities $'000 | Total $'000 |
|---|---|---|
| At 1 January 2020 | 96,033 | 96,033 |
| **Changes from financing cash flows** | | |
| Payment of lease liabilities | (25,022) | (25,022) |
| Interest paid | (2,322) | (2,322) |
| | (27,344) | (27,344) |
| **Other changes – liability-related** | | |
| Recognition/(derecognition) of lease liabilities | 637 | 637 |
| Interest expense | 2,322 | 2,322 |
| | 2,959 | 2,959 |
| At 31 December 2020 | 71,648 | 71,648 |
| At 1 January 2021 | 71,648 | 71,648 |
| **Changes from financing cash flows** | | |
| Payment of lease liabilities | (23,210) | (23,210) |
| Interest paid | (1,973) | (1,973) |
| | (25,183) | (25,183) |
| **Other changes – liability-related** | | |
| Recognition/(derecognition) of lease liabilities | 25,783 | 25,783 |
| Interest expense | 1,973 | 1,973 |
| | 27,756 | 27,756 |
| At 31 December 2021 | 74,221 | 74,221 |

## 18 SHARE CAPITAL

| | 2021 No. of shares ('000) | 2020 No. of shares ('000) |
|---|---|---|
| **Fully paid ordinary shares** | | |
| At the beginning and at the end of the year | 526,557 | 526,557 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 19 RESERVES

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Revaluation reserve | 21,721 | 21,081 |

The revaluation reserve relates to the revaluation of leasehold property (note 6).

## 20 RETAINED EARNINGS

Included in the retained earnings are amounts the Company maintains for solvency purposes, which is higher than the regulatory minimum requirement. Under the Insurance (Valuation and Capital) Regulations, which governs the risk-based capital framework for insurers, each insurance fund is required to maintain a fund solvency ratio (FSR) and capital adequacy ratio (CAR) of at least 50% under minimum capital requirement (MCR) and at least 100% under prescribed capital requirement (PCR) as specified in MAS Notice 133 or otherwise prescribed by MAS.

***Dividends***

The following dividends were declared and paid by the Company:

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Interim dividends** | | |
| $0.80 (2020: $0.57) per qualifying share | 420,000 | 300,000 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 21 CLASSIFICATION AND FAIR VALUES OF FINANCIAL INSTRUMENTS

| | Note | Designated at fair value $'000 | Trading $'000 | Loans and receivables $'000 | Other financial liabilities $'000 | Total carrying amount $'000 | Fair value $'000 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| **Financial assets** | | | | | | | |
| Investments and loans | | | | | | | |
| – Equity securities | 9 | 4,345,116 | – | – | – | 4,345,116 | 4,345,116 |
| – Debt securities | 9 | 17,531,688 | – | – | – | 17,531,688 | 17,531,688 |
| – Collective investment schemes | 9 | 30,410,506 | – | – | – | 30,410,506 | 30,410,506 |
| – Derivative financial instruments | 9 | – | 195,337 | – | – | 195,337 | 195,337 |
| – Loans and receivables* | 9 | – | – | 660,695 | – | 660,695 | 660,695 |
| Other receivables* | 11 | – | – | 64,752 | – | 64,752 | 64,752 |
| Cash and cash equivalents* | 12 | – | – | 1,240,416 | – | 1,240,416 | 1,240,416 |
| | | 52,287,310 | 195,337 | 1,965,863 | – | 54,448,510 | 54,448,510 |
| **Financial liabilities** | | | | | | | |
| Other payables | 14 | – | – | – | (793,513) | (793,513) | (793,513) |
| Derivative financial instruments | 15 | – | (118,505) | – | – | (118,505) | (118,505) |
| | | – | (118,505) | – | (793,513) | (912,018) | (912,018) |
| **2020** | | | | | | | |
| **Financial assets** | | | | | | | |
| Investments and loans | | | | | | | |
| – Equity securities | 9 | 4,862,037 | – | – | – | 4,862,037 | 4,862,037 |
| – Debt securities | 9 | 14,691,505 | – | – | – | 14,691,505 | 14,691,505 |
| – Collective investment schemes | 9 | 28,438,977 | – | – | – | 28,438,977 | 28,438,977 |
| – Derivative financial instruments | 9 | – | 301,802 | – | – | 301,802 | 301,802 |
| – Loans and receivables* | 9 | – | – | 660,771 | – | 660,771 | 660,771 |
| Other receivables* | 11 | – | – | 152,388 | – | 152,388 | 152,388 |
| Cash and cash equivalents* | 12 | – | – | 1,284,074 | – | 1,284,074 | 1,284,074 |
| | | 47,992,519 | 301,802 | 2,097,233 | – | 50,391,554 | 50,391,554 |
| **Financial liabilities** | | | | | | | |
| Other payables | 14 | – | – | – | (1,135,620) | (1,135,620) | (1,135,620) |
| Derivative financial instruments | 15 | – | (66,297) | – | – | (66,297) | (66,297) |
| | | – | (66,297) | – | (1,135,620) | (1,201,917) | (1,201,917) |

* These are the financial assets that meet the SPPI conditions of FRS 109, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 22 NET INSURANCE PREMIUMS

| | Insurance premiums | | Reinsurance premiums | | Net insurance premiums | |
|---|---|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Life insurance par contracts | 6,057,520 | 4,805,212 | (3,546) | (3,712) | 6,053,974 | 4,801,500 |
| Life insurance non-par contracts | 1,262,249 | 1,183,397 | (194,319) | 564,272 | 1,067,930 | 1,747,669 |
| Investment-linked contracts | 1,073,796 | 956,597 | (7,780) | (7,608) | 1,066,016 | 948,989 |
| | 8,393,565 | 6,945,206 | (205,645) | 552,952 | 8,187,920 | 7,498,158 |

## 23 FEES AND COMMISSION INCOME

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Fee income | 21,893 | 23,484 |
| Reinsurance commission income | 125,412 | 158,719 |
| | 147,305 | 182,203 |

## 24 INVESTMENT INCOME/(EXPENSE)

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Interest income | | |
| – Debt securities | 410,698 | 344,783 |
| – Loans and receivables | 30,530 | 31,919 |
| – Cash and cash equivalents | 1,333 | 2,890 |
| Dividend income | 548,159 | 537,226 |
| Rental income | 1,194 | 1,262 |
| | 991,914 | 918,080 |
| Net realised gains and fair value changes on financial assets at fair value through profit or loss | 779,049 | 2,598,787 |
| Exchange losses | (39,930) | (2,144) |
| | 1,731,033 | 3,514,723 |
| Life insurance par contracts | 1,724,843 | 1,977,622 |
| Life insurance non-par contracts | (224,810) | 412,446 |
| Investment-linked contracts | 234,026 | 1,121,643 |
| Investment income from insurance operations | 1,734,059 | 3,511,711 |
| Shareholders' fund | (3,026) | 3,012 |
| | 1,731,033 | 3,514,723 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 25 NET CLAIMS AND BENEFITS INCURRED

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Long-term insurance contracts** | | |
| ***Life insurance par contracts*** | | |
| Net claims, maturity and surrender benefits | 2,475,323 | 1,703,171 |
| Increase in liabilities during the year | 4,077,393 | 4,130,231 |
| Reinsurers' share of movement in liabilities during the year | (1,767) | (56) |
| ***Life insurance non-par contracts*** | | |
| Net claims, maturity and surrender benefits | 567,035 | 518,575 |
| (Decrease)/ Increase in liabilities during the year | (210,387) | 738,786 |
| Reinsurers' share of movement in liabilities during the year | 16,359 | 620,195 |
| ***Investment-linked contracts*** | | |
| Net claims, maturity and surrender benefits | 990,735 | 915,667 |
| Increase in liabilities during the year | 60,674 | 933,189 |
| Reinsurers' share of movement in liabilities during the year | (81) | – |
| ***Shareholders' fund claims expenses*** | | |
| Net claims, maturity and surrender benefits | 192 | 299 |
| | 7,975,476 | 9,560,057 |

## 26 COMMISSION AND DISTRIBUTION COSTS

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Commission expenses | 693,046 | 574,104 |
| Other acquisition costs | 178,194 | 144,916 |
| | 871,240 | 719,020 |

Included in commission expenses is $7,061,000 (2020: $8,061,000) of the share-based compensation expenses.

## 27 STAFF COSTS

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Salaries and benefits in kind | 154,761 | 155,180 |
| Employer's contributions to Central Provident Fund | 13,288 | 12,701 |
| Share-based compensation expenses | 5,320 | 7,443 |
| | 173,369 | 175,324 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 28 OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Administrative expenses | 46,186 | 46,964 |
| Operational expenses | 37,563 | 52,677 |
| Advertising and promotional expenses | 25,023 | 14,724 |
| Investment expenses | 143,575 | 118,029 |

## 29 TAXATION EXPENSE

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Current taxation expense** | | | |
| Current year | | 149,605 | 98,651 |
| **Deferred taxation expense** | | | |
| Origination and reversal of temporary differences | 16 | 247,863 | 142,601 |
| Total income taxation expense | | 397,468 | 241,252 |

The Company has estimated its tax charge and tax provision relating to the life assurance business based on the current tax legislation. These estimates may be different from the ultimate actual tax liability or refund, although the Company believes that the provision is prudent and appropriate.

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| ***Reconciliation of effective tax charge*** | | |
| Profit before tax | 696,300 | 418,559 |
| Income tax using domestic corporation tax rate of 17% (2020: 17%) | 118,371 | 71,155 |
| Taxation relating to insurance funds | 283,022 | 186,952 |
| Non-deductible expenses | 3,689 | 2,883 |
| Non-taxable income | (12,691) | (27,608) |
| Others | 5,077 | 7,870 |
| | 397,468 | 241,252 |

# NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2021**

## 30 PROFIT FOR THE YEAR BY FUND

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Life insurance par contracts | 74,839 | 65,296 |
| Life insurance non-par contracts | 190,883 | 83,197 |
| Investment-linked contracts | 95,331 | 100,594 |
| Shareholders' fund | (62,221) | (71,780) |
| | 298,832 | 177,307 |

## 31 SHARE-BASED PAYMENT TRANSACTIONS

The Company has the following share-based payment arrangements:

***Share-based compensation plans (equity settled)***

There are three main groups of equity settled compensation plans which are described below:

***(i) PRUshareplus Plan***

In 2014, Prudential Holdings Limited, a wholly owned subsidiary of Prudential Public Limited Company, established the PRUshareplus Plan, which replaces the Prudential International Savings-Related Share Option Scheme. Under the Plan, qualified employees can purchase Prudential Public Limited Company shares at market value each month. At the end of each scheme year, an additional matching share is awarded for every two shares purchased throughout the period. Dividend shares accumulate while the employee participates in the plan. The additional matching shares are not entitled to dividend shares. If the employee withdraws from the plan, or leaves the Group, the matching shares will be forfeited. The matching shares vest 12 months after the period.

***(ii) Incentive plans issued from 2015 onwards***

Prudential Public Limited Company, the ultimate holding company of the Company, established these plans to reward executive directors and senior management staff for delivering sustainable long-term returns for shareholders.

The incentive plans vest subject to the employee being in employment at the time. One of the plans also vests on the basis of the Group's relative Total Shareholder Return (TSR) performance against a peer group of international insurers. These are discretionary and on a year by year basis determined by the ultimate holding company's full year financial results and the employee's contribution to the business.

***(iii) Non-employee share-based compensation plans***

These are share-based compensation plans for non-employee advisors relating to the shares of its ultimate holding company, Prudential Public Limited Company. Every year, shares, with minimum vesting period of three years or more, will be granted, on the basis of performance and subject to the individual continuing to be an advisor with the Company at the end of the vesting period.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 31 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

***Share-based compensation plans (cash settled)***

There are two main groups of cash settled compensation plans which are described below:

***(i) Incentive plans issued before 2015***

Prudential Public Limited Company, the ultimate holding company of the Company, established these plans to reward executive directors and senior management staff for delivering sustainable long-term returns for shareholders.

The incentive plans vest subject to the employee being in employment at the time. One of the plans also vests on the basis of the Group's relative Total Shareholder Return (TSR) performance against a peer group of international insurers. These are discretionary and on a year by year basis determined by the ultimate holding company's full year financial results and the employee's contribution to the business.

***(ii) Non-employee share-based compensation plans***

These are share-based compensation plans for non-employee advisors relating to the shares of its ultimate holding company, Prudential Public Limited Company. Every year, shares or cash equivalent, with minimum vesting period of three years or more, will be granted, on the basis of performance and subject to the individual continuing to be an advisor with the Company at the end of the vesting period.

The number share awards are as follows:

| | 2021 Number of share awards | 2020 Number of share awards |
|---|---|---|
| **Awards outstanding** | | |
| At 1 January | 3,164,783 | 2,867,870 |
| – Granted | 361,776 | 522,006 |
| – Vested | (410,601) | (217,770) |
| – Withdrawn | (10,134) | (7,323) |
| At 31 December | 3,105,824 | 3,164,783 |

**Fair value of share awards**

| | Note | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Share-based compensation expenses | | | |
| – Amount accounted for as cash settled | | 7,061 | 8,061 |
| – Amount accounted for as equity settled | | 5,929 | 7,443 |
| Carrying value at 31 December of liabilities arising from share-based payment transactions | 14 | 43,430 | 42,900 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 32 COMMITMENTS

*Capital commitments*

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Contracted at the reporting date but not provided for | 4,056 | 10,704 |

## 33 SIGNIFICANT RELATED PARTY TRANSACTIONS

*Related party transactions*

Other than disclosed elsewhere in the financial statements, significant transactions between the Company and its related parties are as follows:

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Charges for life administration and operation services rendered by related corporations | 8,098 | 11,223 |
| Charges for management services provided to immediate holding company | 164 | 164 |
| Charges for management services rendered by a related corporation | 22,767 | 24,844 |
| Recovery of expense by a related corporation | 56,495 | 55,347 |
| Investment management fees (net) paid to a related corporation | 57,635 | 43,198 |
| Recovery of expense from related corporations | 2,406 | 2,998 |
| Salaries and other short-term employee benefits to key management | 12,275 | 11,449 |

## 34 CONTINGENCIES

In a suit commenced by the Company against an ex-agent, a counter-claim was made by the ex-agent. In view of the judgement at first instance in the High Court in May 2021, the High Court had ruled that the ex-agent is liable for breach of his contractual obligation to conduct his insurance business and his counterclaims were dismissed. In this regard, all parties have appealed to the Court of Appeal on this matter, including on the outcome of the counter-claim and it is not practicable to estimate the potential financial effect of the contingency.