Listening. Understanding. Delivering.

INNOVATING THE FUTURE OF INSURANCE

ANNUAL REPORT 2022

CONTENTS

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$49.4 billion funds under management as at 31 December 2022. 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 92 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 serve more than one 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 STATEMENT

Prudential has delivered another solid performance in 2022. New Business Sales reached **S$1,062 million**, a **6.3 per cent** increase from the year before, driven by higher demand for protection and investment-linked plans.

Dennis Tan
Chief Executive Officer

To deliver more superior customer experiences, we continued to explore and invest in new technologies.

Innovating the future of insurance

Two years after the onset of the COVID-19 pandemic, we finally saw it slowing down in 2022. Economic activities in many countries, including Singapore, started to gradually recover towards pre-pandemic levels. But just as we began to move on from the pandemic, new challenges emerged. Rising inflation and interest rates, impacted by supply chain disruptions, were top concerns for our customers whose disposable income was affected.

True to our purpose of helping people get the most out of life, we stayed focused on supporting our customers by ensuring they have access to quality healthcare and helping them plan for their financial future. This focus has enabled us to deliver another solid performance in 2022.

New Business Sales reached S$1,062 million, a 6.3 per cent increase from the year before, driven by higher demand for protection and investment-linked plans. Total funds under management continued to remain strong at S$49.4 billion despite market volatility.

Staying nimble and innovative to meet the changing needs of customers

The unexpected twists and turns in the global economy meant we needed to be even more nimble and innovative to overcome challenges and seize new opportunities.

Over **11** new products launched in 2022

To meet the changing needs of our customers, we launched more than 11 new products in 2022. These include PRUVantage Wealth, an investment-linked plan designed to help our customers save more for their retirement in an environment of rising inflation. To ensure our customers have access to affordable healthcare plans, we developed PRUSafe Guard 22, a microinsurance plan covering COVID-19 and 21 infectious diseases.

Additionally, we partnered with NTUC Income (Income) to distribute Care Secure through our network of financial consultants to help more Singaporeans prepare for their long-term care needs. Care Secure is a CareShield Life supplement plan by Income.

Harnessing technology to offer more superior customer experiences

The pandemic has changed the way people live, work and connect. Today, technology has become an integral part of our lives. To deliver more superior customer experiences, we continued to explore and invest in new technologies. For example, we introduced talkbot technology to help our customers stay protected through timely premium payments.

We also participated in the SGFinDex (Singapore Financial Data Exchange) with other financial institutions in Singapore. This industry-wide initiative provides our customers with easy access to their insurance portfolio through our customer platform, PRUAccess. With this, our customers can get a single view of their finances including their insurance policies to help them better understand their protection gaps and plan for their future.

Just as we have done through the decades, we will continue to place our more than one million customers in Singapore at the heart of our business, with a focus to help them get the most out of life.

Helping our people connect, grow and succeed

Recognising that our people are our greatest asset, we are committed to help them connect, grow and succeed at Prudential. One of the ways in which we do this is by giving them the autonomy and flexibility to work from anywhere and at any time, so they can achieve better work life integration. Through our flexi-workplace programme PRUAnywhere, our employees can choose to work from any of our offices, their homes as well as private booths and desks in co-working spaces across Singapore.

To support our employees in their career development, we offer them access to various learning platforms and opportunities to grow their skills and knowledge. In 2022, our employees put in more than 40,000 learning hours. Our more than 5,000 financial consultants did equally well, clocking more than 260,000 training hours. This translates to an average of 51 hours of Continuous Professional Development (CPD) training per financial consultant.

40,000 learning hours (employees)

260,000 training hours (financial consultants)

Investing in our community

We continue to build strong foundations for an inclusive society in Singapore through our community programmes which promote early childhood nutrition, financial literacy, and active ageing. In partnership with KidSTART, we started a series of online cooking workshops called "What's for Lunch?" to encourage heathier cooking and eating. We also launched a financial literacy curriculum for seniors under our Seniors' Wellbeing Masterclass programme. This was developed with guidance from the Ministry of Health's Ageing Planning Office to help seniors be more financially prepared for their golden years.

In keeping with the strong DOGood culture in the company, our employees and financial consultants clocked an impressive 9,660 volunteering hours to support more than 7,300 beneficiaries. We also raised and matched close to S$300,000 for the Prudential Longevity Pledge. These efforts will go a long way to help everyone live well for longer.

Looking ahead with confidence

While economic uncertainties remain, we stand ready to seize opportunities and to look at things with a fresh perspective. The pandemic's silver lining was that it reminded everyone about the importance of protection. With inflation rising, there lies an opportunity to help our customers plan financially for their future and life goals.

I would like to convey my deepest appreciation to the Board, my leadership team, agency leaders and financial consultants, bank partners and colleagues who have contributed to Prudential's steady progress in 2022. I would also like to thank our customers and shareholders for their continued belief in us.

In 2023, Prudential Group will celebrate its 175th anniversary, and 100 years of doing business in Asia. Just as we have done through the decades, we will continue to place our more than one million customers in Singapore at the heart of our business, with a focus to help them get the most out of life.

Dennis Tan
Chief Executive Officer

3 FINANCIAL HIGHLIGHTS

Annual Premium Equivalent[1]

2020	2021	2022
S$841m	S$999m	S$1,062m

Total Funds Under Management[2]

2020	2021	2022
S$49.3b	S$53.3b	S$49.4b

Capital Adequacy Ratio

2020	2021	2022
177%	198%	184%

[1] Annual premium equivalent (APE): A measure of new business sales which is a key metric for the Company's management of the development and growth of the business. APE is calculated as the aggregate of annualised regular premiums from new business and one-tenth of single premiums on new business written during the period for all insurance products, including premiums for contracts designated as investment contracts under FRS 104.

[2] Funds under management (FUM): Also referred to Assets under management, represents all assets managed or administered by or on behalf of the Company, including those assets managed by third parties. FUM include managed assets that are included within the Company's statement of financial position and those assets belonging to external clients outside the Company, which are therefore not included in the Company's statement of financial position.

Additional notes: The disclosures APE and FUM do not have a standardised definition within
(i) the Accounting Standards;
(ii) any regulations, notices or directions, that are issued under the Act; or
(iii) any codes, guidelines, policy statements or practice notes, that are issued by the Authority, and hence, the disclosure may not be comparable with the disclosures made by other insurers.

INNOVATING
THE FUTURE OF INSURANCE

Prudential Singapore (Prudential)[1] is a leading life insurer in Singapore that has been serving the financial and protection needs of its customers for 92 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 everyone to save for their goals, especially in light of increasing longevity.

As we innovate the future of insurance, we continue to help our customers and the community prepare for every stage of their lives, so that they can live well for longer. In our research study, "Digital for 100: Harnessing technology for longer lifespans", Singapore residents expressed high levels of proficiency in using digital tools to improve or to monitor their personal and financial health, with more than half saying that mobile devices and apps are critical tools in preparing for rising longevity.

282
seniors have benefitted from the SWM programme in 2022

One such app that allows people to manage their health and wealth better is Pulse by Prudential (Pulse), our digital health and wellness app, which was launched in 2020. In 2022, we rolled out a new mental wellness feature comprising a mood tracker and self-awareness quizzes to support Pulse users in managing their mental health. We also launched a walk-run-ride challenge on Pulse to further empower and motivate people to take care of their health. For our corporate customers, we launched Business@Pulse, a digital solution for employee benefits and wellness needs, to digitally empower businesses, particularly small and medium-sized enterprises (SMEs) and their employees, to thrive in the future of work.

The spirit of innovation is present in everything that we do, including our community efforts. We did a pilot training programme for 50 children to equip them with a Design Thinking mindset so they can develop the critical and creative thinking skillsets to manage their money better.

In view of Singapore's ageing population, there is a need for seniors to have access to basic financial knowledge in their golden years. Under guidance from the Ministry of Health's Ageing Planning Office (MOH APO), we launched a fourth pillar on Financial Literacy for our Seniors' Wellbeing Masterclass (SWM) programme to support seniors in this area. Seniors are taught to manage a personal budget and are introduced to concepts such as Lasting Power of Attorney, Advance Care Planning and Will Creation. 282 seniors have benefitted from the SWM programme in 2022.

As we continue to grow and innovate the future of insurance, we remain committed to our customers, distribution partners, our people and the community. We are led by our corporate purpose and our values which guide our mindsets, behaviours and actions so that we can continue to deliver the best savings, health and protection solutions to help people get the most out of life.

[1]All mentions of Prudential in Our Business section refer to Prudential Singapore. Mentions of Prudential plc will be noted as "Prudential plc" or "Group".

OUR PURPOSE, VALUES AND STRATEGIC FRAMEWORK

Our 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, Outcomes 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

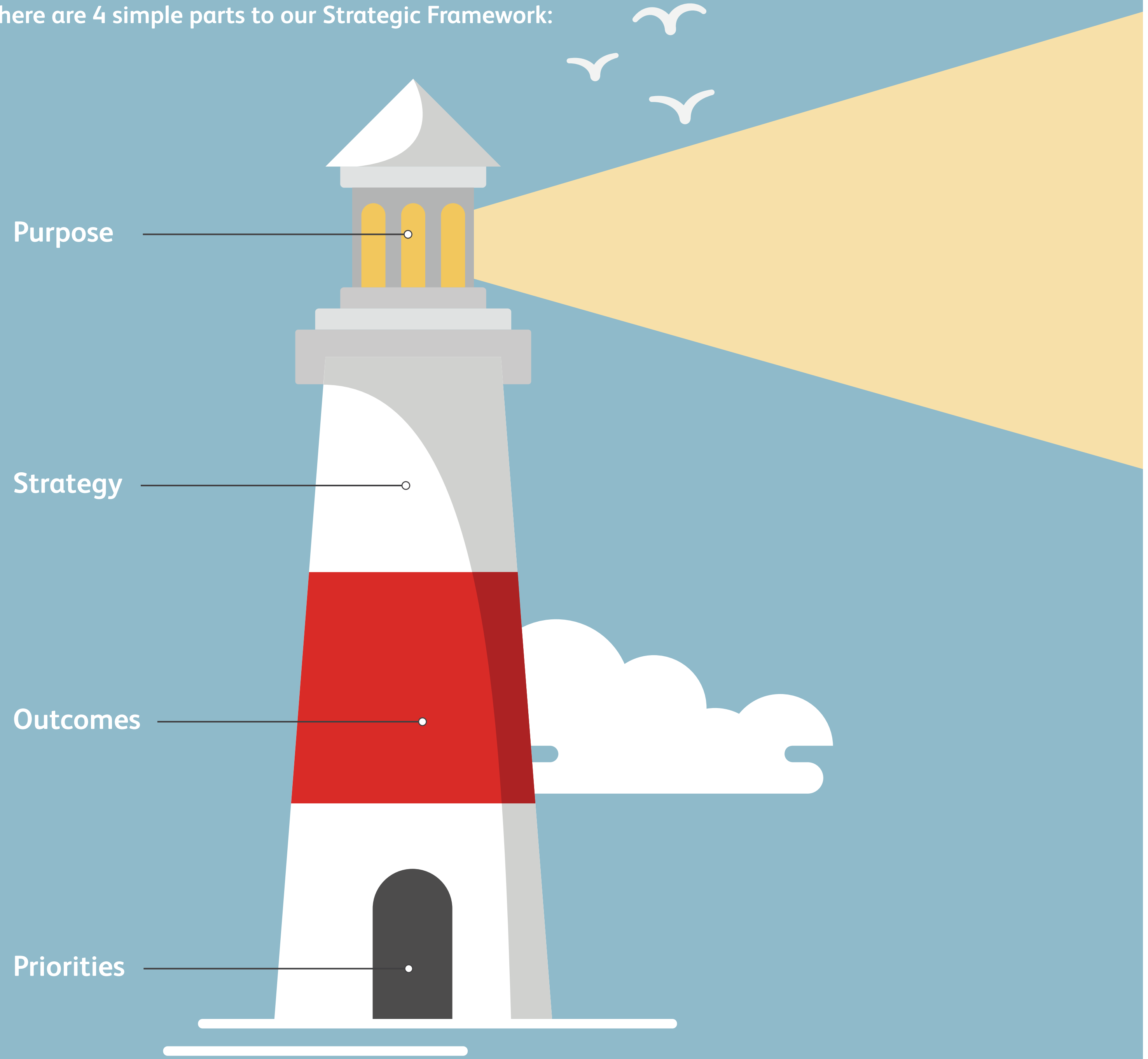
- **Ambitious**
  Our business is competitive. We push ourselves and each other to greatness, but not at all costs. Being a team player and doing the right thing comes first.
- **Curious**
  The world is changing faster than ever. No one has all the answers. We are humble and always listen and seek to learn and understand.
- **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.
- **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.
- **Nimble**
  Being agile and adaptive is trending. We approach our work iteratively, with carefully-designed experiments that help us fail fast and fail forward.

STRATEGIC FRAMEWORK

Our strategic framework is a beacon of light that shines the way forward for our business. The lighthouse illustrates an important part of the strategy for us – delivering on our purpose.

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 4 simple parts to our Strategic Framework:



1 Purpose

To help people get the most out of life

2 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.

3 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 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.

4 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 (SME) 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.

GROUNDBREAKING EXPERIENCES

At Prudential, we pride ourselves on delivering innovative solutions and ground-breaking experiences.

We are focused on developing products that customers need to be ready for rising longevity, and 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 2022

PRUFirst Promise

20 January 2022

A bundled maternity insurance plan consisting of PRUMum and PRUActive Life III. It is for expecting mums who are between 13 to 36 weeks of their pregnancy, and covers assisted pregnancies such as In Vitro Fertilisation (IVF). PRUMum provides coverage for pregnancy complications, congenital illnesses, mental wellness care, gestational diabetes mellitus and hospital care benefits. It includes transfer of PRUActive Life III from mum to baby without underwriting, as well as provides the baby with comprehensive protection against Death, Terminal Illness and Total and Permanent Disability.

T&Cs apply. For more information, visit https://www.prudential.com.sg/products/life-insurance/maternity-insurance/prufirst-promise

PRUActive Life III

20 January 2022

A whole-of-life plan that provides multiplied assurance when you need it most. It offers comprehensive protection against Death, Terminal Illness and Total and Permanent Disability and optional supplementary benefits for enhanced coverage and protection.

T&Cs apply. For more information, visit https://www.prudential.com.sg/products/life-insurance/whole-life-insurance/pruactive-life-iii

PRUSafe Guard 22

14 February 2022

Microinsurance plan with six-month term coverage available on the Pulse by Prudential app. It provides affordable coverage for COVID-19 and 21 infectious diseases.

PRUWealth III

17 February 2022

A participating endowment insurance plan. It is a long-term wealth accumulation plan which matures on the policy anniversary before the life assured turns 110 years old. This plan has fixed premium payment terms - single premium, 5 years, 10 years, 15 years or 20 years. It provides financial protection against death.

PRUVantage RetireCare

10 March 2022

An investment-linked retirement plan that takes care of customers' health and wealth needs. Features a first-in-market Care Fund providing coverage for selected medical expenses from their chosen age, up to a period of 10 or 20 years.

PRUSafe COVIDCover

16 March 2022

Complimentary financial protection upon hospitalisation due to the side effects of COVID-19 vaccinations. Extended to children aged 5 to 17 years old.

PRUFirst Gift II

10 May 2022

A comprehensive bundled maternity plan that combines the benefits of PRUMum and PRUActive LinkGuard, protecting mum and baby during pregnancy, childbirth and beyond. It provides coverage as early as the 13th week of pregnancy and to birth and beyond, while providing opportunities and flexibility to accumulate wealth for the newborn's future needs.

T&Cs apply. For more information, visit https://www.prudential.com.sg/products/life-insurance/maternity-insurance/pfg2

PRUVantage Wealth

7 July 2022

Investment-linked plan (ILP) that helps customers grow their wealth while enabling ease of access to gain regular monthly income and to build a solid foundation for their loved ones, regardless of market conditions.

PRUSafe Sports

16 August 2022

Microinsurance plan with 12-month term coverage that protects you as you pursue your fitness goals with peace of mind.

PRUAssure Rewards

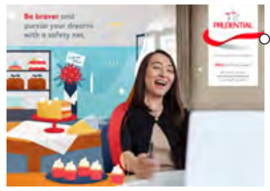
12 October 2022

A single premium participating endowment plan with a 3-year policy term. It also provides a Death Benefit of 101% of the single premium. It offers 100% of the single premium at a growth rate of 3.13% p.a. and a non-guaranteed Maturity Bonus (if any), if the policy is held to maturity.

PRULifetime Income Plus (RP)

13 October 2022

A regular premium participating whole life insurance plan. It has a fixed premium payment term of 4 or 10 years. It provides financial protection against death or accidental death for as long as the life assured lives. In addition, PRULifetime Income Plus (RP) provides a Guaranteed and Non-Guaranteed Monthly Cash Benefit from the 49th month onwards.



PRULink Flex Growth

15 December 2022

An investment-linked single premium plan that grows wealth, locks in investment gains via the Growth Assure feature (which allows you to benefit from market upside by locking in 90% of your highest investment gains daily, at maturity or if death were to occur), and protects wealth from market volatility with capital guarantee at maturity.

T&Cs apply. For more information, visit https://www.prudential.com.sg/products/wealth-accumulation/investments/prulink-flexgrowth

Digitising to deliver great customer experience

We want to make insurance seamless and convenient for our customers by innovating and using technology to further improve our customers' experience. Multi-channel servicing is now the norm for both our customers and financial consultants, and we support them with a wide range of digital touchpoints to interact, engage and transact with us.

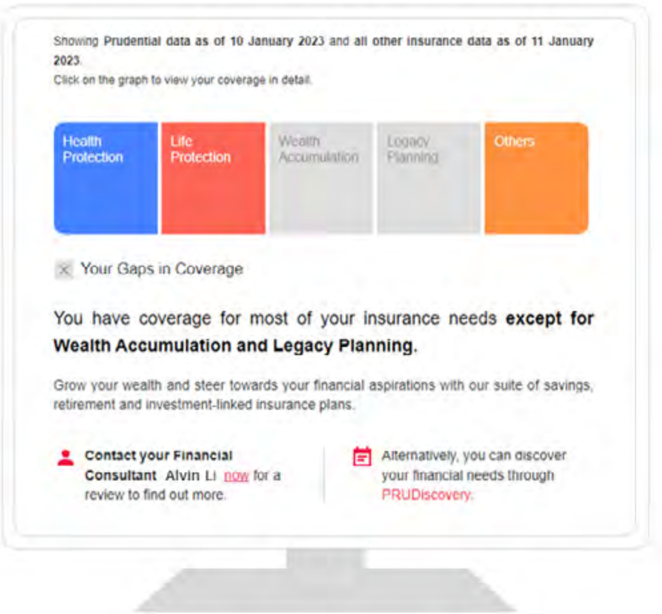
SGFinDex: connecting customers' finances in one place

SGFinDex, which stands for Singapore Financial Data Exchange, enables customers to digitally access and aggregate their financial information across different participating insurers and banks in Singapore, as well as the Singapore Exchange (SGX), and relevant government-linked agencies such as the Central Provident Fund (CPF).

Since 2 November 2022, Prudential customers have been able to use SGFinDex through PRUAccess, our digital customer portal. They can also choose to do so via financial planning applications or websites of participating insurers, banks and digital tools such as MyMoneySense.

Customers can view their personalised Coverage Dashboard on PRUAccess, showing their insurance coverage and gaps across Health, Life, Wealth and Legacy. Customers also have the option to easily connect with a Financial Consultant at the touch of a button to fill these gaps.

The inclusion of insurance data adds to existing banking, investment and government data that individuals can retrieve via SGFinDex, making it easier for individuals to identify insurance protection gaps. Customers will thus have a more comprehensive view of their financial status and be able to make more informed financial planning decisions.



When customers sync their data with SGFinDex on PRUaccess, they will get a holistic view of their insurance coverage on their Coverage Dashboard. This allows customers to prioritise their needs and bridge any coverage gaps.

Improving the customer experience

PRURemote Advice: a popular online advisory and policy sales tool

Launched during the Circuit Breaker period in 2020, PRURemote Advice (PRA) is a video conferencing and e-signature tool for Prudential's financial consultants to sell remotely, so that they and their customers can remain safe. It allows for advisory and policy sales to be done online without having to physically meet in person.

45% of our sales were done remotely in 2022.

Instant underwriting

Customers now enjoy instant underwriting for more than 45 products. Instant underwriting enables us to perform real-time risk assessment on policy applications, and make instant underwriting decisions.

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. By reducing the steps and questions involved in the purchasing process, customers enjoy a better and more seamless experience.

Prudential's current auto underwriting rate is close to 75 per cent without human intervention, while 25 per cent of cases require review by an underwriter. This has reduced the overall load on our underwriters, who are able to channel their time and efforts to more complex cases.

Customers of our bancassurance partners such as United Overseas Bank (UOB) and Standard Chartered Singapore (Standard Chartered) are also benefitting from our improved digital efforts. Customers can now make their purchases digitally for over 18 products, ranging from protection to endowment products, rather than having to fill up and mail in application forms.

How Instant Underwriting Works

Customer + Financial Consultants + Bankers	Dynamic Questionaire	Premium Collection	Policy Issuance	SMS notification and e-documents

Digital payments

Digital payments have continued to be popular, being fast and convenient payment methods. 99 per cent of our premiums are collected digitally. Since 2021, PayNow has been the default payout method for all customers, who are able to get their payouts within two days upon approval. Customers can also make premium payments via 14 digital collection options including GIRO and PayNow.

Sales and servicing

We launched Call Back Assist (CBA) to reduce waiting times for our financial consultants and customers, who may dial in with queries during peak periods. Financial consultants who opt for CBA will automatically get a call back within two hours. User response has been positive, with many noting the reduced time spent in call queues and convenience afforded since the system automatically captures their contact numbers.

Talkbot: voice of the future

We introduced a talkbot named Grace in January 2022 to support customer interactions. A talkbot is a humanised voice AI bot that listens, understands and responds to customers with a hyper-realistic voice. It is trained to listen, understand and respond with empathy, allowing Prudential to retain the human aspect in customer interactions while going digital.

The talkbot makes servicing calls to customers to facilitate timely premium payments to ensure they stay protected. This gives our customer service team more time to focus their efforts on more complex tasks. Since its launch, the talkbot has successfully reached out to 65 per cent of customers with outstanding premiums. Over half (70 per cent) of them made payments to ensure their coverage was not impacted. This has meant that these premium payment reminder calls can be done concurrently by the talkbot and our call centre employees, thereby reaching more customers, more quickly.

We intend to expand the scope of the talkbot to provide more services for customers in time to come.

Video servicing

Our Customer Service Centre started offering video servicing for customers who were unable to visit the Centre in person in 2021, during the pandemic. Traditionally, the role of the Customer Service Centre has involved face-to-face interactions with customers over the counters. Video servicing was a new and convenient way for customers to reach us, and for us to understand their needs in a safe way, especially when there was a need for physical distancing as part of COVID-19 safe management measures.

We continued offering this service in 2022, to bring greater convenience to our customers. Our local and international customers are able to enjoy video servicing from the comfort of their own homes, at their own convenience. Video servicing remains popular, especially with customers aged 40 and below. An average of 80 video calls are made monthly, with customers rating the service very highly. We are looking to add more video servicing slots soon to cater to even more customers via this channel.

Improved Tele-Medical service

Customers who require medical examinations as part of their insurance application process now have access to new add-on services, as part of the expanded scope of the Tele-Medical virtual consultation service.

Tele-Medical allows customers to have a virtual consultation with a doctor for insurance medical examination purposes, done in the comfort of their homes. To add to the convenience of the Tele-Medical service, blood drawing and urine collection services are now available. A medically trained professional will visit customers' homes, with the necessary equipment, on their preferred date and time.

GROUNDBREAKING EXPERIENCES

SINGAPORE FINTECH FESTIVAL 2022

Into our sixth year as Grand Sponsor of the Singapore FinTech Festival (SFF), Prudential continues to show our support in fostering a culture of innovation, collaboration and co-creation among financial institutions.

In line with the 2022 SFF theme which focused on how the industry can stay viable, responsible and inclusive, we showcased how Prudential is innovating insurance to make health and wealth accessible and seamless through our digital solutions.

Themed PRULand, the booth had 3 themes – Digital District, Business Hub and Community Space – where we showcased the various initiatives under each pillar. Digital District was where key findings of the Digital for 100 research were presented, and where visitors could experience the Pulse app for themselves. At the Business Hub, visitors learnt about Prudential's enterprise solutions while the Community Space was where our Environmental, Social and Governance (ESG) efforts were displayed, along with TEE-Up, a platform created to cater to Gen Zs' career and financial needs.

PRUDENTIAL AT SFF 2022 IN NUMBERS

224
Prudential participants from Singapore and the region

Over **378,000**
impressions generated on the Prudential LinkedIn page

Participation in **26**
fireside chats, panels, Open Mic sessions, networking and engagement activities

19
Prudential speakers and panellists




Snapshots from the Prudential booth themed PRULand, where we showcased our digital, innovation and ESG initiatives in 3 areas – Digital District, Business Hub and Community Space.

Booth visit by Deputy Prime Minister and Minister for Finance, Lawrence Wong, where we shared how Prudential is innovating the future of insurance.



Senior leaders, Mark FitzPatrick (Group Chief Executive, Prudential plc), Solmaz Altin (Managing Director, Strategic Business Group, Prudential plc) and Dennis Tan (Managing Director, Strategic Business Group, Prudential plc, and CEO, Prudential Singapore) provided insights on financing climate change, embedded digital insurance, and opportunities in pension, insurance, and wealth.


At the Open Mic sessions, our Women in Tech - Angeline Alexander (Head, Pulse Ecosystem Business, Prudential Singapore) and Annabelle Kwok (Director, Regional AI (Asia and Africa), Prudential plc) – shared insights on engaging Gen Zs in the future of wellness, and thriving in Prudential where we promote diversity, inclusion and belonging.


Great turnout at the booth activities, including fireside chats and networking sessions, which took place throughout the three days at SFF to engage our people and the FinTech community.

GROUNDBREAKING EXPERIENCES

DIGITAL FOR 100

As part of Prudential's agenda in helping people live longer and more fulfilling lives, the Ready for 100 research series was developed in 2018 to understand how ready Singapore residents are to live to the age of 100. In 2022, we embarked on the sixth study of the series. Conducted by the Economist Impact, Digital for 100 is a two-part research on the role of digital tools in managing personal health and finance as well as supporting business operations and employees in the face of increasing life expectancy.

Digital for 100: Harnessing technology for longer lifespans

Our first report found that Singapore residents are growing more confident about their ability to live to 100. In every edition of our Ready for 100 research series, we would do a pulse check on how prepared Singapore residents are to live to 100 years old in terms of their health and wealth. In the 2022 survey of 800 Singapore residents, we found that 42 per cent of respondents are prepared for rising longevity from a health and wellness perspective (the highest figure in any of the surveys in this research series) while 54 per cent are ready from a wealth perspective.

42%

From a health and wellness perspective, 42% say they are prepared to live to 100 (vs. 31 % in 2021)

54%

From a financial health perspective, 54% say they are prepared to live to 100 (vs. 29 % in 2021)

Technology plays a significant role in supporting the longer life spans of Singapore residents, who see themselves as relatively proficient in using digital tools to improve or to monitor their personal and financial health. Our survey found that one in two Singapore residents (54 per cent) say that mobile devices and apps are the most important tools they have to help them live well for longer and get the most out of life. Respondents also noted that digital tools have helped them to better manage their bank accounts, pension (CPF), investments, and insurance needs.

Where financial technologies help most

Which of the following uses of digital technology are most important to your ability to look after your financial health as you age? Select up to three.

Managing your bank account(s)	61 %
Monitoring and managing your Central Provident Fund	36 %
Managing your investments	33 %
Personal financial planning	27 %
Purchasing health insurance or life insurance	25 %
Engaging in online work to augment your main source(s) of income	18 %
Interacting remotely with financial advisers or other financial professionals	16 %
Researching potential investments in real estate	15 %
Holistic management of your entire financial portfolio	14 %
Engaging in share-trading	12 %

Proficiency in the use of digital tools to improve or to monitor their personal and financial health

% of respondents describing their level of proficiency as "good" or "excellent" in using the following technologies.

Health

Wearable fitness trackers (eg devices to measure steps taken, distance covered, etc)	76 %
Mobile health apps (eg apps to check calorie intake, monitor physical activity levels, manage diabetes, etc)	73 %
Wearable health monitors (eg devices to measure heart rate, oxygen level, sleep, etc)	72 %
Mobile health apps (eg apps to track habits, manage anxiety levels, monitor moods, etc)	67 %

Finance

Mobile banking apps	85 %
Online banking websites	85 %
Financial health or management apps (eg apps to track spending, manage budgets, etc)	70 %
Interactive financial advice websites (to interact via chat, voice or video with a human financial professional)	63 %

Source: "Digital for 100: Harnessing technology for longer lifespans" report

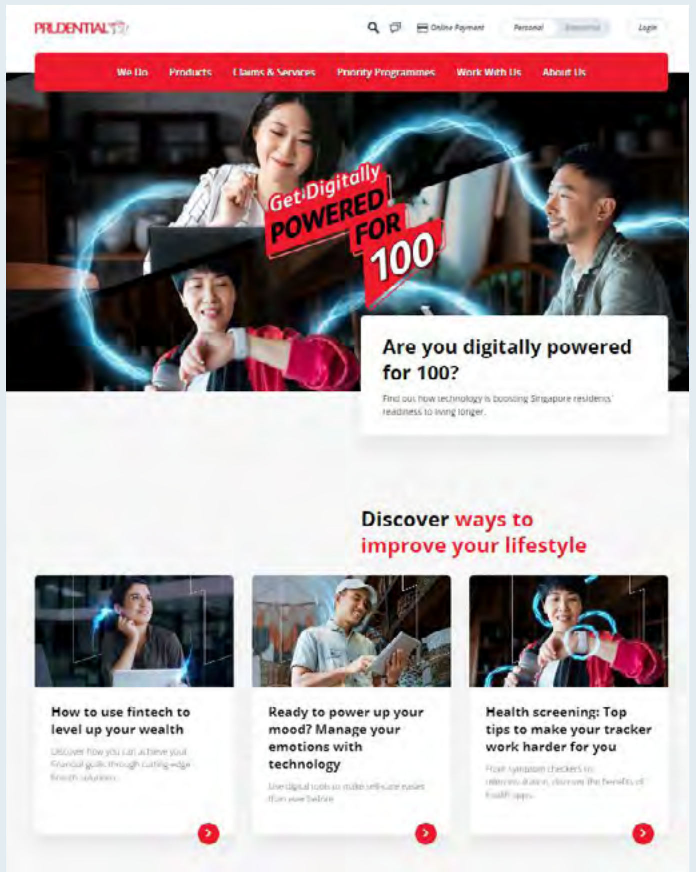
Pulse by Prudential to help individuals live well for longer

The trend from our research is unmistakable; Singapore residents are growing increasingly confident about living to 100 with the help of digital technology in their lives. As an insurer, we continue to help Singapore residents live well for longer and to get the most out of life with the help of digital tools. Through personalised AI-powered and data-driven insights from the Pulse by Prudential app, individuals can manage their overall health and wellness better.

(From left) George Kesselman, President & Founder, InsurTech Asia Association and Chief Commercial Officer, ZA Tech, Sopnendu Mohanty, Chief FinTech Officer, Monetary Authority of Singapore, Tomasz Kurczyk, Chief Information Technology Officer, Prudential Singapore, Parul Seth Khanna, Co-founder & Director, pinBox Solutions, and moderator Michael Waitze, Author at Asia Insurtech Podcast, exchanged ideas on using micropensions, digital wealth and insurtech to advance financial inclusion and health at Green Shoots.

Get Digitally Powered for 100

In October, Prudential launched the “Digital for 100: Harnessing technology for longer lifespans” report at Green Shoots, a platform organised by Elevandi (the Monetary Authority of Singapore’s non-profit entity) to nurture and grow new ideas within the FinTech industry. We also commenced an insights-led campaign that encourages Singaporeans and organisations to harness digital technology to power their lives and businesses, in line with our purpose of helping people get the most out of life.



As part of the Digital for 100 campaign, we launched a microsite with articles, infographics and videos that provide tips on using technology to live well for longer.

Digital for 100: Business, technology and fulfilling lives

In our first report, many Singapore residents see digital technology as a vital tool in reaching their goals for longevity and that some of the digital skills are developed in the workplace. This finding is echoed in our second report which surveyed 100 Singapore-based executives on how companies are using technology to support their operations and employee engagement.

Which of the following best describes your organisation’s use of digital technology?

58% — “Mostly” and “Thoroughly” digitised

24% — “Partially” digitised

18% — “Not very” and “Not” digitised

While digitalisation has progressed far among businesses in Singapore, it is proceeding at different speeds, and many organisations are lagging. The smaller the organisation, the less digitalised it is likely to be. One in three (30 per cent) respondents working in small and medium-sized enterprises (SMEs) say digital technology underpins most or all its business processes and operations. This number is nearly three times higher (86 per cent) for those working in large firms.

Respondents who describe their organisations as “mostly or “thoroughly” digitised

86% — Large enterprises (201 or more employees)

30% — Small and medium-sized enterprises (Between 10 and 200 employees)

SMEs surveyed said that the primary reason for not digitalising to a greater degree was a lack of budget. The silver lining is that SME respondents also indicated that their organisations plan to invest in and develop advanced capabilities such as data analytics, blockchain and product/service personalisation in the next two years.

Despite the disparity in technology adoption within workplaces, employers see the benefits of helping employees use digital technology in their personal lives. This includes better talent retention, brand reputation and employee engagement.

Digital skills obtained in the workplace can help employees improve in their professional and personal lives

Nearly nine in 10 executives believe that the digital capabilities their employees have developed at work have helped to **improve their work-life balance**, as a result of increased productivity and flexibility

Seven in 10 executives believe that their employees have used digital capabilities honed at work to **advance their career development**

Six in 10 executives believe these digital skills have also helped **improve employees’ health and wellness**

Prudential’s digital initiatives for businesses

With the plethora of benefits that businesses can reap from digitalisation, Prudential Singapore offers corporate customers and their employees the digital solution, Business@Pulse, to manage their group insurance and employee benefits more conveniently. Prudential has also established tie-ups with Ngee Ann Polytechnic and ST Engineering to boost digitalisation efforts and business growth in companies, especially SMEs. These partnerships will deliver trainings and webinars on digitalisation and cyber security to help SMEs in their business transformation.

INNOVATIVE IN HEALTH AND WEALTH

HEALTH

Partnering people in their HEALTH AND WELLNESS JOURNEY

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 2022, our Digital for 100 research examined the role that technology will play as people aspire to live longer and more fulfilling lives. Undeniably, technology has an impact on how Singapore residents manage different aspects of their life as they age, and how companies plan to meet the digital demands of their employees. For more information on Prudential's Digital for 100 research, please refer to page 24.

To support people in their health and wellness journey, Prudential is harnessing technology to make health more accessible and affordable through innovative and digital solutions, which includes Pulse by Prudential (Pulse), our digital health and wellness app.

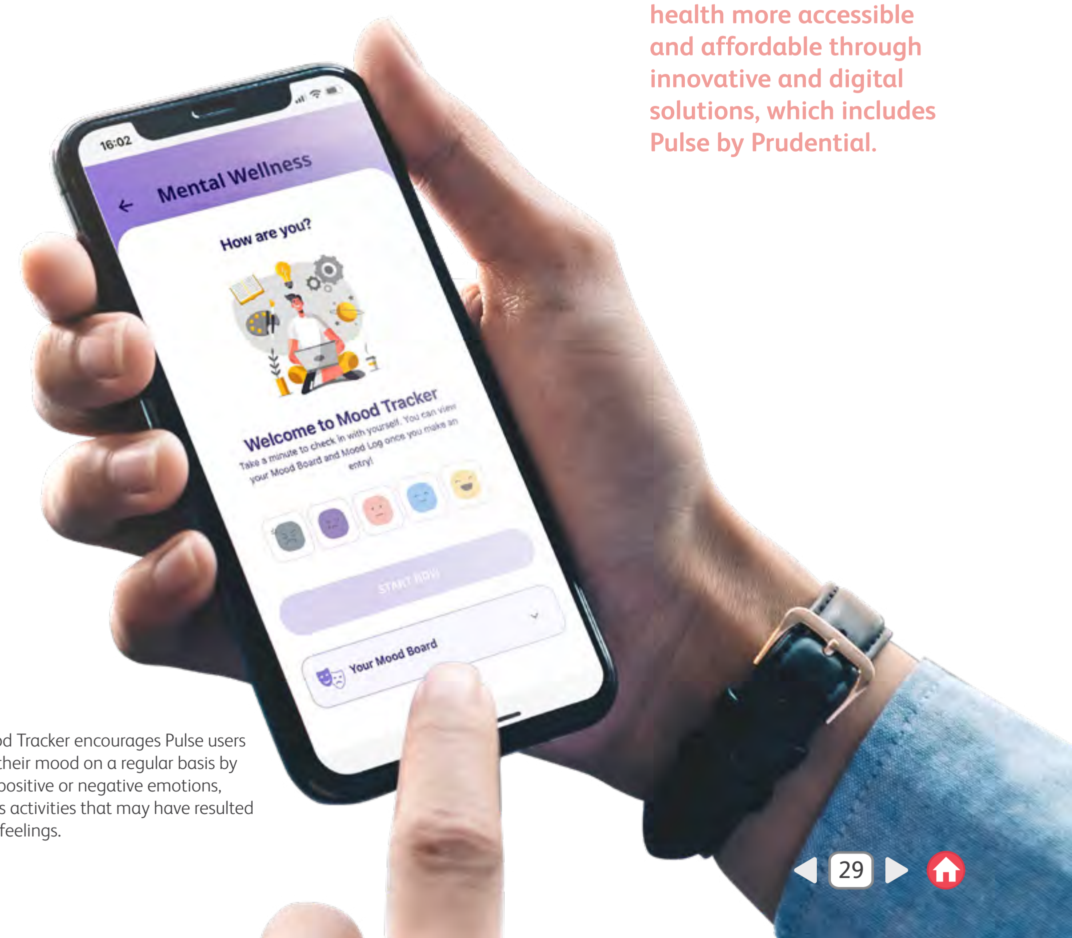
Making health and wellness more accessible with Pulse

In 2022, we continued to roll out new Pulse features that empower people to take charge of their health – both physically and financially.

In March, we introduced a mental wellness feature which comprises a mood tracker, self-awareness quizzes and curated content. It provides Pulse users with tools and information to better manage their mental health. In November, we presented the Prudential Singapore Jewel Christmas Tree and Calming Ocean tunnel at Jewel Changi Airport, where visitors can do a mood check-in via the Pulse app amid the year-end festivities.

pulse by Prudential

Prudential is harnessing technology to make health more accessible and affordable through innovative and digital solutions, which includes Pulse by Prudential.



The Mood Tracker encourages Pulse users to track their mood on a regular basis by logging positive or negative emotions, as well as activities that may have resulted in those feelings.

We also enhanced the goal-setting feature (Grow My Wealth) in March to help Pulse users estimate their target goal amount and suggest the monthly contribution amount required to achieve it.

In August, we launched the Challenge Your Pulse walk-run-ride challenges to motivate everyone to stay active. Every week, participants could join a different challenge and earn points to redeem rewards on the Pulse app. This was followed by the Corporate Challenge in October where participants were encouraged to get active with colleagues and earn points as a team. The points can be used to redeem gift vouchers on Pulse Rewards, a rewards programme for Pulse users who participate in various challenges or campaigns.

For more information on Pulse features, please refer to page 64.

ENCOURAGING PEOPLE TO LIVE A HEALTHY LIFESTYLE

1 Mindfulness Walk
A great idea for a family fitness outing!
19 - 25 August

2 Food Trail
A day trip to work out while eating out with friends.
26 August - 1 September

3 Green Singapore
A refreshing exploration of the island's lush greenery.
2 - 8 September

4 Merlion Hunt
A visit to our Merlion friends and celebrate the 50th Birthday of Singapore's official mascot!
9 - 22 September

5 Ultimate Pulse Challenge
A scenic thrill for avid cyclists and the adventurous.
23 - 29 September

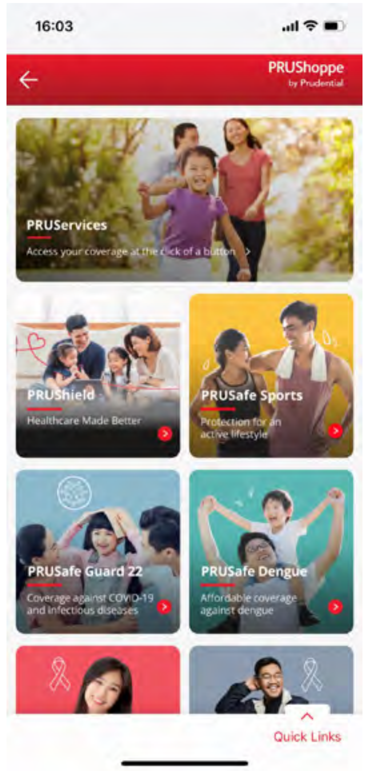
Providing affordable and easy access to protection

Through the Pulse app, users can also buy affordable microinsurance plans with just a few clicks. This year, we introduced two new bite-sized products: PRUSafe Sports (covers accidental injuries such as bone fractures for 12 months) and PRUSafe Guard 22 (against COVID-19 and 21 other infectious diseases for 6 months).

We also extended our complimentary PRUSafe COVIDCover insurance plan to children and youth aged 5 to 17 years old, which will cover them for hospitalisation due to side effects arising from COVID-19 vaccinations.

In October, customers could also purchase PRUAssure Rewards, a three-year single premium participating endowment plan with no medical underwriting required, via Pulse.

Since August, eligible PRUPanel Connect (PPC) policyholders can also access their eCard through the Pulse app. They can present the eCard together with their Identity Card at any participating PPC private hospitals or specialist clinics to get exclusive benefits such as cashless services up to S$30,000 and pre-authorisation benefits. In addition, the eCard is downloadable from PRUaccess and Prudential's corporate website.



A range of microinsurance plans are now available for purchase via PRUShoppe on Pulse.

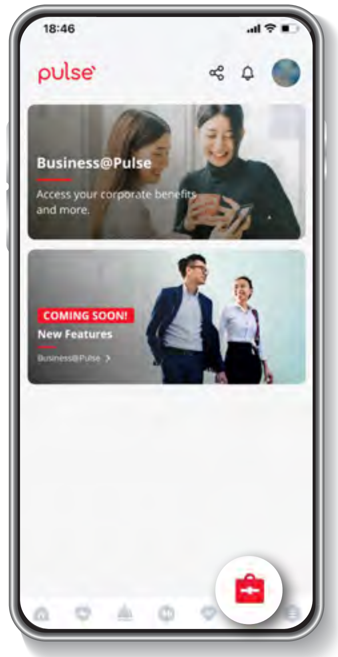
For more information on bite-sized insurance products, please refer to page 66.

Nurturing a healthier and more productive workforce

In August, we launched Business@Pulse, a digital solution for employee benefits and wellness needs, for our enterprise customers. This is part of our drive to digitally empower businesses, particularly small and medium-sized enterprises (SMEs) and their employees, to thrive in the future of work.

Business@Pulse simplifies access to employee benefits, provides a seamless claims experience and offers value-added services. Employees can get a consolidated view of their group insurance policy details (eg types of coverage they are entitled to), benefits and their coverage for specific items (eg annual limits for surgery and hospitalisation). They can submit claims on-the-go by uploading a photo of their medical bill and view their claim status on the Pulse app.

Through Business@Pulse, employees of Prudential's corporate customers will also be able to utilise the existing health and financial wellness resources on the Pulse app. Together with our WorkPLAYce wellness programme, it will help our enterprise customers to nurture a healthier and more productive workforce.



Business@Pulse enables our enterprise customers and their employees to conveniently manage their group insurance benefits. This digital solution streamlines the insurance and claims experience, and provides access to health and wealth resources within the Pulse app.

Providing affordable healthcare with PRUShield

In 2022, we rolled out a total of nine enhancements and new benefits for PRUShield plans and riders to provide the best coverage to our Integrated Shield Plan (IP) customers. This includes a first-in-market Refresh Benefit, where customers can claim from their policy for a different illness[1] even after the limit is reached within the same policy year.

To ensure that healthcare remains affordable, we did not increase premiums for our CoPay riders and for PRUShield customers aged 71 and above, during our premium revision exercise in April.

As part of an initiative by the Multilateral Healthcare Insurance Committee, appointed by the Ministry of Health, we introduced the Extended Panel benefit to our PRUExtra policyholders[2] in June. This initiative enables customers to enjoy access to a wider choice of specialists who are on the panels of other IP insurers, on top of PPC's existing panel and supports better continuity of care for patients.

[1] For unrelated medical conditions in the current policy year.

[2] Extended Panel is applicable to PRUExtra Premier, PRUExtra Premier CoPay, PRUExtra Preferred CoPay, PRUExtra Plus CoPay, PRUExtra Premier Lite CoPay and PRUExtra Plus Lite CoPay customers via pre-authorisation on a case-by-case basis.

Providing better healthcare support

PRUPanel Connect

- We strive to provide an integrated and sustainable healthcare journey to help our customers live well. With our PPC hospital partnership programme, we have been providing value-added services to our customers since 2019.
- More than 700 public hospital specialists and over 500 private hospital specialists are listed as panel specialists under the PPC programme.

More than **700** public hospital specialists — **PPC programme** — More than **500** private hospital specialists

- The Chronic Care Management Programme (CCMP) was launched in 2022 for PPC policyholders, with an aim to improve the level of care for chronic conditions and to reduce associated medical costs.
- Under the CCMP, policyholders who are newly diagnosed with Diabetes Mellitus have access to a Diabetes Care Programme (DCP).
- They can make an appointment via Prudential's website[3] to get their free Blood Sugar Test, Blood Pressure and Body Mass Index (BMI) Assessment at 33 Raffles Medical clinics islandwide.
- In line with the Health Promotion Board's Diabetes Prevention Programme guidelines, the DCP programme provides affordable and comprehensive treatment for customers covering various aspects of Wellness, Diabetic Counselling, Foot and Retina Screenings, treatment and standard medications for six months. Singaporeans and Permanent Residents can co-pay for DCP using MediSave.

[3] www.prudential.com.sg/ppc-ccmp

INNOVATIVE IN HEALTH AND WEALTH

HEALTH

TOUR DE FRANCE PRUDENTIAL SINGAPORE CRITERIUM

Helping people get the most out of life has always been important to Prudential, and one way is to encourage everyone to be more active.

Prudential Singapore, as the Title Sponsor and Official Wellness Partner for the inaugural Tour de France (TDF) Criterium in Singapore, hosted the first-ever Tour de France Prudential Singapore Criterium in Southeast Asia. The TDF is the next largest sporting event in Singapore after the Formula 1 Singapore Grand Prix. Our title sponsorship of the TDF Prudential Singapore Criterium in October is one way in which Prudential is helping Singaporeans lead healthier lifestyles and get the most out of life through sports and wellness.

Cycling is not new to Prudential. We previously supported the Prudential RideLondon cycling festival in 2019, which drew over 100,000 rides and raised £11.5 million (S$18.4 million) for charity. Cycling is an accessible and sustainable sport which has gained increasing popularity in Singapore since the pandemic, and even more so with the expansion of cycling paths and infrastructure to make it easier to cycle around the island. The TDF cycling festival brought together top Tour de France cyclists and Team Singapore cyclists such as Yeo Boon Kiak to compete in races, as well as various activities for the public to take part in and be inspired to get active. TDF participants in the main events were also covered by Prudential Singapore's Race Day insurance plan.

James Turner, Group Chief Financial Officer, Prudential plc together with Dennis Tan, CEO, Prudential Singapore and Goh Theng Kiat, Chief Customer Officer, Prudential Singapore, before the start of the race.

32 of the top Tour de France riders raced on a specially designed street circuit around Marina Bay in Singapore

2 Days

More than **10,000** attendees over two days

Over **30** international and **17** local publications covered the event

Multiple activities were held for participants and cycling enthusiasts, such as the Prudential City Discovery Ride, where 40 participants were invited to join a peloton on a scenic 40-kilometre route to West Coast Highway and back. Pro-riders Simon Clarke, Hugo Houle and Guillaume Boivin from Israel Premier Tech, a professional cycling team, were present to welcome the participants back at The Float @ Marina Bay.

James Turner, Group Chief Financial Officer, Prudential plc, with participants and professional riders from Israel Premier Tech - Simon Clarke, Hugo Houle and Guillaume Boivin at the Prudential City Discovery Ride.

Another notable activity was the PRURide Seeker's Society aimed at creating and building a community of like-minded individuals, to help cyclists become better riders. PRURide Seeker's Society members were invited to a series of complimentary cycling clinics, designed and held in partnership with the Singapore Cycling Federation (SCF). These clinics were led by professional coaches and athletes from SCF to help cyclists improve as athletes and be race-ready for the special Prudential Criterium during the race weekend.

Members of the PRURide Seeker's Society getting hands-on training at a clinic led by professional coaches and athletes from the Singapore Cycling Federation.

Dennis Tan, CEO, Prudential Singapore, James Turner, Group Chief Financial Officer, Prudential plc and the Prudential leadership team together with TDF cyclists Mark Cavendish, Chris Froome and Jonas Vingegaard.

An exclusive athlete meet and greet was held on 29 October with Prudential's leadership team, employees, financial consultants, bank partners and media. Top Tour de France cyclists Mark Cavendish, Chris Froome and Jonas Vingegaard (TDF 2022 Yellow Jersey Winner) attended the session. The activities culminated in the final Tour de France Prudential Singapore Criterium which took place from 29 to 30 October 2022, where cycling enthusiasts got to see the cycling stars in action.

The two-day weekend event saw a strong crowd of international participants, cycling enthusiasts and athletes. Reigning 2022 Tour de France Champion Jonas Vingegaard won the Criterium, with Chris Froome and Vincenzo Nibali coming in second and third respectively.

INNOVATIVE IN HEALTH AND WEALTH

WEALTH

HIGH NET WORTH AND AFFLUENT

The population of ultra high net worth individuals (UHNWIs) in Singapore is predicted to nearly triple by 2026[1]. This further cements Singapore's position as a wealth hub for high net worth individuals (HNWIs). Prudential has tailored programmes in place to engage and meet the evolving needs of the growing number of HNWIs in Singapore.

Opus by Prudential

Opus by Prudential (Opus) offers a dedicated approach to wealth management and legacy planning, comprising well-designed financial solutions, expedited services, access to value-added professional services and exclusive privileges. In the past year, our HNW segment APE grew by over 30 per cent to reach S$253 million.

We have 245 Private Wealth Consultants (PWCs) trained to support the growth of the high net worth (HNW) segment. PWCs are well-versed in understanding the unique needs of HNWIs, and receive dedicated resources to upskill themselves so that they can better serve the needs of HNWIs. This year, we added family office advisory to our value-added services panel which includes legal and estate planning, fiduciary and trust services, tax and business advisory, and legacy giving. This provides customers with a comprehensive suite of wealth management solutions to meet their long-term wealth goals across generations.

In 2022, we completely digitalised the Opus loyalty programme so customers can access their privileges such as welcome and birthday gifts more quickly and conveniently on the web. At the same time, we brought back in-person events to show our appreciation to customers and to further strengthen our relationship with them. Organised in partnership with fund partners, we invited selected HNW customers and guests for a gastronomic experience uniquely crafted by renowned local chef Sam Leong and his family of chefs. Guests enjoyed a specially curated meal prepared by three generations of the Leong family and learnt what sparked the Leong family's love for food. The Leongs also shared how this legacy was passed on through the generations in the family. Our fund partners shared updates on the market outlook and the newly launched PRUVantage Wealth, a plan that is designed to support HNW customers in their legacy planning journey.

Chef Sam Leong and his family members sharing their love for food and how this legacy was passed on through the generations.

Prudential Singapore's High Net Worth segment team with Chef Sam Leong and his family members.

Ascend by Prudential

Ascend by Prudential is our customer loyalty programme designed to reward and support our affluent customers.

This year, we introduced an additional value-added service, Silver Care, focusing on long-term care needs of the elderly. Through the programme, Ascend customers receive exclusive discounts and promotions with long-term care partners from the fields of traditional Chinese medicine, medical supplies and physiotherapy. We also hosted a webinar featuring experts from the field of eldercare and finance to share about the evolving needs of the aging population and how to provide financial care for elderly parents. Customers can also access curated content on the Ascend website to understand the different stages of eldercare.

[1] The Ultra High Net Worth Individual population in Singapore is predicted to grow by 268% by 2026.
Source: https://www.knightfrank.com/wealthreport/

Prudential has been supporting SMEs in growing and sustaining their business for many years. Not only do we provide affordable and comprehensive protection to SMEs and their employees, we also enable them to remain competitive and relevant in the digital economy through our SME Skills Accelerator (SSA) programme.

Employees of Prudential's corporate customers interacting with the Prudential corporate team members, and learning about the importance of health and wellness at WorkPLAYce Fest events at our corporate customers' offices.

ENTERPRISE BUSINESS

Prudential's Enterprise Business (EB) segment continues to deliver innovative solutions and initiatives to help meet organisations' needs in the group insurance space.

In 2022, the EB segment achieved S$96 million Annual Premium Equivalent (APE), which was 17 per cent higher compared to the previous year. We currently serve more than 2,900 companies and 218,700 of their employees. Our corporate customers range from large multi-national corporations to small and medium-sized enterprises (SMEs).

To help us support enterprise customers better, more than 4,000 financial consultants have undergone customised trainings on topics such as the needs of corporate customers, and how to engage them.

To address heightened awareness on the need for protection against infectious diseases, we launched PRUPersonal Accident Lite II (PRUPal II) in January. This is a complimentary personal accident policy that provides financial protection against accidental death, accidental dismemberment, as well as infectious diseases such as dengue and hospitalisation due to COVID-19. It is available exclusively to all eligible insured employees of companies which have a group policy with Prudential Singapore.

We also launched WorkPLAYce Fest in August, an enhancement to WorkPLAYce by Prudential, a corporate wellness programme to help the Singapore workforce stay healthy and productive and help Prudential's corporate customers make holistic wellness a core part of their corporate culture. WorkPLAYce Fest aims to help raise awareness on the importance of health and financial wellness through gamified booths at our corporate customers' offices. More than 500 insured employees have been actively engaged to date.

Digital technology also plays a key role in how we support corporate customers. We launched Business@Pulse on the Pulse app which allows corporate customers and their employees to easily manage their group insurance needs through an app at any time, and from anywhere. The app is available to Prudential's enterprise customers who can use it to view their benefits, submit and view their claim status conveniently.

Prudential has been supporting SMEs in growing and sustaining their business for many years. Not only do we provide affordable and comprehensive protection to SMEs and their employees, we also enable them to remain competitive and relevant in the digital economy through our SME Skills Accelerator (SSA) programme. To help drive business growth, SMEs can access curated training programmes and networking events as part of the SSA. They will also receive skills advisory support from a dedicated Skills Manager who partners them to identify areas for skills development and customise suitable skills solutions that are funded by Skills Future Singapore (SSG), to meet those needs. The Skills Manager works alongside a team of Skills Ambassadors – Prudential's financial consultants – who are trained and equipped with knowledge on SkillsFuture initiatives to engage SMEs who join the SSA programme. This is part of our Queen Bee partnership with SSG which began in 2020. In 2022, we extended our partnership with SSG for another three years till December 2025.

S$96m
Annual Premium Equivalent (APE)

more than
4,000
financial consultants have undergone customised trainings

Our efforts to innovate and help our corporate customers and their employees get the most out of life are recognised by the industry, with awards won in the **"Best Employee Insurance Provider (Silver)"** and **"Best Response To COVID-19 (Silver)"** categories at the **Human Resources Online HR Vendors of the Year 2022 Awards.**

PRUDENTIAL POLL: 9 IN 10 SME EMPLOYEES WANT EMPLOYERS TO PROVIDE MEDICAL BENEFITS

Small and medium-sized enterprises (SMEs) are an important pillar of the Singapore economy, accounting for 99 per cent of businesses in Singapore and employing 70 per cent of the workforce.[1] However, they often lack access to the resources they need to transform their businesses. To understand more, Prudential Singapore commissioned a poll in April 2022 to explore the needs and challenges of SMEs in the area of medical and employee benefits.

The poll surveyed **1,029 SME employees and business owners** aged 18 and above who work in SMEs with one to 200 employees.

Responses for the online poll were collected in April 2022.

KEY FINDINGS FROM THE POLL

Medical benefits[2] and its importance to employees' overall wellbeing and success at work

9 in 10 SME employees said that it should be a priority for companies to provide medical benefits fortheir employees.

Almost **40 per cent** are more likely to stay in a company that provides medical benefits.

However, **13 per cent** said that their company does not offer any medical benefits.

60 per cent are more willing to join a company that provides medical benefits.

Almost **half** see companies that provide medical benefits as a caring employer.

Employee benefits[3] are also top of mind for SME employees

85 per cent of SME employees said that it is a priority for companies to provide employee benefits.

2 in 5 are more likely to stay in a company that provides the same benefits.

3 in 5 are more willing to join a company that provides employee benefits.

34 per cent of SME employees said that their company does not offer any employee benefits.

When asked why their company does not provide medical and employee benefits, most respondents cited small company size and high cost of group insurance.

SME employees acknowledge the need for digitalisation

- **Four in five** SME employees agreed that digital transformation is an important factor for business survival.
- **One in five** are more willing to join a company that prioritises digitalisation.
- However, just **21 per cent** said that their company is already digital. They face challenges such as lack of talent with digital skills, high cost, and lack of training opportunities to do it effectively.
- The good news is, **64 per cent** say that their company intends to undergo or is on the road to digital transformation. Steps being taken to digitalise include automation of processes and trainings for employees to enhance their digital skills.

How SMEs manage company benefits – challenges and needs

- **One in three** SME employees said that their companies do not have a dedicated HR team to take care of medical and employee benefits.
- They shared that they cannot easily find information about their benefits, with **one in four** saying that their company manages their benefits through email.
- **Top three** features that are important in a tool for managing their benefits:
  - o Summarises all my benefits in one place
  - o Available on mobile app
  - o Ability to track employee claims

[1] https://www.singstat.gov.sg/modules/infographics/-/media/Files/visualising_data/infographics/Economy/singapore-economy30042021.pdf
[2] This refers to coverage for in-patient and outpatient medical expenses. Examples of medical benefits in the poll include coverage at GP clinics and hospitalisation.
[3] Employee benefits refer to flexible benefits such as company-sponsored trainings, e-vouchers, and wellness initiatives (for example, fitness classes).

PRUDENTIAL POLL: THE GREAT RESIGNATION SEES ONE IN FIVE SINGAPORE RESIDENTS DELAYING RETIREMENT BY SIX YEARS

The Great Resignation, also known as the Big Quit and the Great Reshuffle, saw employees voluntarily resign from their jobs en masse. The trend started in early 2021, in the wake of the COVID-19 pandemic, with some choosing to take career breaks. How has The Great Resignation affected Singapore residents, and in particular, their preparedness for retirement and financial planning? Are they really placing more importance on work-life balance and job satisfaction by taking career breaks, even at the risk of delaying retirement?

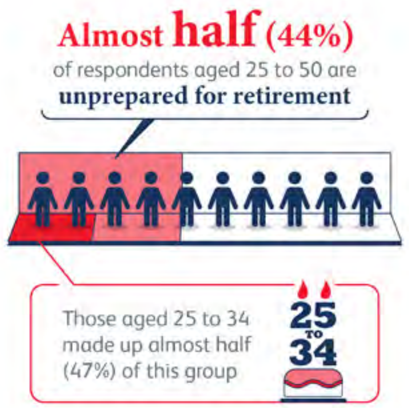
Delaying retirement

In April 2022, Prudential Singapore commissioned a poll to explore the impact of The Great Resignation on retirement and financial planning among 1,000 Singapore residents who had resigned or intended to leave their jobs.

It found that one in five respondents said they have had to push back their retirement by six years – from the originally planned age of 58 to 64.

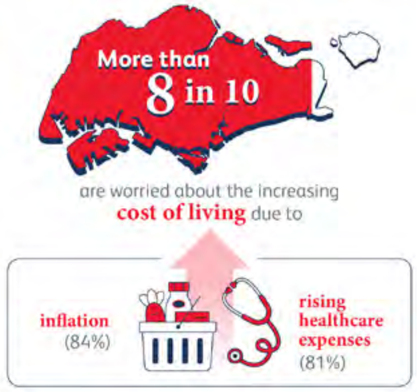
Unprepared for retirement

The poll also found that almost half of the respondents (44 per cent) aged 25 to 50 are unprepared for retirement, with those aged 25 to 34 making up 47 per cent of this group.



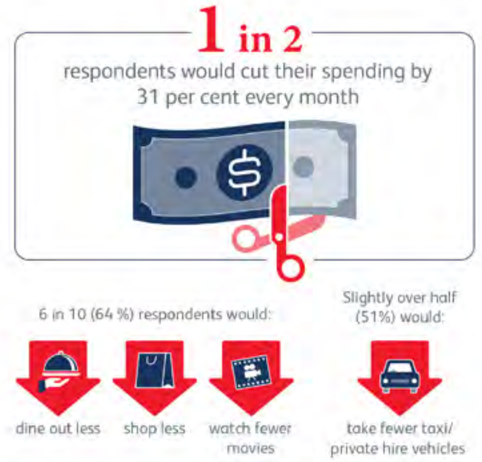
Rising costs

Rising costs also weighed on respondents' minds. More than eight in 10 respondents were worried about the increasing cost of living due to inflation (84 per cent) and rising healthcare expenses (81 per cent).



Managing the financial impact

To manage the potential financial impact of resigning, respondents intended to reduce their spending by 31 per cent every month. 6 in 10 respondents (64 per cent) said they would adjust their lifestyles by dining out, shopping, and watching movies less frequently. Slightly over half of the respondents (51 per cent) said they would take fewer taxi or private hire vehicles.



Why did people still want to or plan to leave their jobs despite the adverse financial implications? One in two (52 per cent) of those who have resigned said they no longer felt engaged at work. Other factors include seeking better career prospects (38 per cent), taking a break for mental wellness (34 per cent) and toxic work environments (34 per cent).

Diversification is the name of the game

When it comes to funding for retirement, Singaporeans mainly depend on Central Provident Fund (CPF) and bank savings, as evidenced by findings in the poll. More than 7 in 10 respondents (73 per cent) listed CPF savings as their top source of retirement income.

The difference between those who are prepared for retirement and those who are not lies in the diversification of their financial portfolio.

68 per cent of people who are confident of having enough to retire said they invested in shares, bonds and Exchange Trade Funds (ETFs), and 46 per cent have insurance. On the other hand, only half of the people who are unprepared for retirement have investments, while 36 per cent have insurance.

NURTURING INNOVATION

Successful innovation involves the participation of many different stakeholders, including those from outside Prudential. These collaborations and partnerships with companies and the community will help drive the development of more creative solutions for our customers.

From left: Jolene Chen, Group Human Resources Director, Prudential plc, Lee Boon Huat, Group Chief Digital Officer, Prudential plc, Mark FitzPatrick, Group Chief Executive, Prudential plc, Magdalene Loh, Head of Innovation, Prudential Singapore and Dr Raj Kumar Ganeson, Chief Executive Officer, UCSI Consulting Group at the launch of TEE-Up at the Singapore Fintech Festival 2022.

TEE-Up

TEE-Up, or Talent Engagement Ecosystem, is a platform to drive co-creation with Gen Zs, Institutions of Higher Learning and other ecosystem partners like Synfindo which runs the APIX,[1] and the People and Career Development Association. The first prototype was shared at the Singapore Fintech Festival 2022.

The platform currently features events and courses as well as career listings, and will expand to include other useful resources on adulting curated for Gen Zs. This caters to Gen Zs' interest in growing their wealth through their jobs and wise investments. TEE-Up also provides a holistic support structure for both short- and long-term career and wealth opportunities which are important factors for Gen Zs when they look to build their financial and career goals.

Prudential Young Trailblazers Global Edition

Since the launch of the Prudential Young Trailblazers programme in 2018, we have been engaging tertiary students in Singapore to drive innovation in the areas of wealth, health, and insurance, for the community. Outstanding student participants also go on to take on internships or full-time roles at Prudential after graduation.

In 2022, we introduced a university category for Prudential Young Trailblazers and brought this to a global audience. A total of 18 teams representing 17 nationalities participated in the Prudential Young Trailblazers programme in 2022. They shared ideas such as financial literacy board games to raise awareness on financial wellbeing, as well as leveraging the internet of things to achieve better health outcomes. Prudential is currently working with six of the teams to prototype and ascertain product-market fit for their solutions.

Microsoft Code Without Barriers

Prudential also partnered with Microsoft to encourage greater diversity within our technical talent pool by providing our colleagues with training and certification programmes in cloud, data and artificial intelligence, as well as the opportunity to build useful functions using low code or no code citizen developer tools. This is a gender-inclusive programme, with a focus on nurturing the growth of women in technology and creating a strong and diverse ecosystem of talents in Prudential.

At the MOU signing between Prudential and Microsoft, with Jolene Chen, Group Human Resources Director, Prudential plc (middle), and Lee Boon Huat, Group Chief Digital Officer, Prudential plc (sixth from left), Sandy Gupta, Vice President for Sales, Marketing and Operations, Microsoft Asia Pacific (sixth from right) and Paul Carvouni, General Manager, Solution Sales, Microsoft Asia Pacific (fifth from right).

[1] APIX is a global, open-architecture platform that supports financial innovation and inclusion in ASEAN and around the world. It is an initiative of the ASEAN Financial Innovation Network (AFIN), a not-for-profit entity that was jointly formed by the Monetary Authority of Singapore (MAS), the World Bank Group's International Finance Corporation (IFC) and the ASEAN Bankers Association.

BEST IN CLASS PEOPLE
AGENCY

BUILDING A FUTURE-READY AGENCY

In 2022, we continued to invest in the professional development of our more than 5,000 financial consultants.

5,077 agency leaders and financial consultants clocked **over 260,000 training hours**, achieving an average **51 hours of Continuous Professional Development training per financial consultant**.

About **400 instructor-led programmes** and close to **1,400 courses** organised for agency.

To enable a future-ready agency, we remain invested in upskilling our financial consultants to help them attain higher levels of productivity and professionalism. 96 per cent of our financial consultants, including new joiners who have completed Prudential's Financial Consultant Induction Programme, have obtained the Institute of Banking and Finance (IBF) Qualified (Level 1) certification. We also encourage our financial consultants and agency leaders to pursue IBF Advanced Level 2 and 3, and 426 of them have achieved certification as of 2022.

We launched an agency leader learning roadmap to equip our agency leaders with skills for successful agency management and to work towards the Chartered Insurance Agency Manager (CIAM) designation. As of 2022, 17 agency leaders have achieved CIAM, an international educational achievement for managers in the financial services industry.

With Singapore's growing role as Asia's wealth hub, we developed a three-tier High Net Worth (HNW) training roadmap, HNW Skill Up Series, to equip our financial consultants with the necessary skillset and knowledge to better serve the HNW segment. In 2022, 1,048 financial consultants have completed level 1 (HNW Introduction), 304 have completed level 2 (HNW Planning Concepts), and 21 have completed level 3 (HNW Certification).

We also continued growing our agency, recruiting more than 770 financial consultants in 2022. We continued to tap on PRUVenture, a 12-month training and development programme coupled with transition allowance for 24 months, to attract mid-career professionals with sales and management experience to join us. The PRUProtégé programme, a financial literacy workshop for undergraduates and fresh school leavers, also served as a touchpoint to cultivate their interest in finance and a career in financial advisory. To attract more individuals who are interested in pursuing a career in insurance, we introduced PRUEncore in 2022, an initiative which enables our agency leaders to engage potential re-entrants to the workforce through targeted content tailored for them.

More than 3000 financial consultants came together for our agency Final Sprint in 2022, where we heard from our leadership team and agency leaders to motivate everyone for a strong closing in 2022.

Our MDRT Journey

We have a strong Million Dollar Round Table (MDRT) culture in Prudential which focuses on building a premier agency that is both productive and professional. One in four mentees under our MDRT mentorship programme were first-time MDRT qualifiers. Seven per cent of this cohort achieved more than three times the MDRT production levels to meet Court of the Table (COT) and Top of the Table (TOT) qualifications. Through this programme, our financial consultants are supported by MDRT mentors to achieve their MDRT goals.

1,251
MDRT Qualifiers in 2022

64 TOT
151 COT
Qualifiers in 2022

346
First Time Qualifiers in 2022

22.8%
increase in Qualifiers from 2021

81.7% of 2021 Qualifiers repeated their MDRT success in 2022

Ready for a Digital Future

In view of customers' changing habits and recognising the evolving skills needed for digital engagement with them, we launched the Prudential Goes Digital programme to increase customer activity and engagement. Through a series of courses, our financial consultants learn to engage their customers digitally at every touchpoint of the sales process. More than 500 financial consultants have benefitted from these courses, which cover the digital aspects of branding, prospecting, nurturing, conversing, closing and servicing.

BEST IN CLASS PEOPLE

PARTNERSHIP DISTRIBUTION

INNOVATING PARTNERSHIPS FOR THE FUTURE

Strengthening our bancassurance relationships

We continue our strong collaboration with our exclusive bancassurance partners United Overseas Bank Group (UOB) and Standard Chartered Bank (SCB) to serve the needs of their customers.

Launch of PRUBusiness Continuity to UOB Business Banking Clients to protect their businesses

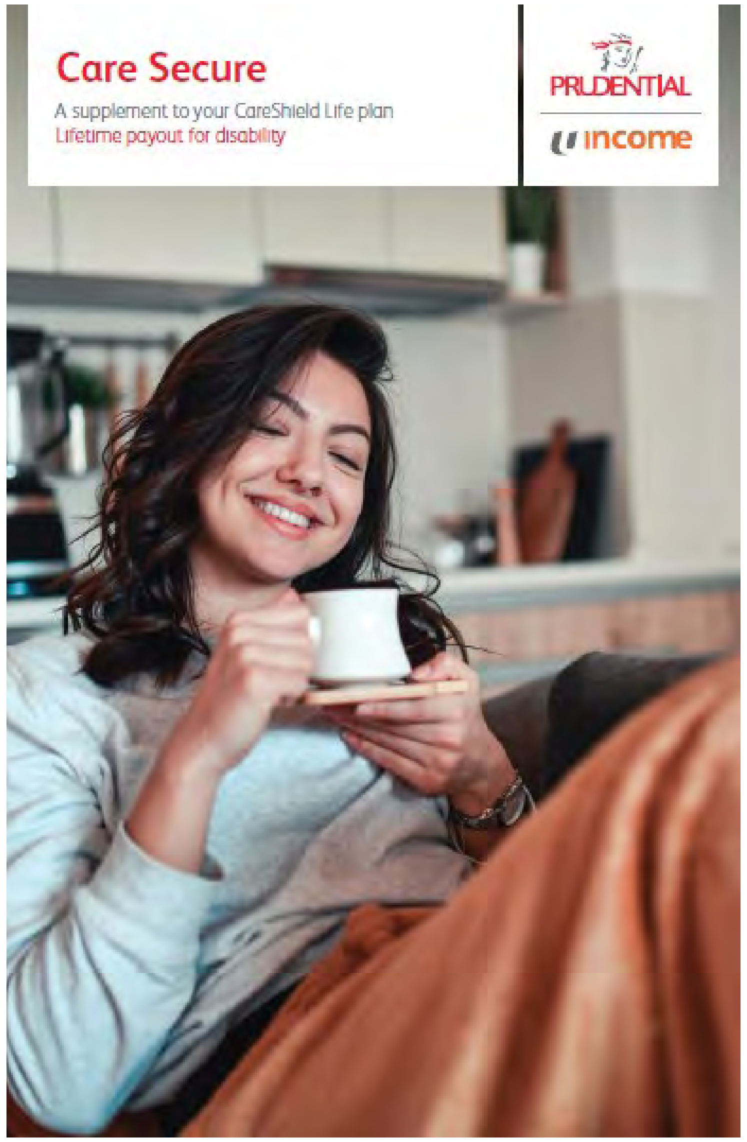
In April 2022, we partnered UOB to come up with a new product, PRUBusiness Continuity, for their Business Banking clients. This product is designed to help the bank's corporate clients protect their short-term liabilities in the event of death, terminal illness or total and permanent disability, and they only need to answer three simple health-related questions. We also collaborated with UOB on the development of a brand video, "Protecting your dreams", to raise awareness on the importance of protection.

With SCB, we focused on building their investment-linked product suite to serve the wealth accumulation and protection needs of their customers. Prudential's latest ILPs were also made available to meet the needs of the different customer segments at SCB. PRUVantage RetireCare was onboarded in June to cater to customers who are looking at having both medical protection and wealth growth in the same retirement solution, and PRUVantage Wealth in December for the affluent segment who are interested in wealth accumulation.

We launched PRUAssure Rewards, a single premium endowment plan, on both banks' digital touchpoints to provide customers with easy access to the plan. We also held several events for UOB and SCB customers including a Fengshui webinar, appreciation dinners, seminars on retirement planning and legacy planning.

Generating new opportunities through CareShield

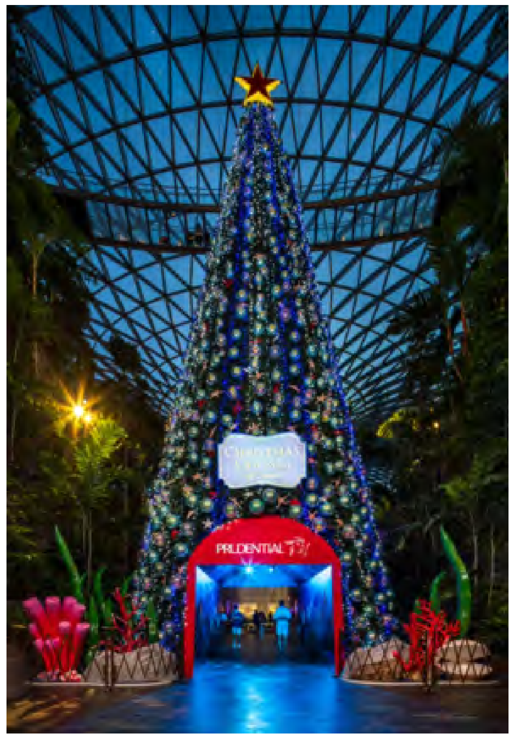
Prudential tied up with NTUC Income to distribute Care Secure, its CareShield Life supplement plan, in April 2022. The partnership allows both insurers to empower more Singaporeans to be better financially prepared for their long-term care needs. With the collaboration, customers can access the CareShield Life Supplement plan through our Prudential financial consultants. Since launch, more than 14,000 customers have signed up for Care Secure.



Providing digital tools and increasing digital collaboration

To enable our agency to generate business more innovatively, we equipped them with data-driven insights gathered from our lead generation campaigns across metrics such as conversion rate, average case size, customer segmentation and more. We also introduced the use of two Artificial Intelligence (AI) talkbots to support the agency channel with leads generation and nurturing, as well as launched a Near Field Communications (NFC) lead generation card to help our financial consultants connect with prospective customers more effectively.

We provided our financial consultants with a digital NFC business card to connect with prospective customers.



To further drive lead generation activities for agency, we extended our reach by forging new partnerships with brands such as Shopee, foodpanda, and Shopback. We also collaborated with Jewel Changi Airport for a Prudential-branded Christmas experience with on-ground activation by our financial consultants which began in November for the festive season. Visitors could get tips on mental wellness through an interactive mood tracker poll as well as check-in using Prudential's digital health and wellness app, Pulse by Prudential, and win Pulse points to redeem rewards that can be exchanged for lifestyle vouchers.

The 16-metre-tall Prudential Singapore Jewel Christmas Tree at Jewel Changi Airport.

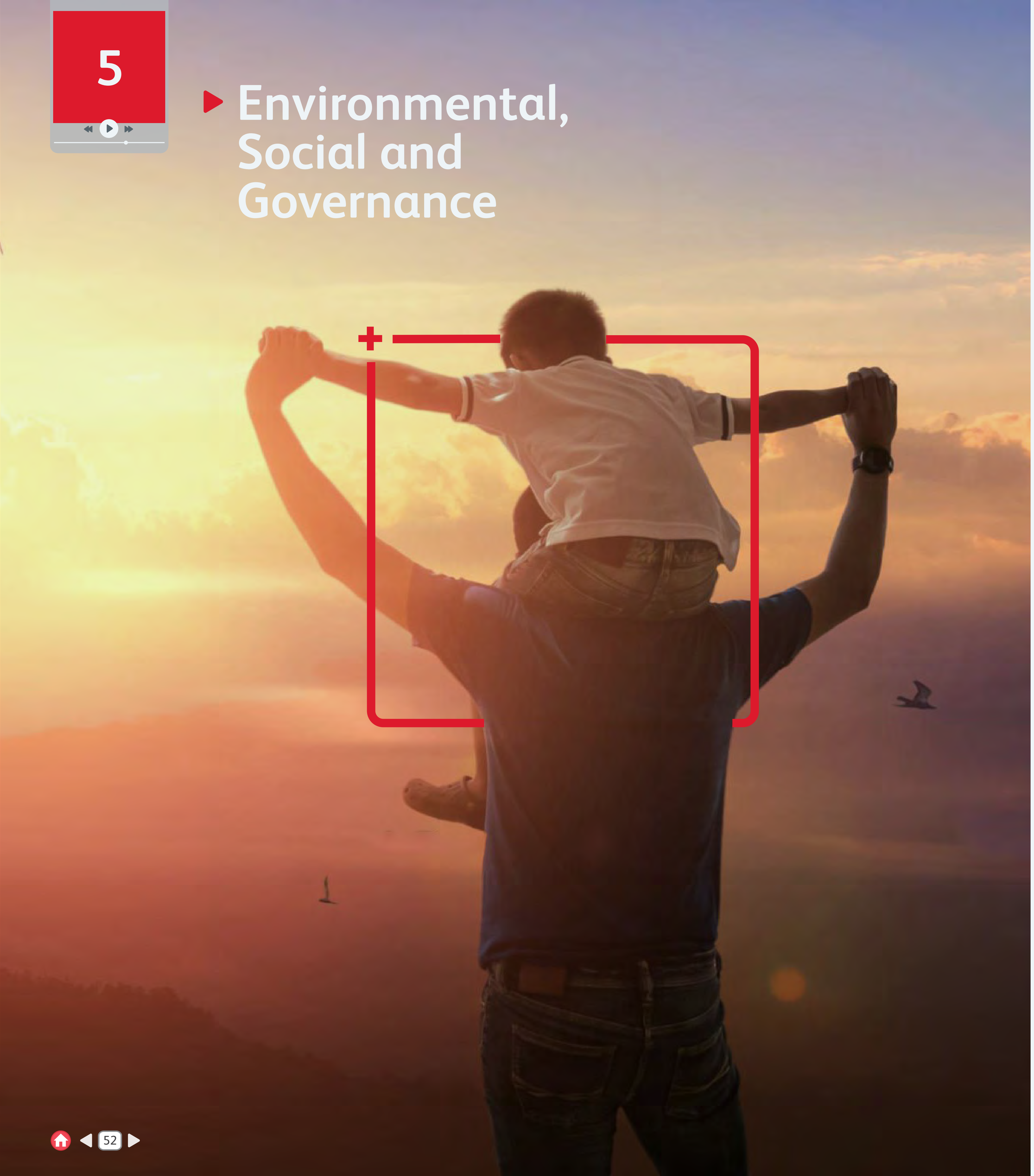
BEST IN CLASS PEOPLE
EMPLOYEES

Towards a future-ready workforce

Our people are our greatest asset and Prudential is committed to creating a conducive work environment where they can thrive and in turn, drive our business success. We believe that by supporting our employees to achieve their professional and personal goals, we can help them get the most out of life.

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.

For more information on how we help our people to Connect, Grow and Succeed, refer to page 89.



5

Environmental, Social and Governance

HIGHLIGHTS

Key achievements

72 life insurance, medical and savings plan products for individuals as of 31 December 2022

S$1,062 million annual premium equivalent in 2022

S$1 billion total equity

Making health and financial security accessible

Enhanced the Pulse experience to support users to improve their physical and mental health through Challenge Your Pulse, a daily mood tracker, self-awareness quizzes and curated mental wellness content

Launched **inclusive and bite-sized products** including PRUSafe Guard 22, PRUSafe Sports and PRUFirst Gift II

Nearly **4,000** children completed our financial literacy programme, Cha-Ching, with 84% eporting that the programme has taught them better money management

Stewarding the human impacts of climate change

Contributed to Group's **WACI reduction of 43%** in the carbon emissions of our investment portfolio

Completed divestment from fixed income assets with a 30% coal revenue threshold

Implemented an **Environmental Risk Management Policy** to identify and manage climate-related risks

Maintained the electricity consumption rate of our workplaces at 2021 levels despite a 70% increase in employee in-office attendance in 2022

Scope 1 and Scope 2 carbon emissions decreased by over 50% per full-time employee from our 2016 baseline, on track to meet our carbon neutral target by 2030

Building social capital

1,230 full-time and contract employees

Reduced our gender pay gap to (0.3)%

52% female participation rate for senior managers and above

Clocked more than **40,000** in total learning hours

Over **200** early adopters of PRUAnywhere, which enables employees to work from alternative workspaces

Responsible investment

Continued our **active engagement with companies** responsible for 65% of the absolute carbon emissions in our investment portfolio

Provided ESG ratings for all applicable investment-linked policy (ILP) funds

100% of our portfolios are **ESG-screened** by applying the minimum ESG threshold on funds and underlying investments

Good governance and responsible business practices

Spent over **S$259 million** locally across **89%** of our supplier base, S$153 million more than 2021

Decrease of **40%** in the total number of complaints received since 2020

Established the **Prudential Award for Ethics and Conduct,** which recognises financial consultants for outstanding compliance and conduct standards

Community engagement and investment

9,660 total volunteering hours, reaching **7,300** individuals & **1,100** KidSTART families

Extended the Senior's Wellbeing Masterclass programme to include financial literacy, benefitting more than **280** seniors

Raised over **S$285,000** for the Prudential Longevity Pledge that benefits vulnerable groups in the community

Membership Associations

- Asian Venture Philanthropy Network
- Blockchain Association Singapore (BAS)
- British Chamber of Commerce Singapore
- Business Ethics Leadership Alliance
- Community Chest
- Council for Third Age
- European Chamber of Commerce (Singapore)
- Global-Asia Insurance Partnership Ltd (GAIP)
- Life Insurance Association Singapore
- Life Office Management Association (LOMA)
- Singapore Business Federation
- Singapore College of Insurance
- Singapore FinTech Association
- Singapore Insurance Employees' Union
- Singapore International Chamber of Commerce
- Singapore National Employers Federation
- Singapore Press Club

Awards

Award/Certification	Organisation
Employer of the Year, Annual Business Award	British Chamber of Commerce Singapore
SkillsFuture Employer Awards, Gold	SkillsFuture Singapore
Best Use of Recruitment Technology Tools, Silver	Employee Experience Awards 2022, Human Resources Online
Best Employee Insurance Provider, Silver	HR Vendors of the Year, Human Resources Online
Best Response to Covid-19, Silver	HR Vendors of the Year, Human Resources Online
Excellence in Business Transformation, Silver	HR Excellence Awards 2022, Human Resources Online
Asia's Best Community Impact Reporting, Bronze	Asia Sustainability Reporting Awards 2021, CSRWorks International
Community Spirit Award	People Association
Friends of MSF Award	Ministry of Social and Family Development
Charity Platinum Award	Community Chest
Volunteer Partner Award	Community Chest
Champion of Good	National Volunteer & Philanthropy Centre

OUR ESG STRATEGY

Our purpose and ESG strategy remain guided by our Group-wide strategic framework that focuses on three key pillars:

- Making health and financial security accessible;
- Stewarding the human impacts of climate change; and
- Building social capital.

A common thread that binds our ESG strategy is inclusivity. For example, to help people thrive, we ensure that our products and services are inclusive; to build a greener future, we want to ensure that the transition to a low carbon economy is a just and inclusive one for all; and to lead by example, we must continue to be diverse and inclusive in the workplace.

WHAT SHAPES OUR APPROACH

Materiality assessment

Now more than ever, global challenges remind us that material issues such as climate change and digital innovation have significant impacts on not only our business, but also on the environment, economy, and society. While we try to identify and mitigate these issues, our relationships with our stakeholders mean that we can be directly and indirectly exposed to the issues that they confront. Hence, our materiality assessment helps us to gain a better understanding of our stakeholders' areas of concerns and where we can influence and create significant impact as a business.

Our most recent assessment was carried out in 2022 in line with the GRI Universal Standards 2021 and in alignment with Group, which as a Hong-Kong listed company is required to follow the requirements of the Hong Kong Exchanges and Clearing (HKEX), as well as the UK Listing Rules. This approach saw greater engagement with an increased number of stakeholders not just in Singapore but across our Group's key businesses, as well as tighter alignment with our Group's material topics.

Process to determine material impacts

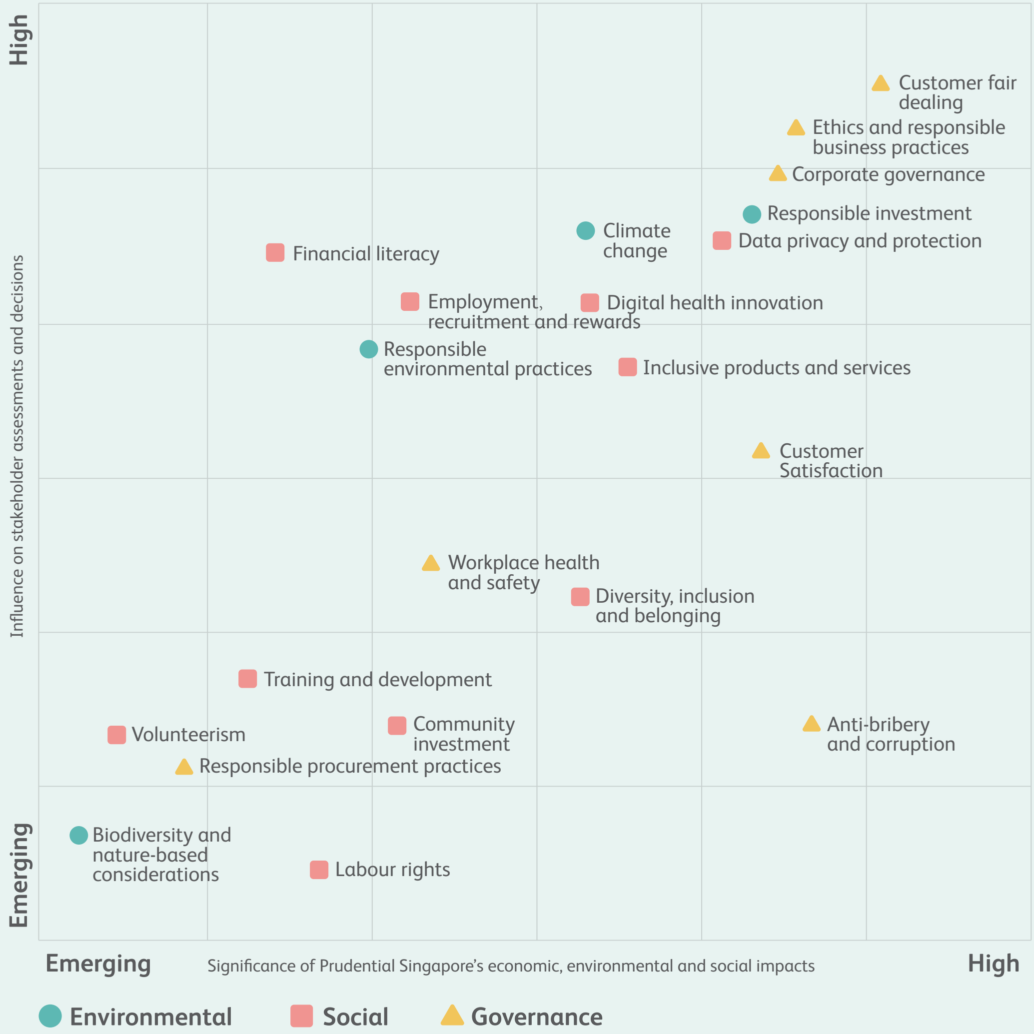
STEP	
1 Understand the organisation's context	We undertook a collaborative effort with Group in 2022 which involved examining our prior material topics from 2021 and conducting peer reviews. We also considered our purpose, values and ESG strategy, as well as the types of activities, products and services, and business relationships we have. This resulted in a list of 21 topics.
2 Identify actual and potential impacts	We identified actual and potential impacts on the economy, environment and people, across our activities and business relationships. This was done by carrying out our own internal assessment with various stakeholders within the company and reviewing our current policies. We also relied on our risk management framework which provides an assessment of existing and emerging risks that may result in positive and negative impacts, short-term and long-term impacts, intended and unintended impacts as well as reversible and irreversible impacts.
3 Assess the significance of the impacts	This step involved quantitative and qualitative analysis. We consulted with relevant stakeholders and business relationships[4] to assess the significance of our impacts.
4 Prioritise the most significant impacts for reporting	To determine our material topics for reporting, we prioritised each topic's impacts based on their significance to our business and our ability to influence/impact. Prioritisation allowed us to direct our resources to better address the impacts while taking into consideration our stakeholders' concerns. In Singapore, we engaged with our stakeholder groups through ongoing interactions to determine ESG topics that were most important to them. Based on this, the ESG Committee reviewed these topics and prioritised them for reporting. This supplemented our Group's process, where we also contributed to a materiality workshop involving senior business and functional leaders across the organisation.
5 Approval of the material topics	With the data collected, the results were aggregated into a materiality map and reviewed by our ESG Committee and Ethics Committee before obtaining the final approval and validation from our Board.

4 Business relationships: Relationships that we have with business partners, with entities in our value chain including those beyond the first tier, and with any other entities directly linked to our operations, products or services.
[Source: GRI, United Nations (UN)]

The following table provides the full list of our material topics and any changes compared to the previous reporting year.

Material topics	Changes to the list of material topics compared to the previous reporting period	Mapping of ESG topics based on GRI requirements
Strategic pillar: Making health and financial security accessible		
Digital health innovation	Digital health innovation was previously referred to as Technology enablement	Non-GRI topic
Inclusive products and services	Inclusive products and services is a new topic	
Financial literacy	Financial inclusion was changed to Financial literacy	
Strategic pillar: Stewarding the human impacts of climate change		
Climate change	Climate change and responsible environmental practices remain unchanged	Non-GRI topic
Biodiversity and nature-based solutions	Biodiversity and nature-based solutions was added as a new and emerging topic to align with our Group based on investors' feedback	
Responsible environmental practices		
Strategic pillar: Building social capital		
Data privacy and protection	Data privacy and protection was previously known as Customer privacy and data protection	GRI 418 Customer Privacy GRI 401 Employment GRI 405 Diversity and Equal Opportunity GRI 404 Training and Education
Diversity, inclusion and belonging	Diversity, inclusion and belonging was previously termed Diversity and equal opportunity	
Employment, rewards and recruitment	Employment, rewards and recruitment was previously termed Employment	
Labour rights	Labour rights is a new material topic identified in 2022	
Training and development		
Strategic enabler: Responsible investment		
Responsible investment		Non-GRI topic
Strategic enabler: Good governance and responsible business practices		
Corporate governance		GRI 204 Procurement Practices GRI 205 Anti-Corruption
Anti-bribery and corruption		
Ethics		
Responsible procurement practices	Responsible procurement practices is a new material topic identified in 2022	
Workplace health and safety		
Customer satisfaction		
Customer fair dealing	Customer fair dealing was previously worded as Fair dealing for customer	
Strategic enabler: Community engagement and investment		
Community investment	The previous topic of Supporting vulnerable communities was expanded to cover Community investment and Volunteerism	GRI 413 Local Communities
Volunteerism		

Materiality Matrix



Inclusive products and services
Digital health innovation
MAKING HEALTH AND FINANCIAL SECURITY ACCESSIBLE SECTION ON PG 21 >

Data privacy and protection
Diversity, inclusion and belonging
BUILDING SOCIAL CAPTIAL SECTION ON PG 40 >

Responsible investment
RESPONSIBLE INVESTMENT SECTION ON PG 51 >

Climate change
CLIMATE CHANGE SECTION ON PG 26 >

Customer fair dealing
Customer satisfaction
Ethics and responsible business practices
Corporate governance
GOOD GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES SECTION ON PG 56 >

The top material topics that are most significant to our business and stakeholders are: customer fair dealing, ethics and responsible business, corporate governance, responsible investment, data privacy and protection, digital health innovation and climate change. In 2022, social- and governance-related issues became more salient even though climate-related issues remain material. Our materiality assessment is constantly updated so that we can better understand and respond to these evolving changes to create positive impacts and mitigate negative ones. The top topics are aligned with our ESG strategy and are covered in greater detail within this report.

Stakeholder engagement

Stakeholder engagement and collaboration are crucial to understanding our impacts and driving efforts towards more sustainable operations. We do this through active engagement and reciprocal communication throughout the year. Having a thorough understanding of our stakeholder needs enables us to design products and services that maximise our positive impact on the economy, environment and society.

We have identified the following stakeholders who influence, and are impacted by, our operations: regulator, government, investors, customers, employees, distributors, suppliers and community partners.

We use our materiality analysis, customer surveys and direct engagement with a diverse range of stakeholders to shape our strategy, activities and reporting. From 2019, we have been engaging with our stakeholders through normal-course interaction on ESG topics. We started conducting ESG surveys in 2020 with specific stakeholder groups to find out more about ESG topics that they are most concerned with. These include employees, customers, distributors, financial institution partners and civil society.

In 2022, our stakeholder engagement covered the following:

- Normal-course interaction with the government, regulator, investors, financial institution partners, distributors (bancassurance and new partners) and suppliers.
- A refreshed ESG survey containing a list of 21 material topics was conducted with employees, customers and agency distributors as part of a broader Group-wide engagement.

Our **main stakeholder engagement activities** are summarised below:

Stakeholder group	Mode of engagement	Frequency	Purpose of engagement	How we seek meaningful engagement with our stakeholders	Areas of interest	Our response
Regulator	Regulatory reporting/ notification	Monthly, quarterly, annually or as needed	Provide updates on our processes and initiatives Seek clarification and views on regulatory requirements and announcements Provide feedback on proposed regulatory changes	Proactively share our progress and insights on the regulatory focus areas Providing valuable feedback through our experiences when the regulator requests for our views MAS also shares regulatory focus areas with us, together with their views and observations from the industry through our engagement with them or through industry communications	Climate change, inclusive products and services, customer fair dealing, ethics and responsible business, corporate governance	Implemented the Environmental Risk Management Guidelines in 2022
	Meetings, inspections, regulator reviews, handling of queries and incident reporting	As needed				
	Workgroups, forums, dialogues, and events					
	Surveys and questionnaires					
	Company visits	Annually				
Government	Surveys and questionnaires	As needed	Provide on-the-ground feedback to and receive top-down feedback from government bodies, statutory boards and regulators Engage government bodies on issues linked to business and community priorities such as regulatory matters, people, skills, health and sustainability Understand and contribute to international and national-level policy and regulations	Government's feedback is recorded and taken into consideration during decision-making processes We have sustained, long-term programmes in interest areas to show our commitment to helping the community Exchange and sharing of insights and research reports with the government	Responsible investment, digital innovation, community investment, inclusive products and services, training and development, customer fair dealing	Responsible investment and decarbonisation targets Digital health innovation Community engagement and investment programmes People responsibility programmes Fair dealing for customers
	Participation in workgroups, forums, dialogues and events					
	Company visits					
Investors	Meetings	Annually	Investors are keen to find out what our objectives are and how they can help us achieve the objectives We engage with investors to identify key ESG expectations while investors provide feedback on how to achieve them	Investors' feedback is integrated into our ESG strategy, and they are informed of the way in which their feedback has influenced our strategy	Climate change, responsible investment, corporate governance, customer satisfaction, diversity and inclusion	Responsible investment and decarbonisation targets Good governance and responsible business practices Diversity and inclusion initiatives as part of building social capital

Stakeholder group	Mode of engagement	Frequency	Purpose of engagement	How we seek meaningful engagement with our stakeholders	Areas of interest	Our response
Customers	PRUaccess	Always-On	Actively listen to customers' needs and concerns and keep up-to-date on customer developments Resolve incidents with urgency, or pre-empt escalating situations with speed and care Provide stronger support and better service to our customers	Initiate customer-focused communications from our end through servicing-focused circulars and events We monitor customer comments and feedback on numerous platforms and where relevant, we will take appropriate action to address our customers' concerns and act on their feedback or suggestions	Data privacy and protection, customer fair dealing, financial literacy, responsible investment, customer satisfaction	Responsible investment and decarbonisation targets Fair dealing for customers Good governance and responsible business practices
	Email					
	Customer Service Centre	Mondays to Fridays, 9:00am to 5:00pm				
	Video Servicing	On appointment basis				
	Contact Centre	Mondays to Fridays, 8:30am to 5:30pm				
	Voice-of-Customer Touch-point Satisfaction Programme, PRU for you Customer Community	Always-on				
	Emails, letters, various feedback channels eg focus group discussions, surveys and interviews	As needed				
Employees	Townhalls	At least twice yearly	Communicate progress, next steps and knowledge on upcoming initiatives that support staff wellbeing Gather feedback on important areas and identify progress on overall engagement and other relevant metrics Support employees' mental, physical and social wellbeing Deepen employees' sense of belonging with Prudential Singapore	Employees are informed by leaders on areas where we did well collectively We host an open-sharing segment where employees' anonymous questions are addressed by the core leadership team (CLT) Managers are encouraged to act on areas that are of concern to employees Employees are informed on how to deepen a sense of belonging through conversations Feedback received from employees informs our diversity, inclusion and belonging, and employee experience initiatives	Responsible environmental practices, employment, recruitment and rewards, workplace health and safety, ethics and responsible business, climate change	Energy, waste and water management People responsibility programmes Good governance and responsible business practices Ethical culture Responsible investment including decarbonisation of our investment portfolio
	Organisation-wide communications: Emails, workplace chat and video platforms, screensavers	Regularly				
	Recreation activities	Monthly				
	Group Engagement Surveys	Annually				
	Culture Connect Surveys	As needed				
	Collaboration Jam 2022	Yearly				
	Women In Tech (WIT) PRUFaculty	As needed				
Distributors (Agency)	Agency Leader engagement sessions	Daily to weekly	Update and discuss on work-related matters and issues Celebrate the agency's successes and awards through conventions Understand the needs and concerns of the agency and our customers	Frequent interactions with the agency through events, engagement sessions and meetings help strengthen our relationships We work through any issues quickly by identifying the problems together and implementing the right solutions Brainstorming on new ideas and suggestions also take place as part of our continuous process and product improvements	Customer satisfaction, inclusive products and services, customer fair dealing, training and development, ethics and responsible business	Fair dealing for customers Inclusive offerings Agency ethics and conduct award
	Agency working committee meetings	Monthly or as needed				
	Conferences	Twice yearly				
	Emails, PRUmessage, SMS	Regularly				
	Leaders Conference (regional conference for top 30 Leaders) FastTrack, Pioneers' Retreat, Quality Club Elite, Star Club, President's Club	Annually				
Distribution (Bancassurance)	Meetings	Weekly	Obtain oversight on business performance and compliance matters Discuss product innovation, development and launch Plan for budgets and business initiatives for the next financial year	We develop digital and channel transformation initiatives together with our bank partners Feedback received from bancassurance partners during joint meetings are integrated into our decision-making processes	Inclusive products and services, responsible investment, customer fair dealing, data privacy and protection, digital health innovation	Responsible investment and decarbonisation targets Fair dealing for customers Digital responsibility
	Training	Monthly				
Distributors (New Partners)	Meetings	Weekly	Strive to form meaningful relationships with our partners through strategic partnerships and tactical initiatives	We approach our partners with an open mind for feedback and new ideas Constant data analysis is being performed across all partners which enables our team to continuously enhance each partnership	Data privacy and protection, customer satisfaction, corporate governance, digital innovation	Digital responsibility Good governance and responsible business practices Digital health innovation
Suppliers	Emails and meetings	As needed	Aim to get the best value for the services we are paying for by building positive reciprocal relationships and keeping our suppliers informed For ongoing due diligence, we monitor our service providers' delivery of service to ensure that third-party risks are managed throughout the end-to-end lifecycle, and that the service providers deliver their goods and services as promised	We communicate with suppliers whenever there are new standards or guidance such as the Supplier Code of Conduct, ESG circular and responsible sourcing guidelines Process changes such as changes to invoicing and additional controls are also communicated to suppliers on an ad hoc basis We conduct due diligence and service review meetings with suppliers on an annual basis Q&A channel is available for us to address our suppliers' queries and feedback	Responsible procurement practices, anti-bribery and corruption, data privacy and protection, digital innovation	Responsible Supplier Guidelines Good governance and responsible business practices Digital responsibility Digital health innovation
Civil Society	Meetings	Regularly	Co-create meaningful interventions for our beneficiaries and subsequently ensure the smooth implementation of project plans	We have regular consultations with our community partners, and feedback is incorporated into our implementation programmes where relevant	Community investment, diversity, inclusion and belonging, volunteerism, responsible environmental practices, customer fair dealing, data privacy and protection	Community engagement and investment programmes People and digital responsibility Fair dealing for customers
	Impact assessment	Annually				

ESG GOVERNANCE

At Prudential, our efforts to integrate ESG throughout our organisation are supported by strong governance structures with clear roles and accountabilities for designated employees. Our Board of Directors has primary oversight of our ESG strategy implementation and delegates responsibilities accordingly.

Due to the restructuring of local business units within the Group, Mark FitzPatrick was appointed Chairman of the Board of Directors while holding the position of Group Chief Executive Officer. The Nomination and Remuneration Committee has reviewed his background and other relevant information to ensure that this appointment would not give rise to a conflict of interest or any other concerns that would hamper his ability to discharge his duties in relation to Prudential Singapore.

Conflicts of Interest (COI) assessments are conducted when the directors or key executive persons intend to take up any directorships in other companies. The Nomination and Remuneration Committee will make the assessment on whether the proposed appointment would give rise to a conflict of interest with the director's/key executive person's responsibilities in Prudential Singapore, after which it will be considered and/or approved by the Board. Where the proposed appointment relating to a key executive person is approved by the Board, the Monetary Authority of Singapore will also be notified of such proposed appointment.

The ESG Committee (ESGC), led by our Head of ESG, has been tasked by the Board and is responsible for managing the company's impacts on the environment, economy and society.

Committee members consist of senior leadership from departments including Strategy, Investment, Risk and Compliance, Customer, Human Resources, Corporate Services, Corporate Affairs and Community Investment. In 2022, our CEO became a sponsor of the ESGC to further underline the importance of ESG integration into our overall business strategy and operations.

The ESGC's roles include:

- Providing oversight of the planning and execution of the company's ESG strategy;
- Monitoring and reviewing ESG implementation and corresponding actions to achieve targets, and ensuring that material topics remain relevant to our business and reflect the concerns of our stakeholders;
- Contributing to and reviewing our ESG-related reporting information, including the contents of this report and our disclosures under the Task Force on Climate-related Financial Disclosures (TCFD); and
- Reviewing and evaluating the committee's Terms of Reference and performance to ensure efficiency and impact while highlighting appropriate changes.

All departments with ESG targets are represented on the ESGC. The relevant committee members provide quarterly updates of their department's progress against their targets as well as the associated impacts while inviting other members to review and provide feedback. For example, the Investment team shares updates on our responsible investment strategy implementation, which includes tracking decarbonisation metrics such as Weighted Average Carbon Intensity (WACI) and coal divestment, and ESG-themed fund launches.

Due diligence and other processes to manage the organisation's impacts are driven by the relevant committee members, and the effectiveness of their projects are reviewed by the ESGC at least annually. We adhere to company-wide due diligence processes and our approach to managing impacts follows the same process strictly.

When it comes to sustainability reporting including climate-risk disclosures, the ESGC is responsible for reviewing and approving all content including the organisation's material topics. We also align with our Group on material topics, which are reviewed annually. Sustainability reporting information is subsequently reviewed by the Ethics Committee which is chaired by the CEO, and members include the Chief Risk Officer, Chief Distribution Officer, Chief Human Resources Officer and Head of Ethics. The final validation is conducted by the Board, signifying the responsibility we place on the highest governance body to review and approve ESG information.

To advance the collective knowledge, skills and experience of the highest governance body on sustainable development, we share relevant ESG training courses with our Board and ESGC on a regular basis for them to participate in. Through the training sessions completed for our Board in 2022, we covered the impacts of ESG on our operations, ESG terminologies, climate risk and ESG regulatory developments. In 2023, we will continue to inform the Board through quarterly Board Risk Committee updates on the latest ESG developments, regulatory requirements, implications on our business and ongoing targets and metrics.

Board evaluations are conducted on an annual basis, and no independent facilitator has been used for the evaluations. The results of the evaluations are considered by the Board and follow up actions are taken when necessary to enhance effectiveness of the Board in managing the organisation's impacts.

Prudential Singapore's ESG governance structure

Prudential plc Board and Management Committees*

Prudential Singapore Board of Directors

Board Risk Committee (BRC)	Ethics Committee (EC)	Investment Committee (IC)
Chair: Non-Executive Director Oversight of the Environmental Risk Management framework	Chair: Prudential Singapore CEO Reiewing and approves all ESG disclosures including TCFD	Chair: Head of Investment Oversees all investment activities across the company, including Responsible Investment
Risk Committee (RC)	**ESG Committee (ESGC)**	**Responsible Investment Working Group (RIWG)**
Chair: Chief Risk Officer Oversees the implementation of the EnRM policy across the company while monitoring environmental risk exposures across different time horizons	Chair: Head of ESG Oversees the implementation of our overall ESG framework, including environmental risk management and ESG disclosures	Chair: Head of Investment Implementation of our Group RI policy and provides recommendations to both the IC and the ESGC, as well as monitoring and reporting investment performance, profile and exposures

Eastspring Investments Group Board of Directors

Executive Management Committee

Sustainability Committee

Workstreams

- Purpose
- Risk
- ESG Experts in Asia
- Innovation
- Responsible Investment

*Note: For more information on Group ESG governance, please refer to the Group ESG Report 2022

STRATEGIC PILLAR: MAKING HEALTH AND FINANCIAL SECURITY ACCESSIBLE

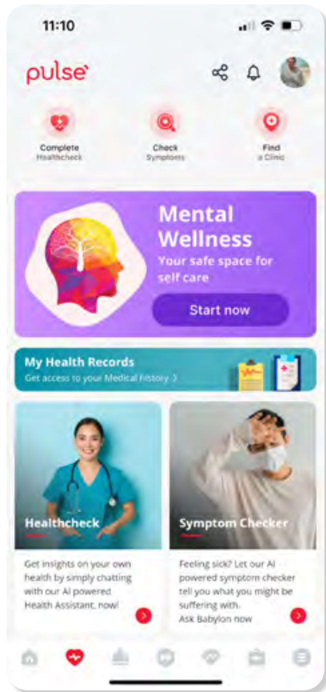
"It's great to work for a company that has a strong ESG culture. Whether it's developing digital and inclusive solutions or volunteering our time, we're doing our part to help Singapore residents live a good life."

Angeline Alexander
Head of Digital Platforms

In 2022, our focus was to enhance the Pulse experience and to continue supporting users with their physical and mental health.

Digital health innovation

According to the *Digital for 100: Harnessing technology for longer lifespans* report[5] commissioned by Prudential Singapore and conducted by Economist Impact, digital technology plays a significant role in helping Singapore residents live well for longer. More than half (54 %) of the 800 residents surveyed said mobile devices and apps are critical tools in preparing for rising longevity. Of those who are using technology to manage their wellbeing, 36 % said digital tools have had the greatest positive impact on their financial situation, and 27 % indicated personal health.



The use of technology continues to be a critical strategy for us in offering products and services to our customers. With Singapore's ageing population and its accompanying health and protection gap, it is important that we continue to leverage technology by making healthcare and insurance accessible and affordable. When we launched Pulse by Prudential (Pulse), our digital health and wellness app in Singapore in 2020, our vision for Pulse was to deliver the relevant products and services to empower customers to better-manage their health and wealth needs. Digital health innovation can bring positive impact to the environment, economy and people.

Pulse, for example:

a. Gives people access to online health and wealth services seamlessly;
b. Provides value to customers by offering them new health and wealth products or features beyond basic protection; and
c. Reaches untapped segments including previously uninsured people, especially when digital channels and partnerships create new introductory touchpoints.

We recognise that while technology acceleration and advancement have its benefits, it could also lead to the exclusion of certain underserved communities or alienate small segments of the population. For instance, we recognise that Pulse in its current form may be complex for seniors to use or may not be accessible to low-income families who cannot afford smartphones.

We endeavour to make Pulse as user-friendly as possible, and we constantly look for alternative ways to support vulnerable communities through our community investment and engagement programmes.

The app is operated in line with local government laws, policies and regulations. Internal checks and balances are also in place to ensure that features and functionalities are implemented according to local regulatory and company guidelines.

With Pulse, users can access healthcare services such as the AI-powered Healthcheck and Symptom Checker to assess their physical health or make use of wealth tools such as Ruby, a digital assistant powered by AI that provides financial-related tips, as well as set and track their financial goals with My Goals. They can also purchase bite-sized insurance plans through the app.

In 2022, our focus was to enhance the Pulse experience and to continue supporting users with their physical and mental health. To promote physical health and encourage people to maintain healthy habits, we launched Challenge Your Pulse – a series of walk, run, and ride geolocation-based challenge for Pulse users. From August to September 2022, individual users were required to check-in at various checkpoints along one of the five curated routes to complete a weekly challenge. Users were rewarded with points which could be instantly converted to retail vouchers. A team version of the challenge was also held for customers of our Group insurance business. The team challenge was also open to individuals who formed a team of five, with teams rewarded for the most checkpoints cleared. In the future, we will continue to connect with users and empower them to take charge of their health journey through innovative engagements.

Through Pulse, we also promote positive mental health among users with the Mental Wellness feature. A daily mood tracker helps them to look for patterns in how their emotions may vary over time, while self-awareness quizzes help them to understand themselves better. Curated content targeting the improvement of one's mental wellbeing is also available on Pulse. Close to 2,000 users have explored the Mental Wellness feature since its launch in March 2022, and we will continue to develop our capabilities in mental wellness.

In 2021, we shared that we were planning for enhancements to support users in managing chronic diseases by making screenings for individuals with high cholesterol and high blood pressure available. This enhancement did not take place as we are continuing our search for suitable partners. To date, Pulse has seen close to 410,000 downloads since the launch in 2020.

To find out more about our digital health ecosystem, please refer to the *Innovative in health* section in our 2022 Annual Report.

5 https://impact.economist.com/projects/ready-for-100/harnessing-technology-for-longer-lifespans-article/

Inclusive offerings

To help people thrive, we are deliberate in ensuring that our products and services are affordable, diverse and inclusive. One of the positive impacts of inclusive offerings includes providing people from underserved segments with access to health and financial security, helping to improve their quality of life. These segments include women, families, and small and medium-sized enterprises (SMEs) in Singapore.

Inclusive offerings bring positive impact to people and the economy, however, there are still underserved communities or segments who may not be able to access our products and services such as the elderly, low-income families and people in poor health. This is due to limitations such as minimum and maximum entry age, minimum premium and exclusions of pre-existing conditions imposed on our products to manage the claims risks. These exist because as a business, we need to be mindful that higher claims may result in higher premiums for most of the population.

In 2022, we continued to provide bite-sized products, making health and financial security more accessible to more people.

While there are no mandated policies regarding inclusive offerings in our product development process, we are cognisant that considerations for underserved segments are built into our ideation process. To prevent or mitigate potential negative impacts, we conduct regular claims and pricing assessments to manage the risk of claims.

In 2022, we continued to provide bite-sized products, making health and financial security more accessible to more people.

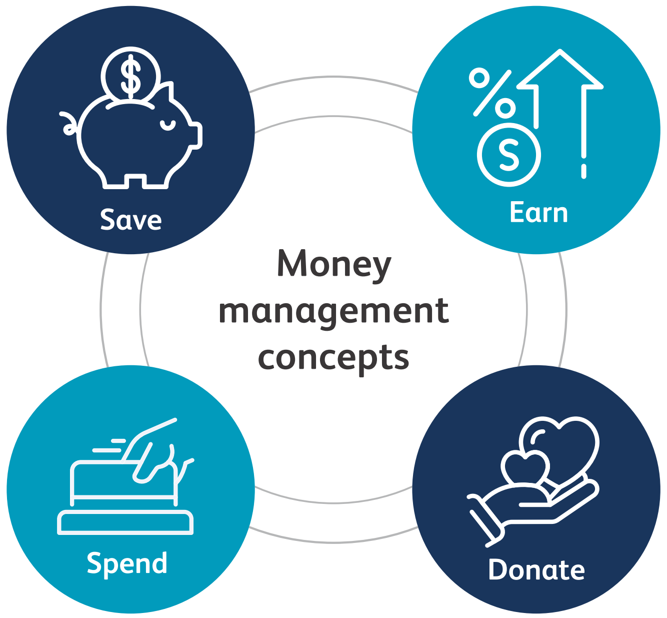
Examples of our inclusive offerings are:

- PRUSafe Guard 22, a specific, affordable and simple bite-sized protection plan that helps customers guard against 21 infectious diseases upon diagnosis, as well as Covid-19 upon hospitalisation. This is a six-month term coverage which costs a flat rate of S$26 and can be easily purchased on Pulse. No medical underwriting is required.
- PRUSafe Sports, an affordable plan for active, sports-loving individuals and student athletes that protects against sports injuries. This is also a bite-sized plan on Pulse that comes with a 12-month term coverage for only S$58, regardless of age and gender. Benefits include coverage for bone fracture, daily hospital cash and medical reimbursement.
- PRUFirst Gift II, a product for women that protects expecting mothers and babies from as early as week 13 of pregnancy and covers complications during pregnancy and childbirth. The newborn also enjoys secured lifelong protection with the potential for long-term wealth growth. Assisted pregnancies such as In-Vitro Fertilisation is also covered under this plan.

In 2021, we launched PRUSafe COVIDCover, a complimentary insurance plan that provides financial protection in case of hospitalisation due to the side effects of the Covid-19 vaccination. In 2022, we extended the coverage for all customers until the end of 2023. We also offered complimentary coverage to children and youths aged five to 17 years. Those eligible will receive a cash allowance of S$100 per day of hospitalisation for up to 14 days, should they be hospitalised within seven days of receiving each vaccination dosage. This includes the booster dose for individuals aged 12 and above.

In supporting SMEs with their employee benefits and digital transformation journey, we introduced Business@Pulse, a digital solution in 2022 to help SME employees manage their group insurance conveniently and seamlessly. Through Business@Pulse, they will be able to view their medical and employee benefits and submit claims through the Pulse app, at any time, and from anywhere. Business@Pulse also enables the human resources teams and business owners to manage their group insurance and process employees' claims more easily.

Looking ahead, we will continue to monitor and evaluate market demand and distill learnings from our existing offerings to better meet the needs of underserved populations. These include the younger segment below age 35 so that they have easier access to more affordable products and services in the future.



The Cha-Ching programme is a globally recognised and highly rated animation and music-based financial literacy programme.

Promoting financial literacy

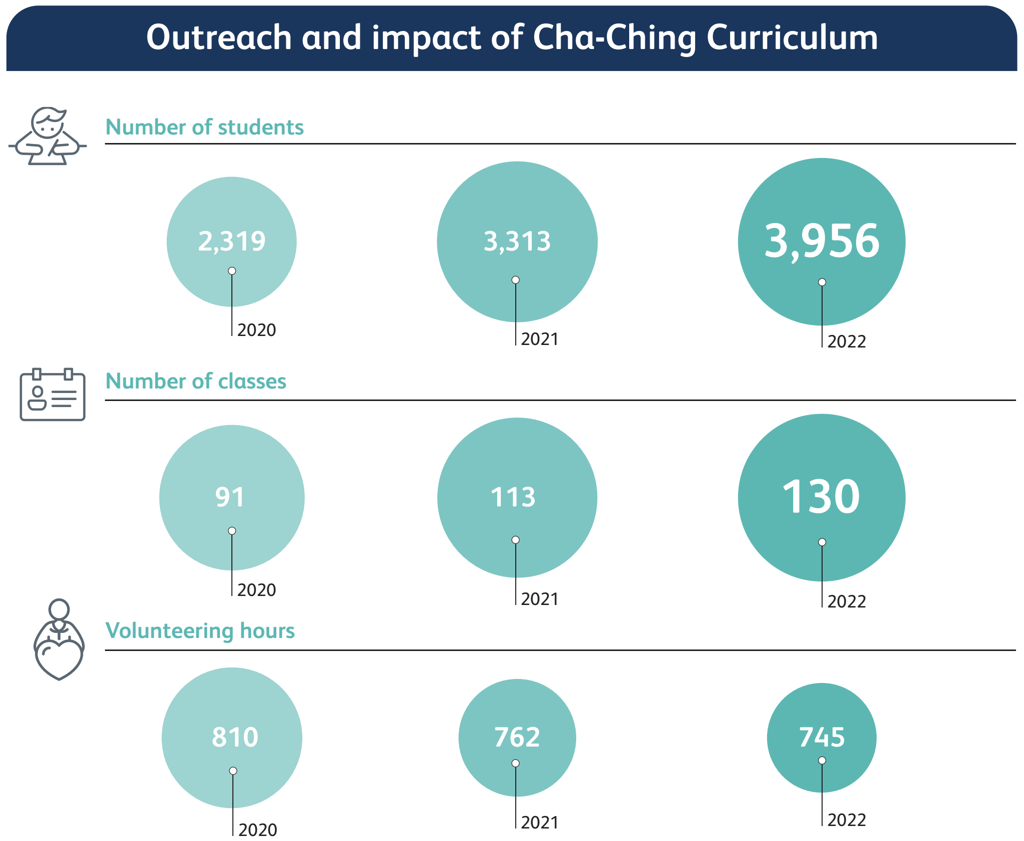
A 2022 survey commissioned by the MoneySense Council and conducted by the National University of Singapore revealed that while more Singaporeans were budgeting and keeping track of their spending, a number still did not understand financial concepts such as simple and compound interest[6]. Financial literacy is a vital life skill that guides people in making informed financial decisions. With a strong foundational understanding of basic financial concepts, people are better equipped to handle personal financial management and planning.

Promoting financial literacy can bring positive impact to financial wellness. Building financial literacy skills like personal budgeting and retirement planning leads to greater peace of mind. With rising interest rates and increasing cost of living in Singapore, safeguarding everyone's financial wellbeing is important to ensure we can overcome any unforeseen circumstances. Other areas where financial literacy brings benefit are the economy and society. By making financial knowledge more accessible, people will be able to better manage their finances to strengthen their financial safety net.

Based on a survey by the Organisation for Economic Co-operation and Development and International Network on Financial Education (OECD/INFE)[7], young people appear to score consistently and significantly lower on financial literacy than the rest of the sample. As a life insurance company that focuses on making financial security accessible, we recognise that financial literacy should be instilled at a young age, which is why we have Cha-Ching, a money management programme developed by Prudence Foundation, Prudential's community investment arm, together with global non-profit Junior Achievement (JA).

Cha-Ching is aimed at helping children aged between seven and 12 build responsible financial habits from young. The programme is part of our broader Community Investment strategy around education. For more information, please read our *Community engagement and investment* section on page 109.

The Cha-Ching programme is a globally recognised and highly rated animation and music-based financial literacy programme. It strives to impart financial knowledge on money management concepts of earn, save, spend and donate. Our volunteers are trained by JA to deliver the curriculum.



To track the effectiveness of the programme, participants are required to complete a pre-questionnaire at the start of the programme and a post-questionnaire upon completion of the programme. Our impact was determined by assessing the children's awareness and retention of money management concepts. Results of the questionnaires are shown as follows:

Out of the total students reached in 2022,

84%

have reported that the Cha-Ching curriculum taught them how to manage their money. **This is an increase from 82% last year.**

9%

increase in scores from pre- to post-questionnaire for students. **This is an increase from 8% last year.**

Through our engagement and feedback gathered, we realised that while the children benefited from our Cha-Ching programme, we could go further in re-engaging them to continuously advance their financial planning journey. In addition to delivering the Cha-Ching curriculum to children across Singapore, we implemented two formats of financial literacy education with an emphasis on applied learning, with the children who had previously attended the Cha-Ching curriculum:

- Cha-Ching Earn and Save activity; and
- Cha-Ching x Design Thinking activity.

The Earn and Save activity was piloted in 2021. In this activity, children are tasked with completing a crafts-based activity by applying the theoretical concepts learnt from the Cha-Ching curriculum. In 2022, we reached out to almost 300 children.

Following the positive response to the Cha-Ching Earn and Save activity, we were keen to pilot similar forms of applied learning. We identified Design Thinking to help children approach money management from a creative and critical thinking standpoint. In this activity, children are introduced to basic design thinking concepts and tasked to produce solutions for a money management-specific challenge. We successfully conducted this activity with 50 children in 2022 and are looking to expand our reach next year.

Moving forward, we aim to have 20,000 students engaged in the Cha-Ching curriculum by 2024. Additionally, out of the total number of students reached each year, we set a target of at least 85% reporting that the programme has taught them how to manage their money.

6 New islandwide campaign to boost financial literacy among Singaporeans

7 OECD/INFE 2020 International Survey of Adult Financial Literacy

STRATEGIC PILLAR:

STEWARDING THE HUMAN IMPACTS OF CLIMATE CHANGE

"Environmental risk affects all of us in the long run, and I feel a higher purpose as we manoeuvre ourselves towards that common goal of environmental resiliency."

Lee Cheng Wei
Head of Operational Risk Management and Quality Assurance

Climate change is a complex global issue that is experienced locally and has consequences which cut across different aspects of the environment, economy and society. We are cognisant of the risks that climate change has on health and society, but also the opportunities it offers. As an asset owner and asset manager, we are aware of our own contributions to climate change through the investments we make. Our business operations also have direct impact on the environment which is why we are taking actions to reduce our carbon footprint.

Some of the impacts of climate change are already visible on people's health. In Singapore, rising temperatures due to climate change will see an increase in the incidence of infectious diseases such as the record number of dengue cases in recent years, and heat-related health conditions[8]. All these events place greater pressure on our healthcare system and will have an impact on our business.

The effects of climate change are also likely to impact vulnerable groups in society. In Singapore, these groups include outdoor workers, the elderly and young children[9]. As temperatures rise, they will require more targeted guidelines and measures to protect them from environmental stress that will impact their day-to-day living and working conditions.

To address climate change, Singapore aims to achieve net zero emissions by 2050 where all actors will have key roles to play in transforming the way we live, work and play in a low-carbon future[10]. We fully support this goal and are taking active steps to contribute where we can. As a Group, we have set a net zero target by 2050, in line with the pathways of the Intergovernmental Panel on Climate Change (IPCC) to keep the temperature increase well below 2˚C as set out in the Paris Agreement. As part of our Group's membership in the Net-Zero Asset Owner Alliance (NZAOA), we also contribute to ensuring our carbon reduction policy is aligned with their protocol on asset classes, carbon metrics, and base year among others. Our NZAOA membership has helped us to set clear commitments and targets for our transition to net zero by 2050.

Our risk management framework has been updated to include climate-related risks to ensure our business remains resilient, and this is detailed in the *TCFD* section of this report.

Decarbonising our investment portfolio

At Prudential, we are committed to taking climate action by decarbonising our investment portfolio and minimising the environmental impact of our operations. These are key to our collective action towards mitigating and adapting to climate change. Our decarbonisation strategy is aligned with our Group goals, and we continue to make significant progress in 2022 against these goals.

We work closely with Eastspring Investments (Eastspring), our asset management arm, to tilt our investment portfolio with a best-in-class approach through active, passive and quant strategies that involve a mix of setting a carbon budget, defining companies that are too carbon intensive and implementing a low carbon benchmark.

We continue to contribute to our Group's target of a 25 % reduction in WACI in our investment portfolio by 2025 and are pleased to report that we have contributed to Group's 43 % reduction in 2022. We have also met Group's exclusionary target after completing divestment from fixed income assets with a 30 % coal revenue threshold in 2022. In 2021, we fully divested from equities, which we continue to monitor so as to maintain this divestment position. More details about our climate change targets can be found under our *TCFD* section while the Group ESG Report provides further detail on progress across the Group on coal exclusions.

Supporting a just and inclusive transition

We recognise that greening the economy and financing the net zero transition across Asia and Africa is vital to global net zero targets. While the debate in Europe may have moved on to address the next steps in renewable energy provision, this is not the reality for the emerging markets in which Prudential Group operates in. These markets in Asia and Africa require a considered and dynamic approach to the low-carbon transition, with greater balance and representation of our challenges.

The climate-related risks and opportunities present in highly developed markets vary greatly to those in emerging markets that are more dependent on primary and energy-intensive industries. Critically, these emerging markets have a greater reliance on fossil fuels in their energy generation mix than developed economies and have other pressing social and development needs to meet at the same time. This is evidenced in the large divergence between countries and regions in their efforts and ability to act on climate change, and ultimately in reducing their carbon footprint.

In 2022, our Group published a white paper titled *Supporting a just and inclusive transition*, to outline the case for a just and inclusive transition and its place in meeting the Paris Agreement. The paper highlights the importance that Prudential places on ensuring the transition to a low-carbon economy is a just and inclusive one, and explores case studies and further actions required, both from Prudential and the wider market.

The paper also details how the Group contributes to a just and inclusive transition in emerging markets through its influence as an insurance company and asset owner operating in emerging markets. As an insurance company and a long-term investor in local markets, Prudential is interested in their sustainable long-term development. Our approach to the just and inclusive transition focuses on making sure emerging markets are not left behind in the global energy transition.

As a Group, we do this by:

- Raising awareness on the challenges for emerging markets in the energy transition and seeking to contribute towards solutions;
- Actively considering the impact on emerging markets in all activities on climate change that we undertake, most importantly on responsible investment; and
- Taking a holistic approach to the challenges of emerging markets.

Prudential Singapore continues to work with our Group to ensure support through our responsible investment activities.

To address climate change, Singapore aims to achieve net zero emissions by 2050 where all actors will have key roles to play in transforming the way we live, work and play in a low-carbon future.

8 Rising temperatures could increase risk of new infectious diseases in Singapore: Experts
9 As temperatures rise, outdoor workers, elderly and children are most at risk: Experts
10 Singapore Commits to Achieve Net Zero Emissions by 2050 and to a Revised 2030 Nationally Determined Contribution

We have achieved a reduction of over **50%** in our operational emissions per full time employee (FTE) from a 2016 baseline

Responsible environmental practices

Every action that goes into the day-to-day activities of our business emits carbon through electricity consumption or waste production. We seek to actively reduce our direct impact on the environment as part of our aim to build a greener future. Responsible environmental practices can result in significant positive outcomes for the environment as it reduces carbon emissions and preserves our natural resources and the environment that we operate in. It also reduces the risk of being affected by spikes in energy prices and volatile global energy markets and in the long run, lowers operating costs.

In our 2022 Group ESG Survey with employees, responsible environmental practices emerged as the top ESG concern across our markets including Singapore. Locally, we started implementing responsible environmental practices as early as 2017, starting with waste reduction initiatives. These practices have been enhanced over the years and we continue to take inspiration from our employees on further improving our performance.

We have a Group Environmental Policy that helps us manage our impacts and promote sustainable practices as well as incorporate environmental considerations into our decision-making. The policy covers our commitment to complying with local environmental regulations, becoming more efficient in our energy consumption and waste management, improving our environmental supply chain management and raising our employees' awareness of environmentally responsible behaviour.

Our Group's goal is to become carbon neutral across our Scope 1 and 2 emissions by the end of 2030. This refers to the emissions directly produced in our daily operations and by the electricity we use. Managing our direct operational impact on the environment forms part of our strategy to decarbonise and supports our net zero target. We have achieved a reduction of over 50 % in our operational emissions per full time employee (FTE) from a 2016 baseline, and are currently ahead of the emissions reduction trajectory required to meet our 2030 target.

In 2022, Singapore relaxed its Covid-19 Safe Management Measures and a weekly average of approximately 1,000 employees returned to the office as part of our hybrid work arrangement. This was over 70 % more than the weekly average in 2021 during the height of the pandemic. As such, we have seen a partial rebound in our energy consumption and waste generated and this has impacted the way we approach our energy and waste management.

During 2022, we adjusted our reporting period for energy consumption and waste generated to reflect the 12 months covering October 2021 to September 2022. This is because the final quarter billing would only be sent to us in the first quarter of the year, resulting in us not being able to accurately report the data but rely on accruals. With this change in the reporting period, we will also have closer alignment with Group's reporting period for energy consumption.

Our energy consumption

Energy consumption	2020*	2021*	2022
Fuel† (GJ)	204	249	297
Electricity (GJ)	6,446	5,976	5,939
Electricity (kwh)	1,790,433	1,659,946	1,649,586
Total Energy Consumption (GJ)	6,650	6,225	6,235

* Data follows the original Jan-Dec reporting timeframe for consistency with our prior reports.

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

In 2021, we set a target to achieve 5 % savings in our electricity use year-on-year from 2020 until 2023. In 2022, our energy consumption rate remained flat although we saw a greater number of employees returning to the office and an increase in office events and activities. On average, over 1,000 employees returned to our corporate office locations in Marina One, Prudential@ Scotts, and UE BizHub in 2022, compared to only 600 in 2021. Despite the greater number of people, our environmental performance remained comparable to 2021 due to the active resource management of our workplace services team. This included a review of air conditioning use in our offices, where we monitored the range of temperatures in our corporate offices against the number of employees who had returned to work there. We then coordinated with the respective landlords to adjust the central air conditioning temperature to an appropriate level of 24˚C for both Prudential Tower and UE Bizhub offices.

In terms of office space, we reduced our footprint in 2022 by 2,278.97m² with the transfer of ownership for our SBF and Parkview Square offices, the closing of one of our Goldbell Tower office's units and the repurposing of 1,447.15m² of our space for Prudential Services Singapore, one of our regional businesses. This followed a review we conducted in 2021 that showed our return to office numbers had decreased overall as part of our flexible work arrangement. In 2022, we introduced PRUAnywhere, an initiative where our employees can work in co-working spaces across Singapore, giving them the choice to work at their preferred locations and schedules. Read more about this in the *Building social capital* section.

Our waste management

Waste generated	2020	2021	2022
Total waste generated* (kg)	55,971	38,293	34,851
Non-recyclable waste			
General waste† (kg)	49,773	31,944	32,598
Food waste‡ (kg)	-	282	236
Recyclable waste			
Total waste recycled (kg)	5,944	6,215	2,253
Paper waste§ (kg)	5,671	5,743	1,843
Plastic waste (kg)	255	176	105
E-waste¶ (kg)	254	134	293
Toner cartridges^ (kg)	18	14	12

Note: Data from 2020 and 2021 use the Jan-Dec reporting cycle to allow for comparison with our past reports.

*Includes general waste, e-waste, and all recycled waste; no hazardous waste was produced.

† Includes all waste that is sent to incineration and landfill.

‡ Food waste does not include coffee grounds as they are repurposed and not disposed of.

§ This figure does not include secure shredded paper, which is collected whole from secure disposal containers at our corporate offices, shredded off-site by our contractor, and recycled. The total weight of this paper was 71,230 kg.

¶ E-waste is collected at Marina One and Prudential@Scotts offices only and sent for recycling at a certified facility. Does not include toner cartridges.

^ We support the Canon Take Back programme and recycle all our ink and toner cartridges.

We believe that we must work together with our employees and empower them to make a positive contribution towards our collective climate action.

We continuously 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.

During 2022, we continued giving away used coffee grounds from our Marina One PRUBistro to our employees and shared tips on how to use them for gardening and cleaning. As part of our annual storeroom clean-up, we recycled paper-related materials and e-waste that were found. For items that could not be separated for recycling such as stationary, files and dated gifts, we offered these to our employees before considering disposal.

In 2021, we set a recycling target of collecting 15kg of plastic per month for 2022 from our Marina One, Prudential@ Scotts and Prudential Tower offices. We did not hit this target because we eliminated a significant amount of plastic waste from our offices, due to more employees eating out and bringing fewer food containers to work. We recognised that more can be done to raise awareness on proper recycling, and plan to increase the frequency of our communications and engagements on responsible environmental practices in 2023.

Greening our offices

We are committed to achieving the Building and Construction Authority (BCA) Green Mark Certification for our buildings and support the Singapore Green Plan 2030's ambition on green infrastructure and buildings. This certification is awarded to companies that meet standards such as climatic responsive design, building energy performance and resource stewardship. We have been awarded the Green Mark Platinum Award for the Marina One office until March 2024 and attained the Green Mark Goldplus Award for Prudential Tower. We have also submitted our application for Green Mark certification for the UE BizHub office, of which the outcome will be known in 2023.

In 2022, we partnered with Grobrix to install our first modular edible hydroponics green wall in support of urban farming. We had our first batch of harvest, which was served as a salad at our PRUBistro cafe. This space also provided us with the opportunity to engage our employees on topics such as food security, sustainability and basic farming techniques.

Our Workplace Services team monitors data on our energy and water consumption and waste collection from all our offices monthly. The data is assessed during monthly business reviews with appointed facilities management service providers and any unanticipated trends are discussed. We consider our third-party waste disposal partners' responsible environmental practices and are pleased to work with Shred-it and KGS to recycle our confidential documents and e-waste respectively.

With these internal assessments, we have undertaken measures such as reviewing the operating schedules of our equipment to reduce energy consumption. However, we acknowledge that due to the nature of our rental of office spaces, we have limited control. Thus, we believe that we must work together with our employees and empower them to make a positive contribution towards our collective climate action.

We continue to develop ambitious targets and put in place programmes based on best environmental practices as well as what our employees are concerned about. These actions are regularly communicated to our stakeholders including employees through awareness and educational campaigns which we will carry on in 2023.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our Group has been a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) since 2019 and has been publishing climate disclosures based on the TCFD recommendations since then. Prudential Singapore first published our TCFD report in 2021 as part of our initial preparations to meet the MAS Environmental Risk Management Guidelines that took effect in June 2022. After the first disclosure, we carried out a thorough gap analysis to review our information against the enhanced 2021 TCFD guidance. As an outcome, we set about improving our processes and internal structures, working closely with key internal stakeholders who contribute directly to managing climate risks including Strategy, Investment, Risk and Compliance, and Corporate Services.

We continue to align with Group as part of our TCFD reporting by ensuring consistency in data and approach. As we continue to progress over the coming years, we will strive to provide more local context and disclosures where appropriate.

Governance

In 2022, we took definitive steps to improve the effectiveness of our climate governance through policy implementation, identification of roles and capacity building. The Prudential Singapore Environmental Risk Management (EnRM) Policy was developed by the Enterprise Risk Management (ERM) team in collaboration with key departments including the Investment and ESG teams to identify possible areas of vulnerability to climate risk and the mitigating actions to be taken. The policy was reviewed and approved in April 2022 by the Risk Committee (RC) and the Board Risk Committee (BRC). It was also shared with the Ethics Committee for noting.

In 2022, we took definitive steps to improve the effectiveness of our climate governance through policy implementation, identification of roles and capacity building.

Board's oversight of climate-related risks and opportunities

The BRC is responsible for oversight of the company's EnRM including ensuring environmental risk is addressed in the risk management framework. The RC reports to the BRC while the Ethics Committee reports to the Board of Directors. They work together with both the ERM and ESG teams to ensure appropriate governance is implemented. The EnRM Policy is owned by Prudential Singapore's Chief Risk Officer, who is the designated senior management member overseeing environmental risk. For more information, please refer to our overall *ESG governance* section.

Since 2021, we have improved the flow of information between the Board, senior management, and key functions involved in EnRM, giving relevant parties access to updated information on our progress against our short, medium, and long-term targets. In early 2022, we formalised our EnRM information dashboard which summarises the status of all climate-related initiatives and provides centralised awareness of all factors pertaining to these risks. This dashboard tracks our progress quarterly with clear accountabilities tied to the different departments.

Information included in the dashboard covers:
- Changes to climate strategy and governance, if any;
- Investment information including portfolio WACI;
- Supply chain considerations;
- Operational Scope 1 and 2 emissions;
- Results from our scenario and risk analysis exercises; and
- Environmental risk-related capacity building.

Management's role in assessing and managing climate-related risks and opportunities

EnRM information is further communicated to the ESG Committee, which is tasked with providing oversight on the governance and disclosure aspects of the MAS EnRM Guidelines, including our TCFD reporting. These meetings are utilised to provide updates regarding developments on climate risk and to seek input from internal stakeholders. The following departments have been identified as having direct input, control, and responsibility for areas pertaining to EnRM:

Department	EnRM responsibilities
Risk and Compliance	• Monitors environmental risk exposures across the organisation • Conducts scenario analysis exercises in relation to physical climate risk • Formulates environmental risk stress testing scenarios and reviews the corresponding results with the Actuarial team • Reports current environmental risk exposures against appetite to the RC and BRC • Works with Group Risk to ensure compliance with Group Risk Management Framework and other relevant policies
ESG	• Monitors environmental risk exposures quarterly and reports to the Ethics Committee • Oversees overall implementation of the ESG strategy and disclosures, including climate-related disclosures • Oversees capacity building on ESG and EnRM for the Board, employees and distributors
Actuarial	• Conducts stress testing on climate change scenarios to assess potential impact on portfolios and solvency positions
Business Continuity Management	• Ensures that business continuity is not compromised in the event where physical risks are realised
Corporate Services	• Ensures compliance to the Group Third Party Supply and Outsourcing Policy, PACS Supplier Sustainability Guidelines, and PACS Sustainable Procurement Policy
Enterprise Business	• Assesses the environmental risk of corporate prospects and customers as part of our due diligence • Manages the risk from corporate customers as required
Human Resources	• Supports training needs on environmental risk for employees

As part of our capacity building efforts, we identify and recommend suitable courses on a regular basis for specific employees within these functions who are key to managing environmental risk. As climate risk is an emerging risk, our priority was to create a foundational knowledge of core concepts and understanding of business impact, risks and opportunities. A total of eight key employees completed a course titled '*Climate Change: Financial Risks and Opportunities*' by edX/Imperial College of London. Subsequently, role-specific training was sourced for each function with the goal of providing insights into how climate risks will affect their areas of work. Our Investment team completed 'Sustainable Investing and MAS Guidelines on Environmental Risk Management' by the Investment Management Association of Singapore (IMAS), while our Risk team attended the 'MAS Environmental (Climate) Risk Management Primer' by the Singapore Exchange (SGX), as well as a seminar by the Institute of Internal Auditors (IIA) titled 'Sustainable Finance and MAS Environmental Risk Management: Developments in Singapore's Financial Services Sector'.

At the Board level, we have been conducting training on environmental risk management since 2021. In 2022, we held two more bespoke sessions, which provided them with information on climate governance with guidance from the World Economic Forum, potential impacts to business, regulatory updates, and climate-related metrics and targets. In April 2022, all our Non-executive Directors (NEDs) became members of Chapter Zero, a directors' global forum for climate governance. In October 2022, two of our NEDs also attended a two-day, in-person 'Sustainability Education Programme for Directors' in Singapore offered by the Cambridge Institute for Sustainability Leadership and Earth on Board. These sessions provided guidance and insights into industry trends and the growing importance of director engagement regarding climate risks and opportunities.

In 2022, the Board received updates through the EnRM dashboard and periodic briefings from the ESG team. Starting in 2023, our Board will receive additional quarterly updates on EnRM developments through the Board Risk Committee. These updates will include progress on climate-related targets such as WACI and Scope emissions, and information related to emerging regulatory expectations and industry developments, to ensure that our Board is consistently aware of the shifting climate risk landscape.

Risks identified	Why this is important	What we are doing about it	Main affected time horizon
Operational resilience	There is a need for operational resilience in anticipation of the potential manifestation of physical risks, which are physical impacts of weather events and long-term or widespread environmental changes. The third-party relationships that we have outside of Singapore may also widen geographical exposure to weather events. We need to prepare for any unexpected events by ensuring employees can work remotely, and that we continue to deliver services to customers.	We have a robust Business Continuity Plan in place to manage such situations and this is reviewed on an annual basis. In 2022, we conducted scenario analysis exercises at the Group and local levels to understand the potential costs of manifested physical risks.	Long term
Financial resilience	As an asset owner, the impact on the asset values may arise from both physical and transition risks. Such financial risks include market risk where there are declines in valuation and rises in volatility; and liquidity risk where there may be surges in need for funds. As a significant asset owner and asset manager, we have a duty to ensure that our investment portfolio has minimum exposure to high emission, carbon intensive and carbon-reliant sectors to avoid the impacts of transition risks.	We have a comprehensive Responsible Investment Policy that clearly sets out six implementation strategies including ESG integration, active ownership and exclusion, among others. Our stress testing exercises explore the impacts to the financial resiliency of our organisation under different climatic and economic conditions.	Short, medium and long term
Insurance and product risks	As a life insurer, we are not exposed to losses that impact assets covered under general insurance, particularly relating to those arising from climate change. However, climate change may impact insurance risk where changes in mortality and morbidity may materialise. For example, with increasing heatwaves, individuals may experience increased risks from heat-related illnesses.	To address potential insurance liabilities, our Actuarial team conducts ongoing monitoring to ensure that any shifts in mortality or morbidity are considered in valuation and pricing	Long term
Regulatory	The pace and volume of new climate-related regulation continue to be relentless and there is a keen desire to be at the forefront of this progress. There is continual monitoring and engagement on regulatory and industry developments. Gaps in disclosures and reporting are being constantly identified and actively rectified to ensure a better representation to all stakeholders.	We monitor reporting frameworks and standards closely to ensure our disclosure is in accordance with the latest internationally recognised standard. Environmental risk disclosure was enhanced in 2022 alongside our Group enhancements.	Short and medium term

Strategy

Climate change brings high risks for companies like ours, but we are also aware that we can position ourselves strategically by taking a long-term view on opportunities. Our ESG strategy continues to steer our management of environmental impacts, including climate change, which remains a material topic for us.

Climate-related risks and opportunities: Identifying climate-related risks

Our identification of climate-related risks is aligned with Group, and in 2022, we continued to enhance our understanding of key risks in Singapore over the short, medium and long term and how we might address them. The Group Risk Framework has been updated to include the time horizons over which the benefits and/or paybacks of risk-based decisions are expected to be achieved within core strategic processes. Time horizons relating to climate are defined as: short-term (0 to 3 years), medium-term (3 to 5 years) and long-term (5 to 30 years).

We consider climate risk to be a cross-cutting risk for our business, one in which our approach must be nimble given its evolving nature. The table above provides an overview of the risks we have identified, what they mean to us and how we can or will be addressing them.

Type	Climate-related opportunities	Time horizon	Impact
Investment	Investments in green bonds, transition financing, adaptation financing and climate solutions.	ST-LT	H
Products and services	Develop new health, insurance and savings products that reflect the impact of climate change on human health.	ST-LT	H
Products and services	Provide financial advice that enable existing and prospective customers to better understand and manage exposure to climate risks and enhance their resilience.	ST-LT	L
Products and services	Capture customers' ESG interests and preferences in an ESG profile as basis of our integrated advisory process.	ST-LT	L
Resource efficiency	Improve energy efficiency of current office space and capture cost-savings from optimisation programmes such as energy efficient technologies.	ST-LT	L
Resource efficiency	Optimise office occupancy rate by re-evaluating and minimising office space in a hybrid working model that provides flexibility.	ST-LT	L
Resource efficiency	Source third-party suppliers with improved environmental performance aligned with industry best practice.	ST-LT	M
Energy source	Source electricity from renewable sources for all office space and data centres.	MT	L
Resilience	Engage suppliers across our supply chain to improve on environmental performance and introduce low carbon policies.	ST-LT	M
Resilience	Encourage employees to take climate action, expand employee training and benefit programmes that enable them to calculate their own carbon footprint and reduce emissions through a range of actions that include renewable energy and more efficient modes of travel.	MT-LT	L
Resilience	Improve awareness and capacities related to climate risk through education and resources such as management information dashboards to enable decision-making processes, reduce potential impacts and augment early warning capabilities.	ST-LT	M
Resilience	Utilise our Pulse app to support resilience, sustainability and climate education	MT	M

Time Horizon
ST: Short-term (0 to 3 years) MT: Medium-term (3 to 5 years) LT: Long-term (5 to 30 years)

Impact
H: High M: Medium L: Low

Climate-related risks and opportunities: Identifying climate-related opportunities

Climate change is likely to drive demand for new health, insurance and savings products and we recognise there are opportunities for us to invest in, develop or redesign our products and services to support climate action. Furthermore, there are changes we can make to our operational policies that could also reduce our overall emissions profile. The table above provides examples of climate-related opportunities, where they lie in terms of the time horizon and the significance of their impacts.

In 2022, we embarked on a two-year research partnership with the Nanyang Technological University (NTU) in Singapore to examine the intersection of climate change and health. The Prudential EOS (Earth Observatory of Singapore) Climate Impacts Initiative will focus on 10 key markets across Asia and Africa including Singapore, Hong Kong, Cote d'Ivoire, Nigeria, Kenya, Indonesia, Malaysia, the Philippines, Thailand and Vietnam. It will be carried out over two phases from 2022 to 2023. The first phase of the research involves reviewing historical records of air quality and health impacts in the countries/cities in the recent two decades. The second phase will entail projecting future air quality and its health impact on individuals that consider several emission scenarios including SSP370 and SSP585. We are hopeful that the outcome and findings of the research will help us generate ideas and evaluate market opportunities in terms of investments and products linked to climate resilience.

Stress testing is a key tool to improve understanding of climate risk and support decision-making.

Impact of climate-related risks and opportunities

Stress testing is a key tool to improve understanding of climate risk and support decision-making. It is especially useful for raising awareness of climate change risks due to the wide scope and unknown timing of potential mitigation and adaptation actions. At a Group level, we monitor and evaluate developments in climate stress testing, including publications by regulators and global bodies, such as the International Association of Insurance Supervisors (IAIS) and the Network for Greening the Financial System (NGFS), as well as publications by the Principles for Responsible Investment (PRI), the Transition Pathway Initiative, United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

We apply three scenarios to our testing ie orderly, disorderly and hot house world scenarios which are provided by the NGFS and present plausible paths that can be used for testing the continued robustness of strategy, finances and operations, and the feasibility of achieving the Paris goals.

The climate scenario in the Own Risk and Solvency Assessment (ORSA) 2022 covers the three scenarios mentioned to the right. The exercise assesses the extent to which Prudential Singapore's solvency is affected by the different macroeconomic shocks, and whether we have sufficient management actions to recover under such scenarios. The time horizon spans until 2050. Our overall results in 2022 indicate that Prudential Singapore is more affected by the macroeconomic volatility brought about by failure to transition into a reduced carbon emission future. In that scenario, the solvency levels drop below the desired levels in the long term (>30 years), but management actions can return them to the minimum required.

Risk management practices in support of the business have also been enhanced, particularly in the aspects of stress testing and scenario analysis. In 2022, both the ORSA and annual scenario analysis exercise have incorporated a new climate scenario covering transitional and physical risks respectively.

Impact on assets and insurance liabilities

As a major asset owner, we rely on investment returns to meet the longer-term obligations of our liabilities and remain exposed to risks that could interrupt or impair those returns, which is what we explore through the climate scenarios. The scenario with the largest overall impact for us remains the hot house world scenario where physical risks leading to widespread macroeconomic effects are elevated in the long-term, stemming from increased natural disasters and other climate-related developments. The disorderly transition scenario shows volatility across the short- to medium-term horizons resulting from credit spread widening macroeconomic shocks but is expected to subsequently recover in the late medium- and long-term as regulatory policy changes are eventually implemented. The orderly transition scenario is projected to have the lowest overall impact, as macroeconomic shocks are expected to be relatively mild due to a progressive and successful implementation of regulations in support of a low carbon future, allowing for gradual market adaptations and a reduced effect on the balance sheet.

Impact on financial planning and strategy

As part of our Group annual strategy and financial planning exercise, we apply internally developed stresses to the projected results. The level of these stresses is more stringent than the impact from the climate scenarios, described above on the previous page, over the same period. This gives confidence that the strategy and financial plan remain viable over the period under assessment.

Impact on our operations

Extreme weather events may have an impact on our operations and expose us to climate-related physical risk, which will affect our corporate facilities and infrastructure. In Singapore, we are guided by our Recovery Plan and Business Continuity Plan so that any disruptions to our operations, customers and third-party supply chain are kept to a minimum.

Resilience of the organisation's strategy

In Singapore, we conduct stress testing and scenario analysis at least annually to understand our local risk profile and the impacts of climate change on our portfolios and insurance liabilities. The parameters and scenarios are reviewed annually for relevance. The stress testing scenarios and results are reviewed by our Asset-liability Management Committee, Risk Committee, Board Risk Committee, and the Board.

For the scenario analysis exercise described above, the manifestation of physical risk causes damage to property and facilities. This impacts operations, customers, employees, distribution channels and key third-party suppliers. This is based on a 1-in-200 year extreme event scenario. The required operational risk capital as a result is a small part of the overall requirement at about 1 %.

Summary of the scenarios used for stress testing

Orderly transition scenario

This below 2˚C scenario includes transition impacts as well as physical impacts in line with a 1.6˚C increase in temperature by 2100 compared to the average temperature between 1850 and 1900, in line with the IPCC Representative Concentration Pathway (RCP) 2.6[11], through the orderly introduction of climate policies. Ambitious climate policies are introduced immediately. However, even as emissions are lowered, acute and chronic extreme weather continues to increase compared to today, resulting in increased physical loss and damages. There is a marked reduction in fossil fuel demand, higher carbon taxes and investments in low carbon electricity generation and manufacturing.

Disorderly transition scenario

This below 2˚C scenario includes similar levels of transition policy assumptions and physical impacts to the orderly transition scenario, but the policies are introduced in a delayed and disorderly manner resulting in increased market volatility in the medium term. There is particularly increased volatility in the fossil-intensive sectors and regions, but due to the disorderly nature of implementing climate policies, there is also increased volatility in all sectors.

Hot house world scenario

This scenario includes physical impacts in line with a greater than 4˚C in 2100. The physical impacts include irreversible damages to the climate, resulting in extreme increases in acute and chronic extreme weather in line with RCP 8.5. For example, many countries suffer extreme droughts and water shortages. Some regions will experience greater levels of warming of up to 5.6˚C, resulting in certain parts of the world becoming unfit for agricultural production and human habitation. No further climate policies are introduced in this scenario beyond those already announced with little transition impacts assessed.

11 UN IPCC reports

Risk management

Identifying and assessing climate-related risks

Prudential Singapore's Environmental Risk Management Policy clearly spells out the processes and methods used in each facet of the climate risk management cycle, from risk identification and assessment to mitigation and monitoring. Each part of the cycle is further segregated by business function including strategy, risk management, business continuity and investment. This provides a comprehensive framework for the overall management of climate risks. The framework is also aligned with the MAS regulatory guidelines around environmental risk management. Various metrics are used across the climate risk management cycle; these can be found in the Metrics and targets section.

As a life insurer, the main long-term risk to us in relation to insurance liabilities is the uncertainty of changes to mortality and morbidity rates, which may affect claims and payouts. As part of the Actuarial control cycle, the Actuarial team conducts annual experience studies to analyse and understand the experience of the products. This is an integral part of the assumption setting process for pricing and valuation purposes. If adverse experience is shown for specific products, further investigation will be conducted by the Actuarial team to identify possible reasons. The impact of environmental implications, if observed, will be analysed and considered for incorporation into pricing and valuation, where appropriate.

Physical risks are being measured through scenario analysis and will be managed in accordance with the Business Continuity Plan. Transitional risks are measured through stress testing and are managed through mechanisms specific to the functional area. For instance, divestment from companies with a significant amount of revenue derived from coal-related activities would reduce transition risk on the investment front. As another example, gathering information from third-party service providers on their environmental risk management procedures as part of the due diligence process is also a method of assessing climate risk which could arise from the supply chain.

When it comes to financial resilience, we work with our Asian asset management arm Eastspring Investments (Eastspring) to identify and assess climate-related risks to our investment portfolio. One of Eastspring's central engagement themes is on climate change and decarbonisation, where we engage with the companies who are responsible for 65% of the absolute carbon emissions in our non-Investment-Linked Policy (ILP) asset book. These companies will be assessed on three tenets – disclosures, targets and strategy – before we apply a quality check on them. The findings of this assessment will inform the content of the letters we send to each company to encourage them to develop, implement and disclose a credible strategy for transitioning to a low-carbon future. We tailor the content of the letter to each company to ensure that our engagement carefully considers the investee company's current climate action maturity. For more information on these engagement activities, please refer to our *Responsible investment* section.

Managing climate-related risks

We are guided by our EnRM framework on actions taken to mitigate, transfer, accept, or control climate-related risks. The overall management and control of climate-related risk is the responsibility of the Board Risk Committee. It determines and approves the environmental risk measures and triggers to ensure that environmental risk exposures are within our risk appetite, and that they meet the local and Group environmental objectives.

Any deviations from the framework will be managed through the appropriate governance processes, which may include management-level deliberation, escalation to the highest governance body, and further actions if necessary. We require any breaches of established environmental risk triggers, along with management actions in response to those breaches and stress testing/scenario analysis, to be documented.

We are aware of the reputational risk that can arise from providing group insurance coverage to corporate customers who operate in high-risk sectors that could have a negative impact on the environment. To align with our approach on responsible investment, our Enterprise Business team applies the same criteria to identify high-risk companies. For example, we look at the percentage of company revenues tied to coal and tobacco and verified involvement in controversial weapons.

Integration of climate-related risks into the organisation's overall risk management

Environmental risk is a cross-cutting risk that affects many functions within the organisation. Prudential Singapore formalised a standalone Environmental Risk Management Policy in 2022 to manage and mitigate climate risk so that our financial and operational resilience remain strong. It is a significant part of our overall risk management framework, and it will continue to take on an increasingly prominent role across all risk management processes alongside our other existing risk policies.

Metrics and targets

Metrics and targets used to assess climate-related risks and opportunities

We work closely with Group to assess climate-related risks and opportunities and use a variety of metrics and targets. These include decarbonisation targets related to our asset book as well as our operations. In Singapore, we have set additional metrics surrounding our enterprise business that are in line with our environmental risk management approach. For a full view of the metrics and targets used, please refer to the tables below.

In 2023, Prudential Singapore plans to put in place organisation-wide ESG key performance indicators (KPIs), specifically around decarbonisation, to monitor progress in achieving our strategic objectives. These performance management indicators are quantifiable and tracked at the relevant governance committees. We believe it is important to integrate environmental risk management into incentive structures and link incentives to performance, to promote accountability and drive the desired conduct in achieving target outcomes.

Scope 1, Scope 2 and Scope 3 GHG emissions, and the related risks

We contribute to our Group's target of achieving carbon neutrality for Scope 1 and 2 emissions by 2030. In 2021, we disclosed that we contribute to this target and that our progress was on track. As part of our disclosure enhancement in 2022, we are publishing our local Scope 1, Scope 2 and selected Scope 3 emissions in this report. In 2022, we reviewed our Scope 3 emissions to identify the areas of our supply chain that contribute most significantly to our overall emissions footprint. We took guidance from Group's 2021 assessment that considered all 15 Scope 3 categories according to both the Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials (PCAF). Nine of the Greenhouse Gas (GHG) Protocol's Scope 3 categories were relevant to Prudential Singapore and given the nature of our business, category 15 is our most material source of GHG emissions. For more information on the related risks, please read our Group ESG Report 2022.

Time horizon	Baseline year	Climate-related metrics category	Metrics	Targets	2022 performance	Main drivers and actions to achieve target
Operations						
Short	2021	Environmental considerations of suppliers	Number of suppliers who do not comply with Supplier Sustainability Guidelines	All active vendors are required to complete our ESG questionnaire	0%	Ensure suppliers incorporate sustainable ESG-related policies and practices
Short, medium and long	2016	Scope 1 emissions*	For our business, direct emissions only include emissions from company-owned vehicles	Carbon neutral by 2030	20 t CO_2e	Adopt responsible environmental practices including increase in efficiency inof our energy consumption and minimise waste produced
	2016	Scope 2 emissions*	Indirect emissions include those arising from our electricity usage for our office spaces		632 t CO_2e	Improve our environmental supply chain management
Short	2016	Scope 3 emissions*	Please refer to the table on the following page for more information	No target set at this point	280 t CO_2e	Raise our employees' awareness of environmentally responsible behaviour
Short, medium and long	2016	Energy consumption	Please refer to the *Responsible environmental practices* section for more information	Reductions of resource consumption in our operations	5,939 GJ from electricity 297 GJ from liquid fuels	
		Water consumption			479 m^3 water	
		Waste management			33 tonnes general waste sent to landfill	

* The calculation for each metric is consumption multiplied by emission factor. Locally, emission factors sources are IEA for electricity and DEFRA for the rest. This aligns with the GHG protocol.

We acknowledge that there are data gaps across our Scope 3 categories, and we are continuously exploring best practices as part of our improvement. For example, with Singapore's hybrid working arrangement, we are looking at ways to understand the hidden carbon emissions related to employee commuting, including remote working. In 2022, we conducted a survey with more than 300 Prudential Singapore employees to understand their energy consumption patterns and trends at home. We intend to conduct this survey regularly as part of our regular review of Scope 3 data.

Category	Relevant	Why category is relevant or not	Disclosed in 2022
1 Purchased goods and services	Yes	There are emissions associated with the products and services we engaged eg IT and professional services.	No
2 Capital goods	Yes	There are embedded emissions with the capital goods we purchase eg IT hardware and office furniture.	No
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Yes	There are emissions from the extraction, production and distribution of the fuels and electricity that we purchase for our business activities such as business travel.	Yes
4 Upstream transportation and distribution	Yes	We generate emissions from third-party courier and logistics services.	No
5 Waste generated in operations	Yes	We generate emissions through the disposal and treatment of waste generated in our on-site operations.	Yes
6 Business travel	Yes	We generate emissions by travelling for business-related activities, including flights and land transport, booked through our travel partners.	Yes
7 Employee commuting	Yes	We generate emissions through staff commuting and from remote working.	No
8 Upstream leased assets	Yes	We generate emissions from landlord-provided services that are not captured in our Scope 1 and 2 disclosures.	No
9 Downstream transportation and distribution	No	We do not sell products that are transported.	No
10 Processing of sold products	No	We do not process intermediate products.	No
11 Use of sold products	No	We do not sell products that have an associated energy use outside of our operations.	No
12 End-of-life treatment of sold products	No	We do not sell physical products that can be disposed.	No
13 Downstream leased assets	No	We do not lease assets to other entities.	No
14 Franchises	No	We do not operate any franchises.	No
15 Investments	Yes	We hold significant financial investments which generate emissions. Please refer to the section on *Metrics and Targets*.	Yes

Targets used to manage climate-related risks and opportunities and performance against targets

Our Group has set ambitious targets to become a net zero asset owner by 2050 which align with the 1.5-degree Paris Agreement scenario. Our pathway's progress is translated accordingly into various targets that are robustly measured by different climate-related categories and their respective metrics. We are pleased to report that Prudential Singapore is currently on track with this decarbonisation trajectory and performing well.

At the same time, we continue to develop more metrics that will help us enhance our management of and reporting on climate-related risks, especially in our responsible investment framework. We have identified forward-looking metrics, such as Climate Value at Risk (C-VAR) and implied temperature risk (ITR) during 2022. Although there are limitations on data availability and the level of assumptions they require, we have found them appropriate for internal use. We will consider disclosing them externally once we overcome these shortcomings and as we develop a deeper internal understanding of these metrics.

The table below outlines the **nature, source and outcomes of these metrics.**

Time horizon	Baseline year	Climate-related metrics category	Metrics	Targets	2022 performance	Main drivers and actions to achieve target
Investment*						
Short, Medium and Long	2019	Carbon emissions intensity of our portfolio	Weighted Average Carbon Intensity (WACI) Carbon emissions in tonnes CO_2e/$USDm revenue	25% WACI reduction by 2025	(43)%	Reduce the carbon footprint of our portfolio and shift our assets under management to more sustainable investments
Short	n/a	Exposure to companies for coal	Divestment from companies that exceed the 30% threshold of coal revenue	Equities: Full divestment by 2021, which we continue to monitor so as to maintain this divestment position	Completed all divestment at the Singapore level - the Group ESG Report provides further detail on progress across the Group on coal exclusions	Exclude companies generating more than 30% of their revenue from coal mining and/ or electricity generated from coal, controversial weapons and tobacco
Short	Annual	Engagement with companies responsible for 65% of the carbon emissions related to our investment portfolio	Absolute carbon emissions attributed against Enterprise Value Including Cash (EVIC), in tonnes CO_2e	Engage with that year's top emitters that contribute to 65% of Prudential Group's absolute carbon emissions	Efforts to engage with these companies are ongoing	Please refer to Supporting a just and *inclusive transition* section
Enterprise business						
Short	n/a	High-risk customers	Percentage of company revenue tied to coal and tobacco, and verified involvement in controversial weapons	Ensure our enterprise business customers comply with the same standards we apply to investee companies under our Responsible Investment Policy	0%	Identify high-risk companies that will be managed by our Enterprise Business team.

* All asset classes (except cash and derivatives) are under the scope of the Group's Responsible Investment Policy. However, Prudential plc has a separate policy regarding sovereign bonds issued by the national government. The decision to invest in sovereign bonds from the local government are largely driven by asset owners' ALM considerations and in some cases, local regulations. Therefore, investment decisions regarding local sovereign bonds cannot be dependent on ESG considerations. Instead of excluding government bonds from the Responsible Investment policy, Prudential plc focuses on specific Responsible Investment strategies and market influence.

STRATEGIC PILLAR:

BUILDING SOCIAL CAPITAL

"It's very fulfilling for me to know that my role helps to promote an inclusive environment in which our people are comfortable expressing and being themselves at work as they journey professionally with us."

Cheryl Tay
Lead, Culture and Diversity, Inclusion and Belonging

We invest in building relationships with our employees and broader stakeholders to build social capital. At Prudential Singapore, we want to lead by example when it comes to ensuring our workforce is diverse and inclusive, and our workplace provides a sense of belonging. Just as we place significant importance on people responsibility, we also take a serious position on digital responsibility. This means protecting data and prioritising privacy in our entire digital ecosystem.

Digital responsibility

Having a strong corporate digital responsibility framework brings many benefits to an organisation. This helps to gain the trust and recognition of customers and improve the company's reputation.
As we increase the use of digital technologies in our business, we also need to be mindful of any technology and security risks that may arise. Prudential employs a robust framework to help us identify, detect and mitigate such risks. This includes policies around, information security, data protection and privacy which help protect the company's integrity and ensure long-term resilience.

Data privacy and protection

As a life insurer, we deal with sensitive data which includes our customer's personal health information. It is our duty to continuously protect customer privacy and ensure that our data management processes are impermeable.

The impact of having strong data privacy and protection helps to maintain people's trust and confidence in the financial services industry and the economy. If data privacy and customer protection are not managed with care, breaches may occur, and this could result in substantial fines and loss of consumer confidence. More importantly, we need effective data protection laws and regulations so that the rights of citizens are protected against the misuse of their personal data. Organisations must use data in a fair, transparent and accountable manner for the benefit of people and society.

As a Group, a key focus in 2022 was to further embed privacy in our business and ensure that the protection and compliant use of personal data is a key component in new and existing projects and initiatives. Our Group Privacy Policy (GPP) requires localised training to raise awareness of employees' understanding of local privacy laws. In Singapore, our Data Protection Policy is reviewed periodically and has been updated with the latest regulatory requirements from the Personal Data Protection Commission (PDPC). The policy lays out the roles and responsibilities and documents the requirements under the Personal Data Protection Act (PDPA).

Our Privacy Impact Assessment continues to help employees identify and manage privacy risks in new and existing processes by reviewing how these processes may affect the privacy of individuals whose personal data are being processed. With the shift to hybrid working in 2022, we reviewed our data protection risks and enhanced our secure remote working security controls to protect the legitimate access, as well as the confidentiality and integrity, of data exchanges.

Consistent with previous years, all employees undergo annual data protection training to ensure they are familiar with fundamental knowledge in the areas of customer privacy, information security and technological risks. We communicate regulatory requirements and changes to our people regularly, so they continue to keep the importance of data protection and privacy top of mind while going about their daily work. Failure to complete this mandatory training will result in disciplinary action.

In addition to the annual data protection training, all employees also undergo regular phishing exercises to ensure they can quickly spot technology vulnerabilities, information security risks and potential cyberattacks by external actors. Employees who do not pass the phishing exercise will need to complete the phish retraining. The completion rate for the last phish retraining in 2022 is 100%.

Just as our employees are key to protecting our organisation against technology risks, our financial consultants also play an important role. Therefore, we conduct an annual Technical Knowledge Assessment to ensure they are also familiar with the fundamentals of customer privacy, information security and technological risks. New financial consultants are required to complete the data protection e-learning module. We also communicate regulatory requirements to our financial consultants regularly, so that they keep the importance of data protection and privacy at the forefront.

Data breaches are managed as incidents which are handled by our internal incident reporting group. Various internal stakeholders are involved in this process to assess the impact of the incident and decide on remedial actions, including training for affected individuals. Where required, we also report incidents to our regulator. From a governance perspective, quality assurance reports and data breaches are made available to the Risk Committee, where needed. If the matter requires escalation, the Risk Committee will inform the Board Risk Committee, who has oversight on technology risk, among other topics.

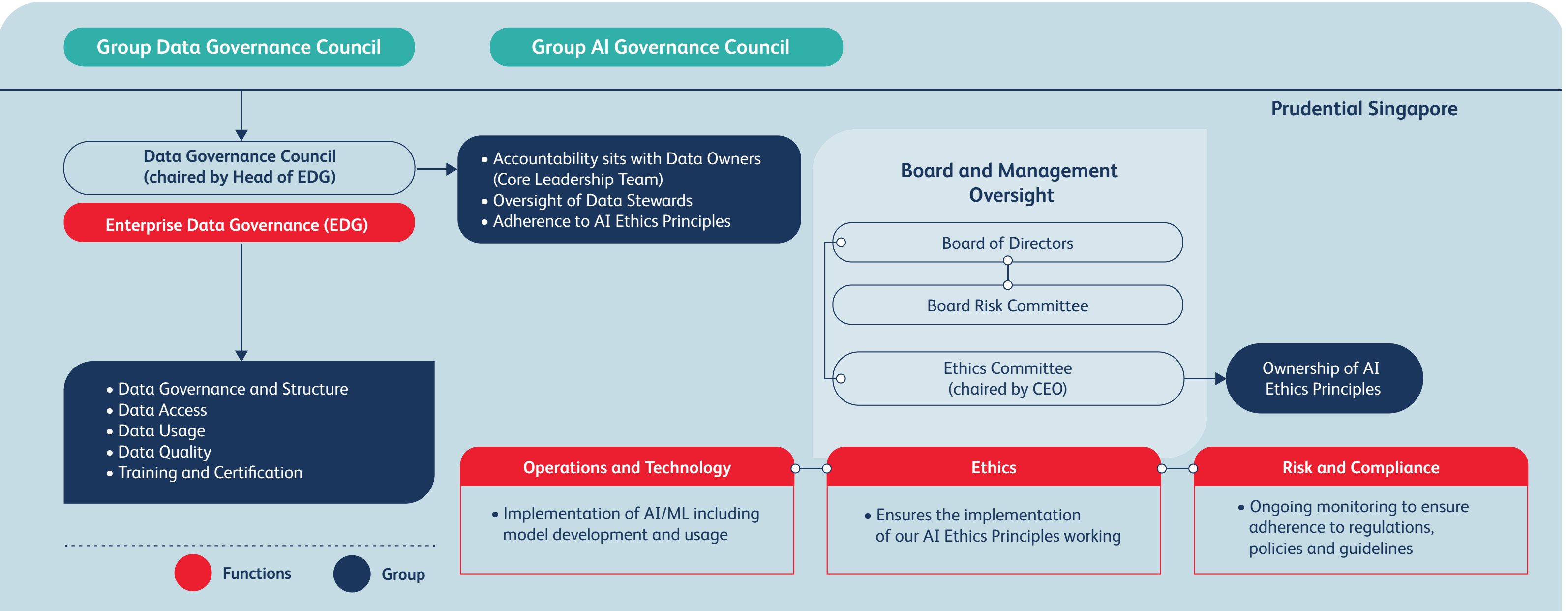
During the reporting year, a total of nine cases of identified leaks, thefts or losses of customer data were reported to the PDPC. There was one substantiated complaint received concerning breaches of customer privacy in 2022. Incidents and complaints reported in this section cover corporate incidents only.

We remain committed to upholding our customers' trust by prioritising the privacy and protection of their data and acting with integrity and will continue to improve on our security risk and controls.

Data governance

The Data Governance Council is accountable and responsible for ensuring that we manage our data assets effectively to meet our regulatory, compliance and financial reporting obligations, and enable continuous growth and improvement of end-to-end customer experiences with better health and wealth management solutions.

Following the setting up of this council in 2021, we rolled out several new initiatives this year to further enhance our



data governance and structure and improve our data integrity and access. We prioritised the implementation of Collibra Data Governance capability, which allows us to operationalise data governance workflows and processes to deliver trusted data across our organisation. We also incorporated data review into our project effectiveness scoring framework for strategic projects. In 2022, our Enterprise Data Governance team, together with data owners and stewards, successfully identified over 1,300 core data assets across seven data sets from Customer, Distribution, Finance, Pricing, Product, Human Resources and Risk. The core data gathered, along with its definitions, characteristics and lineage will be uploaded to Collibra, our data management tool, and made available to data users as information to strengthen workflows and processes around the core data for effective data governance and data quality management.

As part of data integrity, we implemented Collibra data quality capability and logged data quality issues across the company. Data access was also improved upon by onboarding pilot business users onto a comprehensive business glossary, which subsequently enabled a seamless data extraction process.

In 2022, we also rolled out organisation-wide training with the objective of introducing basic principles of data governance, operating models, roles and other relevant concepts such as data quality and control. This second annual training saw 60 % of our employees completing the training. In 2021, this training was mandatory with a 90 % completion rate, however, the training was made non-mandatory in 2022 and served as a refresher for our employees.

Strengthening our governance on artificial intelligence and machine learning

During the reporting year, we strengthened our governance structure and processes regarding our approach to artificial intelligence (AI) and machine learning (ML). In 2021, we shared that ownership of our AI Ethics Principles sits with our management-led Ethics Committee. The diagram above provides a summary of our governance structure and illustrates how the Enterprise Data Governance, Operations, Technology, Ethics and Risk and Compliance functions come together to oversee and safeguard our implementation of AI/ML. This includes ensuring that the eight AI Ethics Principles of value, transparency and explainability, fairness, reliability, compliance, accountability and responsibility, privacy and security, and assurance are adhered to.

To operationalise this, we set up an AI/ML Working Group in 2022 to assess and review the use of AI/ML and Data Analytics; and ensure that the process or model used will fulfil both internal guidelines and regulations. It is also responsible for discussing the future direction and reviewing any potential challenges or issues on the use of AI/ML and Data Analytics in Prudential. The Working Group is chaired by the Head of Ethics, and its five members are the heads of Enterprise Data Governance, Analytics, OPEX Centre of Excellence, Data Engineering and Compliance. It reports to the Ethics Committee.

Members are key to ensuring that all initiatives that adopt AI/ML and Data Analytics comply with the MAS Fairness, Ethics, Accountability and Transparency (FEAT) Principles and Prudential's AI Ethics Principles. In the event any process or project needs to be reviewed more thoroughly, they will be escalated to the Group.

The AI/ML Working Group met twice in 2022 and worked on enhancing our process for capturing projects that may contain elements of AI/ML. This was done during the project charter stage where project owners were required to complete a questionnaire as part of the project's data profile. We have also established several criteria for what constitutes an AI/ML adoption, and that includes whether a system has a feedback loop that allows us to learn from the differences between model expectations and real-world outcome, and whether it contains any elements of statistical or machine learning, or probabilistic modelling.

People responsibility

Our employees are crucial in ensuring the success of our business and building a sustainable workforce. We invest in our people as part of our efforts to build social capital and continue to strengthen our employee value proposition in 2022. As the company moved to a hybrid work arrangement in a post-Covid era, we remained committed to employee wellbeing and continue to promote flexible work and pursue equitable opportunities for every employee.

Employment[12]

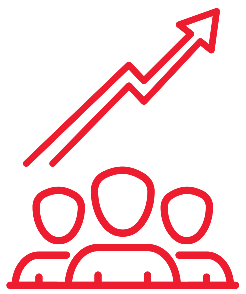
Information on our employees is shown in the table to the right. In compiling this data, we have used the full-time equivalent (FTE) methodology, which is a unit of measurement equivalent to the number of hours typically worked by a single full-time employee.

	Female	Male	Other (gender as specified by the employees themselves)	Not Disclosed (gender not disclosed by employees)	Total
Total number of employees	754	478	N/A	N/A	1,232
Number of permanent[13] employees	724	447	N/A	N/A	1,171
Number of temporary[14] employees	30	31	N/A	N/A	61
Number of non-guaranteed hours employees	N/A	N/A	N/A	N/A	N/A
Number of full-time[15] employees	752	478	N/A	N/A	1,230
Number of part-time[16] employees	2	N/A	N/A	N/A	2

Prudential Singapore has engaged workers who are not categorised as employees for specific management purposes. The total number of such workers in 2022 are reflected in the following table:

Type of worker[17]	Number of workers	Contractual relationship	Scope of work
Contractors	67	No	They are on a service arrangement for a limited duration, and their employment comes to an end with the completion of a specific event, including the end of a project/work phase/return of replaced employees.
Interns[18]	21	Yes	These are short-term work opportunities offered to students, enabling them to gain entry-level exposure in the insurance industry or fields related to their studies.

As we emerged from the pandemic, hiring ramped up in 2022, with overall hire rate up by



2.5 times

from

11%

to

27%

For the group under the age of 30, the rate increased by 2.8 times, while the rate for the 30 to 50 years age group jumped 2.3 times, mainly due to talent availability in the market. We have more than doubled our total hires across all age groups following the removal of our temporary freeze on resignation replacements, as well as the removal of our gender ratio hiring guidelines.

12 All data provided within the Building Social Capital section is based on our operations in Singapore only.

13 Permanent employment contract refers to a contract with an employee, for full-time or part-time work, for an indeterminate period.

14 Temporary employment contract refers to a contract of a limited duration, and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.

15 Full-time employee is defined as an individual working 39 hours per week.

16 Part-time employee is defined as an individual working less than 39 hours per week.

17 We define contractors as third-party contractors and interns as students who have signed leave of absence agreements with Prudential Singapore.

18 Number of active interns as of 31 December 2022.

Data[19] on our new employee hires[20] and employee turnover[21] are shown in the tables below:

	Total number of employee hires		Total number of employee turnover	
	2021	2022	2021	2022
Under 30 years	44 I 21%	110 I 70%	52 I 20%	46 I 17%
30 to 50 years	80 I 9%	173 I 23%	191 I 20%	116 I 12%
Over 50 years	6 I 6%	6 I 6%	18 I 18%	9 I 9%

	Total number of employee hires		Total number of employee turnover in	
	2021	2022	2021	2022
Male	68 I 10%	118 I 30%	132 I 17%	68 I 13%
Female	62 I 13%	171 I 27%	129 I 24%	103 I 13%

Our internal Hiring Policy provides guidelines to ensure consistency in our recruitment process. The policy covers the selection methodology for permanent, contract, temporary and internship positions. In support of fair employment practices, from 2022, we do not require payslips as proof of last-drawn salary before making offers to candidates. Instead, we refer to the market value of the job to determine the appropriate salary. Through our employment practices, we have positively contributed to society by providing 436 jobs[22] across various divisions in Prudential Singapore in 2022.

19 Data compiled on employee hires and turnover are calculated using FTE methodology and do not include interns, trainees, contingent workers and international business financial consultants.

20 Employee hire rate is calculated as total hire in the reporting year divided by total number of employees in previous reporting year.

21 Employee turnover rate is calculated as total turnover in the reporting year divided by the sum of total number of employees in the previous reporting year and total new hires in the reporting year. Turnover numbers include voluntary and involuntary.

22 This includes a total of 372 permanent and contract employees, and 64 interns.

Connect, grow and succeed

Our Group Culture Framework, which consists of four key elements of purpose, principles, values and future-ready skills, steers us to fulfil our people responsibility.

To help our employees get the most out of life, we focus on helping them connect, grow and succeed. We achieve this by supporting an inclusive workplace, providing opportunities for training and development and ensuring our employees are rewarded and recognised for their efforts.

Connect	Grow	Succeed
Providing a diverse, inclusive and flexible work environment where ideas are welcomed, contributions valued and everyone is encouraged to bring their true self to work	Giving our people the time to grow and develop, with support and feedback when it's needed and a culture that encourages them to challenge themselves and learn new skills	Recognising our people for their skillsets and contributions and looking after their health and wellbeing
Culture	Leadership	Performance management
Diversity, inclusion and belonging	Learning	Reward and recognition
People experience	Talent and succession	Future-ready workforce

Connect

Culture and people experience

We are committed to building a culture that is inclusive and where our employees feel safe to share their thoughts openly and actively. At Prudential Singapore, we have five shared values – ambitious, curious, empathetic, courageous and nimble – that help to reinforce our culture of inclusivity throughout the organisation.

These five values guide us in the way we conduct ourselves and represent the best of who we are:

- Ambitious: We push ourselves and each other to achieve greatness together;
- Curious: We stay humble and seek to learn new perspectives;
- Empathetic: We learn to walk in other people's shoes and pay attention to their situations;
- Courageous: We do the right thing and respectfully challenge ideas; and
- Nimble: We adapt and become more resilient through learning from our mistakes.

With our employees playing a pivotal role in the success of our business, we consciously make it a point to seek their concerns and feedback to better understand their needs and interests. We accomplish this by having frequent engagements with them. One such example is the Collaboration Jam, a three-day virtual conversation that aims to bring our employees from Asia and Africa to share on issues that are important to them.

In 2022, we held our third Collaboration Jam in September 2022, with over 2,600 posts contributed by 553 of our Prudential Singapore employees. The key insights from the Jam included a desire for more informal face-to-face interactions and more cross-division activities. As with prior years, these insights helped to shape our subsequent initiatives, and we launched Mystery Coffee soon after the Collaboration Jam. This new initiative addresses our employees' wish for more informal interactions by matching colleagues from different localities to meet for an informal chat over coffee.

Diversity, inclusion and belonging

Diversity and inclusion (D&I) continues to be a vital aspect of our Group. Diversity within the organisation can lead to positive impacts such as encouraging employees to challenge their own assumptions and fostering a more inclusive and equitable workplace where our different cultures, perspectives and experiences are embraced. At Prudential Singapore, we are committed to building a safe and equitable work environment where everyone feels valued and appreciated. We recognise that the inclusion of diverse skillsets and backgrounds enriches the company and promotes an environment where our differences are accepted by others, thus deepening our sense of belonging.

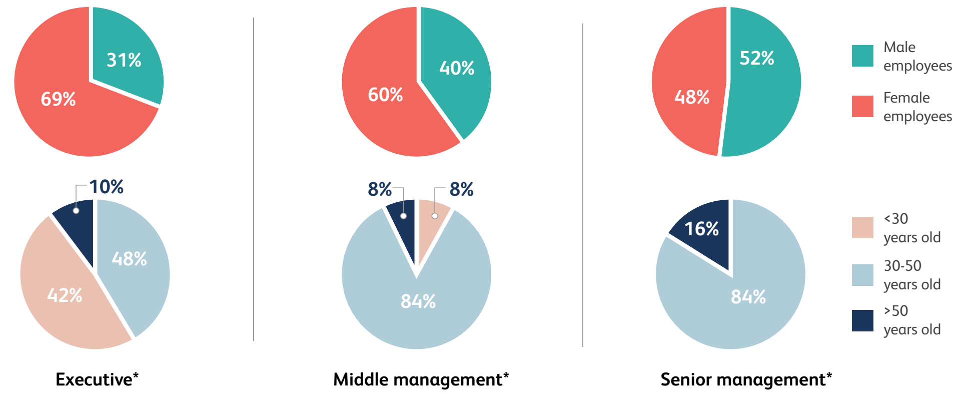
One of our most distinctive priorities for D&I is on promoting gender equality. Increasing female participation ratio and reducing gender pay gap are some of the goals we have set in alignment to this priority. In 2020 and 2021, our female participation rate for senior managers and above were 51% and 50% respectively. We are heartened that the female participation rate in 2022 is at 52%, which is consistent with our target.

We had a 50% female representation rate for our Board of Directors, which consists of six members, from January to October 2022. In November 2022, the female representation rate tilted to 33% following the Chair role being replaced by Mark FitzPatrick. All of them are above the age of 50.

Our ambition from 2022 to 2024 is to close the gender pay gap to zero. In 2022, this goal has been further defined as a range of 0.5% to (0.5)% due to constant staff movement. With our gender pay gap decreasing from 1.3% in 2021 to (0.3)% in 2022, we have met our goal and will continue to work towards supporting equal opportunity for women.

The Employee Handbook covers a multitude of policies relating to D&I including interchangeable public holidays, where employees can opt to take their public holidays on another holiday based on their ethnicity and religion. We also support employees

The charts below provide a further breakdown of our gender split by levels and age.



** Note: For the purpose of this report, executive refers to senior executives and below, middle management refers to associate managers to senior managers, and senior management refers to deputy vice president and above.*

over age 55 by increasing their Central Provident Fund (CPF) contribution rate to help them be better financially prepared for their future. These policies signal the importance we place on building an inclusive environment for our employees. We have also undertaken many initiatives to engage our employees and create an inclusive workplace such as:

- Silver Surfing With – We refer to our senior employees aged 51 and above as Silver Surfers. To deepen their sense of belonging with us and ensure they are not isolated from the workforce, quarterly engagement sessions called Silver Surfing With are arranged to connect our Silver Surfers with our core leadership team (CLT). These sessions cover topics such as active ageing, upskilling and reskilling. Our Silver Surfers have also been given opportunities to upskill and reskill, with 27 of them taking part in the Career Conversion Programme (CCP) in 2022, bringing the total number to 53.
- Inclusion Week – To celebrate inclusion and diversity of skills within our teams, families and communities, Inclusion Week was organised with multiple activities such as Inclusion Challenge, where divisions pitched their ideas to enhance inclusion within the organisation. Over the week, we had more than 600 colleagues participating in one or more events. For our Family Day, more than 270 colleagues and family members gathered at the Marina One Office for games and snacks.

To build camaraderie among our employees, we provide opportunities for them to bond over social activities. The Staff Recreation Committee (SRC) continued to organise events with the aim of deepening our employees' sense of belonging and building a positive work environment. In 2022, a total of 11 events were held, covering game nights, fitness lessons and art jamming sessions. These activities saw more than 380 attendees[24], who participated in over 859 hours of SRC activities. Specifically, for PLAYDAY 2022, we had about 800 attendees.

The ratio of basic salary and remuneration of women to men for each employee category by significant locations of operations[23] is shown below:

	Basic salary*		Remuneration*	
	Male	Female	Male	Female
Executive	1.0	1.00	1.0	1.01
Middle management	1.0	0.99	1.0	0.99
Senior management	1.0	0.99	1.0	0.99

* Note: Basic salary is defined as a fixed, minimum amount paid to an employee for performing their duties while remuneration is defined as basic salary plus additional amounts paid to a worker which can include bonuses, benefit payments, overtime and any additional allowances.

23 Data is computed based on teams with more than five males and five females to ensure sufficient sample size and a meaningful analysis. Location of operations is for Singapore only.

24 From 2022, we will be disclosing total attendees because we no longer track unique attendees.

Since remote working became prevalent during the pandemic, it has become clear that our people are opting for working arrangements that give them flexibility. We launched PRUAnywhere in 2022, which enables our staff to work conveniently from private booths and desks in co-working spaces across the island. This provides our employees with the option to work based on their commitments and schedules, increasing work efficiency and productivity. With over 200 early adopters in its first year of launch, the initiative has been gaining traction with nearly 120 active users. As we continue to track the participation rate, we hope to have a better understanding of our employees' preferred new ways of working so that we can address these while maximising productivity.

Grow

At Prudential Singapore, we want our employees to adapt and thrive in the workplace. We do this by providing access to various learning platforms and working with different partners to enable extensive learning and development. Our upskilling and reskilling efforts impact our employees positively by providing them with a greater range of opportunities for future career transitions across their professional lifespan. Positive impacts of our training and development initiatives on our people and society include developing and strengthening the skills of Singapore's workforce to ensure that they have the necessary future-ready capabilities to remain relevant and employable. This can lead to more economic growth as people upskill and reskill to better adapt to new economic challenges.

Leadership, talent and succession

At Prudential Singapore, our leaders are kept abreast of the skills needed in today's workplace as we build a future-ready pipeline of talents. Under our Catalyst talent programme, high-performing employees undergo a comprehensive programme that focuses on education, exposure and experience, with the aim of enhancing their leadership capabilities. In 2022, the talent pool has increased by 37 %, and our talents have taken on secondment roles or internal assignments across business units and Group functions. Some of these talents took up roles in countries such as Thailand, Cambodia, Hong Kong and Myanmar where they worked on strategic projects for the business. Through this initiative, we want to nurture our next generation of leaders so that they can lead our company well into the future.

Learning

Our employees are empowered to learn anywhere, anytime, and at their own pace. Guided by our Learning and Development policy, we seek to enhance the competencies and capabilities of our employees and encourage continuous learning so that our people are up to date on the latest developments in our industry. We offer them various opportunities to upgrade and develop their skills through access to online e-learning platforms, higher learning institutions and internal programmes.

In 2022, our employees logged more than 40,000 learning hours through mandatory e-learning and self-directed learning on multiple learning and development platforms including LinkedIn courses, Udemy courses and myHR courses. Information on the average training hours from 2020 to 2022 is shown in the table above.

Average training hours	2020	2021	2022
Per employee	28.9	31.3	33.9
Per female employee	28.8	30.1	33.2
Per male employee	29.0	33.1	36.0
Per executive	29.3	31.4	35.9
Per middle management	28.7	31.6	32.8
Per senior management	28.5	29.9	33.9

The average training hours in 2022 have increased due to the uptake of professional development areas for actuarial and industry-related topics, as well as the focus on equipping our people with future-ready skills and capabilities.

In line with our commitment to help employees gain the skills required to thrive in the workplace, we have organised PRUFaculty sessions. These are peer-to-peer learning sessions where colleagues share their knowledge and experiences in their areas of expertise with other colleagues. Since the launch of this peer-sharing initiative in 2021, we have close to 50 PRUFaculty trainers who share on a wide range of topics including career development, effective communication, ethics and enterprise data governance. These give our employees an opportunity to understand more on the different functions and priorities of the business, as well as acquire knowledge on different areas of expertise.

Other programmes that support learning and development opportunities within Prudential Singapore include:

- **Coaching Champions** – At Prudential Singapore, we want to build a coaching culture that empowers employees to adopt a growth mindset and take ownership in seeking other colleagues for guidance and advice. Our Coaching Champions have undergone six months of training to become a development coach to other employees and focus on one-to-one coaching on professional and personal development goals.

  In 2022, we have more than 30 Coaching Champions and have also expanded the programme to include coaching on wellbeing, including anxiety and stress management. A total of 26 teams and 55 individuals have been coached on wellbeing so far.
- **SGUnited Traineeship Programme (SGUT)** – Since 2020, we have been supporting the SGUT programme, which aspires to help fresh graduates and mid-career individuals acquire industry-specific competencies through traineeship arrangements. In 2022, we onboarded five SGUT trainees with a conversion rate of 60 % as we focus on filling full-time placements.

While we have no transition assistance programmes in place, we continue to ensure that our workplace remains age inclusive. We removed the retirement age in 2018 and increased the CPF contribution rate for employees aged 55 and above. Additionally, our Silver Surfers continue to upskill and grow themselves professionally through CCP and connections with Coaching Champions.

Succeed

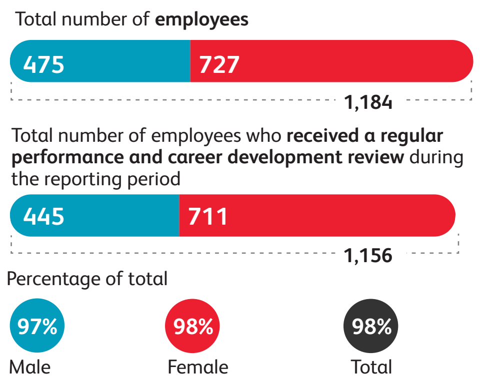
The success of our business is highly dependent on our employees. We give recognition to our employees for their contributions by rewarding them for their work performance and showing appreciation for their efforts. Additionally, we also take the necessary steps to make sure that their health and wellbeing needs are met.

Performance management

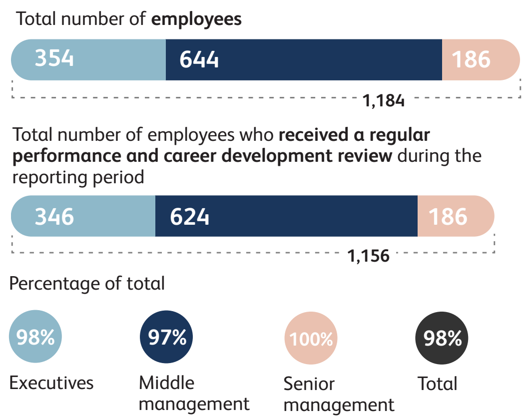
Performance feedback and career development reviews are essential for guiding our employees on the right path in their career journeys. At Prudential Singapore, formal performance and career development review for our employees23 occur at least twice a year. Our TellMe app is used to ensure timely feedback is given and continuous discussions between managers and employees take place throughout the year. In 2022, a total of 1,364 employees used the TellMe app and an average of 40 % of the feedback exchanged was cross-divisional. The average cross-divisional feedback is 8 % higher than that of 2021 and indicative of increased collaboration within the company. Please refer to the table below on the total employees who have received regular performance and career development review in 2022.

Employee performance reviews

By gender



By job level



Other benefits available for our full-time staff are:

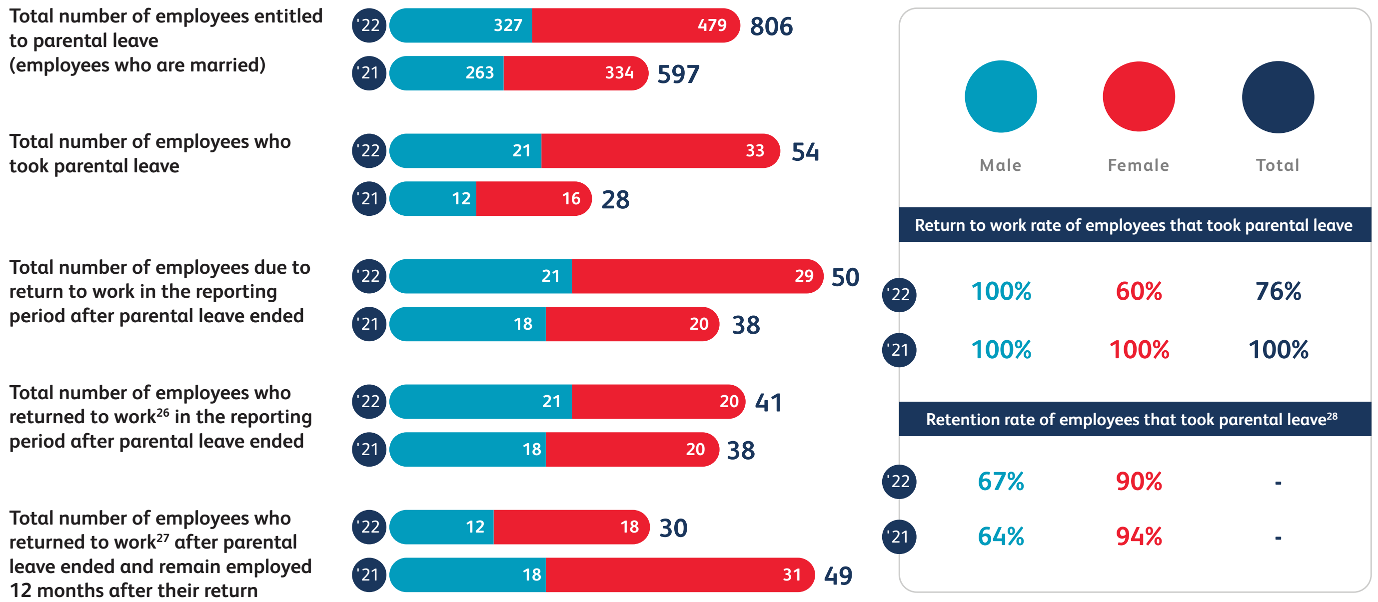
Parental leave	Male employees are entitled to three weeks while female employees are entitled to 24 weeks of parental leave.
Retirement provision	Employees with more than 15 years of service who retire from the Company will receive S$3,000 worth of vouchers.
	We have normalised CPF contributions for senior employees older than 55 years by increasing the CPF contribution rate to 17%.
Stock ownership	Employees can partake in PRUshareplus, a share plan that gives employees the opportunity to invest in Prudential. For every two shares bought by our employees, Prudential gives our employees one more share for free. In 2022, 38% of our full-time employees are active in this scheme.
Other benefits	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.
	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.

Reward and recognition

Our wide range of employee benefits[25] and rewards enhances our employees' wellbeing and boosts their morale. These can lead to an increase in productivity and output within our workforce, support economic growth as well as social mobility for individuals. As a crucial driving force of our business, our employees' wellbeing is of utmost importance. All full-time employees are entitled to life insurance, disability and invalidity coverage, such as Group Term Life coverage with a supplementary support of six months guaranteed cash and Group Pre-Crisis Guard which covers medical conditions in its early and intermediate stages. We are also planning to roll out a new insurance benefit for Group Accidental Death and Dismemberment in 2023. For healthcare benefits, we provide Group Hospitalisation & Surgical/Group Major Medical (GHS), Group Clinical General Practitioner, Group Specialist, Group Dental, Health Screening and Vaccination.

25 The benefits mentioned in this section are applicable only to full-time employees.

Employee performance reviews



Retention rate of female and male employees that took parental leave in 2022: 79 %

For the long-term success of the company, it is imperative that we look after the mental wellbeing of our employees. In 2022, we rolled out the Mental Wellbeing Supporter programme, where our colleagues were trained to become Mental Wellbeing Supporters. Following the training, a total of 16 employees across all divisions now serve as contact points to provide support and reassurance to employees who may be facing difficulties. In doing so, we encourage our employees to reach out and receive the assistance they need to address the challenges they face.

To further support our employees' health and wellbeing, we introduced Reflect, Rejuvenate and Recharge (RRR) Leave where employees who have completed at least five years of employment with the company are given the option to take a two-month sabbatical. This allows them to take a pit-stop to rest, recharge and pursue personal plans before the next step of their career with us. Employees who are eligible will be able to take this leave from 2023.

A fair compensation strategy is essential for talent retention and contributes to employee motivation. At Prudential Singapore, we want to make sure that our employees are given competitive compensation packages to reward them appropriately for the work they do. The following section provides information on our remuneration policies and total annual compensation ratios.

The remuneration policies for our senior executives and directors:

	Senior executives	Board of Directors
Fixed pay	Fixed pay consists of basic salary.	Executive directors' payment policies follow that of senior executives.
Variable pay	Variable pay consists of performance-based variable bonus and long-term incentives such as share awards.	Independent directors are paid directors' fees which are reviewed annually, and any changes are subject to the Nomination and Remuneration Committee (NRC)'s recommendation to the Board and Board's approval.
Sign-on bonuses or recruitment incentive payments	Guaranteed bonuses to new hires are permissible on the condition that these have been pre-defined in the employment contract and are applied for a specific performance period, subject to the company's corporate governance requirements.	
Termination payments	Any payments made relating to the early termination of a contract will consider performance over time and adhere to the principle of avoiding payments that reward failure. Any payments made in respect of outstanding long-term incentive plans and/or deferred bonus awards will be subject to the relevant plan rules.	**The review considers factors such as directors' contributions, effort and time spent, frequency of meetings, respective responsibilities, industry benchmarks and market practices for independent director compensation.**
Clawbacks	Clawback and/or malus provisions are normally applied to support the risk management objectives of the business area or to satisfy regulatory requirements.	
Retirement benefits	Contribution to CPF is one of the retirement benefits. A select few senior executives may be eligible to participate in the Group's retirement plan.	

26 Returning to work refers to returning after the four-month mandatory parental leave for females, while for males it is after utilising their optional three-week paternity leave.

27 Based on those who returned to work in the preceding year and remain employed 12 months after their return.

28 Calculated by dividing the total number of employees who returned to work after parental leave ended and remain employed 12 months after their return in 2022 by the total number of employees who returned to work in the reporting period after parental leave ended in 2021.

The responsibility for the regular review and update of the Group Remuneration Policy lies with the Group Human Resources Director. When reviewing the policy, factors such as best practice standards, relevant regulations and legislation are considered. Views of stakeholders and remuneration consultants were not sought while determining remuneration, in accordance with the practices defined in the policy.

Prudential Singapore has a Nomination and Remuneration Committee (NRC) which oversees the review of remuneration packages for independent directors, members of the CLT, Appointed Actuary and relevant senior management staff. For more information on the NRC's role, please refer to the 2022 Annual Report.

Future-ready workforce

In this ever-changing work climate, it is essential for individuals to possess future-ready capabilities to stay relevant and competitive. Continuous upskilling and reskilling are needed to adapt to the challenges of the future work environment. One of the prominent programmes implemented to reskill our employees is the Career Conversion Programme (CCP). CCP came to fruition from our partnership with Institute of Banking and Finance Singapore (IBF) in 2020. It was developed with a focus on reskilling people whose roles have been changed or redesigned. As part of the National Reskilling Agenda, we have collaborated with our partners, Workforce Singapore and IBF, to support 45 employees in their career transition, and another 100 to upskill and reskill. The culture of continuous learning and desire to become future-ready at Prudential is evident in our employees' readiness to pick up new relevant skills and upgrade their existing skills.

To reinforce the importance of building future-ready skills, we have implemented another programme – Future of Work webinars. This programme is organised as a six-part webinar series and is centred on preparing our people for the future of work through stories about our culture, business strategy and people priorities. The webinars also promote six skills that Prudential believes are important in our preparation to become future-ready – Look Broadly, Tell Stories, Think Conceptually, Imagine Possibilities, Build Iteratively and Work Collaboratively. At least 73 % of our workforce have completed all the series within the Future of Work development programme in 2022.

Our 2023 people strategy will remain focused on promoting the wellbeing of our people to enable sustainable performance. Above all, we will continue to help our people live well by strengthening our overall culture, reinforcing our values and helping our people connect, grow and succeed.

STRATEGIC ENABLER:

RESPONSIBLE INVESTMENT

"The investment decisions we make today will have a lasting impact on not only our economy but also the environment and the quality of life for generations to come."

Andrew Chen
Head of Investment

In his opening remarks for the Transition Finance towards Net Zero Conference on 4 October 2022, Ravi Menon, Managing Director of the MAS, said "the world is investing nowhere near what is required to get to net zero by 2050."

At Prudential Singapore, we understand that we have a key role to play in providing capital to support the greening of the economy. As a large asset owner and manager, we can make significant and positive contributions through our investments, which is why responsible investment is an important enabler in our ESG strategy.

We see responsible investment as the dual responsibility of both the asset owner and the asset manager. We collaborate closely with Eastspring and other external asset managers on all aspects of responsible investment. We also engage them regularly on the topic of ESG through emails, phone calls and in-person meetings such as client events and presentations. We can confidently say that on an aggregate basis, our engagement and activities with our asset managers have translated into positive outcomes and progress towards the Group's ESG and decarbonisation goals.

Responsible investment helps to accelerate the transition to a low-carbon economy and is key to achieving our carbon reduction goals. The steering of our investments towards companies and industries with lower carbon emissions over time aims to help lessen the impacts of pollution and global warming, which in turn influence the functioning of climates, habitats and ecosystems.

As a significant allocator of capital in financial markets, our investments have a direct impact on the companies we invest in by helping to fund their business growth and product ambitions. We also create indirect impact through country tax revenue contributions that help support governments in terms of the capital resources made available for allocation across the economy.

Our investment in companies and government securities helps to provide capital resources that could be used to support the workforce of companies and parts of society that may be particularly vulnerable and in need of government financial support. Our investments may also have long-term indirect contributions on the environment.

As part of our Group Responsible Investment (RI) Policy, we are guided by several principles that provide a general framework for our overall investment strategy and in-scope asset book. These principles support our overall objective of achieving a good return on investment for our clients for an appropriate level of risk.

They include:

- Taking into consideration ESG factors that have the potential to have a material financial impact.
- Applying a long-term approach, whilst remaining sensitive to mandated time horizons and individual ESG issues.
- Taking an inclusive transitional approach, where we are mindful of the need to implement RI strategies in a way that acknowledges the nature of the markets in which we operate and seek to share the financial and social burden of the transition in a fair manner.
- Identifying ESG risk factors and incorporating them in our general risk management and monitoring processes.
- Where material trade-offs exist, seeking to apply judgement in setting out a reasoned investment case that is consistent with our fiduciary duty and overall investment strategy.
- Requiring active investment managers to engage with and influence investee companies on business sustainability and company behaviour, where appropriate. We believe that transitioning companies towards the creation of a more sustainable economy is possible and desirable across all types of investment mandates.

The Group Responsible Investment Policy was updated in 2022 and covers six different implementation strategies:

Screening the portfolio
Maintaining an awareness of the potential risks to the Group's reputation arising from investment activities

Exclusion
Excluding a company from the investment portfolio if its products or conduct is considered to be unacceptable

ESG integration
Incorporation of ESG information into our parts of the investment process:
> Asset allocation
> Portfolio management
> Risk management
> Manager selection

Market influence
Influencing the market with regard to responsible investment by contributing to sustainable initiatives

Capital allocation
Shifting capital from harmful activities towards environment or social needs
> Portfolio decarbonisation
> ESG investments

Active ownership
Maintaining a dialogue with the companies in which we invest about ESG risks and opportunities
Voting policy that supports long-term performance by taking account of relevant ESG issues

Screening the portfolio

Our first strategy helps us maintain awareness of potential ESG risks to our investments. We take a strict approach by ensuring that 100% of our portfolios are ESG-screened, which means that we have applied the minimum ESG threshold on funds and underlying investment. We have adopted tools that assist in the efficient identification of ESG issues related to the companies we research on. We conduct proprietary research that identifies all material risks to sustainable earnings for a company, and we apply judgment around the likely impact of material risks to the longer-term trend valuation of a company. We also consider information obtained from direct dialogues with investee companies. This is supplemented with external sources of information to ensure we are applying our best judgment. In 2021, we reported the need to source for third-party information and in 2022, we have since sourced for ESG metrics from MSCI and other third-party vendors to be able to systematically screen for RI exclusions and report on WACI numbers.

Implicit in our approach is that we do not screen out companies solely on the basis of perceived ESG issues. Although this approach does not prohibit us from purchasing or holding a position due to an ESG issue, consideration of these issues is made part of the investment decision. A poor ESG performer may present an investment opportunity, where we can observe significant mispricing and a willingness and ability for company management to address the material issues it may be facing amid a changing competitive environment.

Exclusion

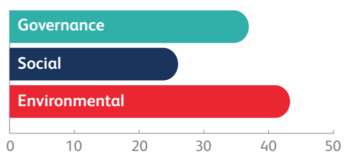
In addition, our exclusion strategy entails excluding a company from the investment portfolio if its product or conduct is considered unacceptable. These include companies generating mor e than 30% of their revenue from coal mining and/or electricity generated from coal, controversial weapons and tobacco.

ESG integration

We believe that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, can be material to delivering superior longer-term shareholder value. ESG issues and their potential impacts vary across companies, and if they have a material impact on a company's valuation and financial performance, they will be incorporated into our fundamental analysis and decision-making process.

Active ownership through engagement and voting

We believe active ownership via engagement and voting is preferable to divestment, and where we have concerns, we will seek to proactively engage with investee companies through Eastspring. An example is through Eastspring's active participation in the Asian Utilities Engagement Programme by the Asian Investor Group on Climate Change (AIGCC). By continuing their dialogue with the AIGCC, the energy needs of vulnerable and emerging economies are being supported. When a company has demonstrated that they are transitioning to more responsible ESG practices, Eastspring is able to resume investing in them, creating a win-win situation for all. The chart below shows a breakdown of ESG engagements by topic with environmental issues making up the majority.



Percentage of companies engaged on ESG topics

Eastspring's engagement and voting process

Eastspring's engagement and voting process

Eastspring engages with companies at a management level to determine their preparedness and strategic response to potential impacts from ESG risks, where we see them as material to the trend drivers of sustainable returns. They will incorporate this into their qualitative assessment which contributes to the confidence in their trend valuation assumptions. Their decision to engage is primarily based on what they believe will maximise shareholder value as long-term investors. From time to time, companies may seek their input on a range of issues, and where appropriate, they may play an active role in seeking to effect changes that maximise shareholder value.

When they have concerns on a company's progress, their ongoing engagement will include direct dialogues between portfolio managers and the appropriate representatives or non-executive directors.

Some of the escalation measures include:

- **Expressing concerns to the company's management with other investors collectively.** As active members of collaborative organisations such as the AIGCC and the CDP (formerly known as Carbon Disclosure Project), Eastspring may make public statements about their concerns, where they believe it to be in their client's best interests to do so.

- **Submitting shareholder resolutions to address their concerns. Eastspring's active proxy voting decisions are used as a signal to companies on what is expected from an ESG lens.**
  By exercising their votes, they seek to add value and protect their interests as shareholders. All votes are considered in the context of the principles as set out in their investment teams' Proxy Voting Policies.

As a rule, they are supportive of the management of the companies in which they invest in. However, when companies consistently fail to achieve their reasonable expectations, Eastspring will actively promote changes. These changes might range from the formulation of a new strategy to the appointment of new management or non-executive directors. Moreover, where there is evidence to suggest that the material risks to sustainable returns have meaningfully changed, their valuation assumptions will be reviewed. Where the identified material risks sufficiently impact their conviction for their longer-term trend assumptions, in the context of valuation support, they may choose to exit from the investment.

Eastspring believes that their investment professionals are best placed to evaluate all material risks of a company and any potential issues that may affect long-term shareholder value. Engagement activities are integral to the investment process and the Equity team is accountable for this.

Case study on environmental and climate change engagement

Company A is an energy and urban development company ———

Following Company A's announcement of a sustainability-linked transaction, Eastspring Investment Singapore's equity and fixed income teams jointly engaged the company via the AIGCC platform to better understand the sustainability ambition behind its transaction and how it translated into the company's access to climate-conscious investor capital and its wider climate change goals.

During the engagement, Eastspring evaluated the basis of the sustainability-linked transaction to see if ESG criteria were used in the selection of the buyer for the company's coal-powered plant. The company noted the selection process was thorough, adding that it had assessed potential buyers via an ESG lens and that the selected buyer demonstrated willingness to leverage on technological advancements to reduce carbon emissions from the coal-powered plant.

Eastspring received clarification that the sustainability-linked transaction was a structured sale to transit coal assets off the company's portfolio in accordance with the company's decarbonisation plan. To ensure a clear line of sight for the responsibility of carbon emissions from coal exposures, Eastspring queried if emissions from the sustainability-linked transaction will be reported after the deal. While emissions will be disclosed in the sustainability-linked instrument annual report, there is a lack of clarity from third party assurers if this would contribute to the company's Scope 3 emissions under the GHG accounting protocol methodology as part of financed emissions. This is because these guidelines remain unclear for non-financial institution companies. Without changes in the industry standard, emissions from this transaction will not be considered as company emissions and would not detract from their climate goals.

As part of its decarbonisation strategy, the company is also actively tapping into transition opportunities, besides selling down its exposure to coal assets. It is positioning itself as an upstream player that is planning to bring new technologies such as green hydrogen into Singapore. **With a clearer understanding of the sustainability-linked transaction, and the company's overall decarbonisation plan, Eastspring is better able to assess the company's ability to meet its climate change goals as well as the market's receptivity to the company's strategy.** Eastspring will continue to monitor and engage them as they make strides in their journey.

Capital allocation

Capital allocation refers to the allocation of our capital towards meeting environmental or social needs that are appropriate to the markets in which we operate, while also securing the required financial returns from such investment opportunities that meet the long-term needs of our customers and investors. It includes decarbonising our portfolios and our ESG investments.

We have invested in several new regional passive equity strategies (US, Europe, Asia excluding Japan and Emerging Markets) launched in 2022 that are managed by Eastspring which explicitly aim for a 30 % reduction in WACI and a higher ESG score than their respective benchmarks. Eastspring has also launched sustainable equity Sicav funds as additional avenues to make ours and other investor's portfolios greener, starting with the Eastspring Japan Sustainable Value Equity fund for which Prudential Singapore has provided a seed investment of US$25 million (approximately S$32.8 million). We have increased our allocation to the Eastspring Asia Sustainable Bond Fund and the Investment Committee has approved the use of an ESG Strategic Asset Allocation (SAA) benchmark for our Developed Market Equities.

Investing in healthcare impact

A new global private equity fund, managed by Eastspring, was launched in October 2022 with US$1 billion capital from Prudential Singapore. This fund makes commitments to private equity funds and co-investments, with part of its strategic allocation being directed towards impact investments.

In February 2023, Eastspring completed a commitment to an impact-focused fund, ARCHIMED MED Platform II, which makes mid-market investments in healthcare companies in Europe and North America. ARCHIMED has fully integrated impact and ESG into its investment process and strategy, with regular reviews of progress achieved against impact objectives at each of its underlying companies. ARCHIMED's fund is classified as Sustainable Finance Disclosure Regulation (SFDR) Article 9 and the manager has set up a charitable foundation that receives 5% of its performance fees.

The Group expects to make further impact-focused investments going forward as part of its fund's strategy.

Following the launch of two ESG-friendly Investment Linked Policy (ILP) sub-funds in 2021, we continued to operate these funds in 2022. Both these funds, which use the MSCI All Country World Index as a benchmark, have seen great interest from customers and have

- The PRULink Global Climate Change Equity Fund, managed by GMO Investment Management Company (Ireland Limited), has assets under management of US$13.2 million as of 31 December 2022. This fund's investments aim to address environmental challenges presented by global climate change or improve the efficiency of resource consumption.

- The PRULink Global Impact ESG Equity Fund, managed by Wellington Management Company LLP, has assets under management of US$4.3 million as of 31 December 2022. Through this fund's investments, we seek to improve the quality of and access to basic life essentials, reduce inequality and mitigate the effects of climate change.

From 2022, we have provided ESG ratings for all applicable Investment Linked Plans (ILPs).

We continue to align ourselves with our Group's ESG targets and take 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. More allocation to ESG Promoted, where funds are managed against one or more ESG KPIs, and SDG Promoted funds, where funds and underlying investments contribute positively to the SDGs, would be considered over time.

Market influence

We also recognise the power of our voice within broader alliances. Our Group actively contributes to sustainable initiatives such as the Principles of Responsible Investment and NZAOA. Our Group also supports global standards of corporate governance investor stewardship and is a member of the International Corporate Governance Network (ICGN). Hence, we align our stewardship approach with the ICGN Global Stewardship Principles and ICGN Global Governance Principles.

In Singapore, we have been a signatory to the Singapore Stewardship Principles (SSP) for Responsible Investors since 2018. In 2022, we participated in the Stewardship Asia Roundtable 2022 on 31 March 2022 as part of the launch of the new edition

It was a platform that brought together the region's influential thinkers and leaders for a dynamic exchange of ideas on implementing sound stewardship and governance in their organisations.

of the SSP for Responsible Investors in which we provided feedback. It was a platform that brought together the region's influential thinkers and leaders for a dynamic exchange of ideas on implementing sound stewardship and governance in their organisations. Dennis Tan, CEO of Prudential Singapore, was on the panel of the roundtable, where the panellists discussed the topic, 'Debate on Singapore Stewardship Principles (SSP) for Responsible Investors 2.0: Mandatory or Voluntary? Finding the Balance for Effective Investment Stewardship'. We also participated in the Stewardship Commons on 7 June 2022 where Geoffrey Hill, Lead, Strategic Asset Allocation/Asset-Liability Management, was in a panel discussion on the topic, Unlocking Values for 'Greener' Growth.

Our RI governance structure has remained consistent in 2022. The Responsible Investment Working Group (RIWG), chaired by our Head of Investment, continued to meet at least once every quarter, or when necessary. The RIWG is responsible for implementing our RI strategy and tracking the progress against our RI targets. The monitoring of progress is also conducted during monthly meetings with Eastspring. The Investment Committee, Risk Committee and ESG Committee are kept updated on the progress and received recommendations on our overall implementation. The outcomes of these may be reflected in investment performance and portfolio decarbonisation metrics which are tracked regularly over time.

Our progress towards meeting our RI targets have been covered in the *Stewarding the human impacts of climate change* section. In addition, we also track our responsible investment activities in the following areas:

- Asset allocation with the use of ESG SAA benchmarks;
- Portfolio management where RI guidelines are placed into investment management agreements;
- Risk management where we have in place an Environmental Risk Management Policy in accordance with the MAS requirements; and
- Manager selection where we include ESG considerations and capabilities as standard factors in the selection of managers' assessments.

STRATEGIC ENABLER:

GOOD GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES

"ESG principles such as ethical and corporate governance standards directly impact the conduct of all management activities. In this regard, I have thoroughly enjoyed my role in always striving to improve and uphold these standards in the company."

Jay Thiyagarajan
Head of Legal and Deputy Head of Compliance

100%

completion rate by all employees and financial consultants who are enrolled in mandatory ABC training annually.

Corporate governance

Strong governance processes form a vital part of our business and are critical to building and maintaining trust with our stakeholders. The standards of behaviour articulated in our governance framework are embedded in our daily business practices, from how we deal with customers and suppliers to how we safeguard our customers from financial crime. Our corporate governance policies ensure that our stakeholders' interests are considered during decision-making and enable us to achieve long-term business viability.

Prudential has implemented corporate governance policies at various levels of the organisation. At the Group level, our Group Code of Business Conduct highlights the key areas that govern our conduct at work, namely financial crime, conflicts of interest, information and dealing, communication and people. Together with the customer conduct standards set out in the Customer Conduct Risk Policy, these form a consolidated view of the Group Governance Manual which applies to all employees.

There are multiple governance policies and frameworks in place to support our Board of Directors in performing their duties effectively. These include the Group Remuneration Policy that ensures effective approaches are in place to reward our employees in an appropriate way which aligns incentives to business objectives, and is consistent with the organisation's code of conduct, the organisation's risk framework and appetite. Please refer to the 2022 Annual Report for more details on Board-level corporate governance.

Good governance processes must address the identification and mitigation of business risks. Our risk management framework and related risk policies, such as the Operational Risk Policy, have led to reduced risk and incidence of fraudulent activities. These policies are reviewed annually by the Risk Committee to ensure that we are equipped with the necessary capabilities and controls to manage ever-changing risks.

We also have clear escalation criteria and processes for timely reporting of risks and incidents to our Risk Management and Compliance functions. These help to inform when there are gaps to be addressed in our risk management systems. To further ascertain the effectiveness of these actions, we engage Group-wide Internal Audit (GwIA) Asia to independently perform risk and internal control assessments, and to provide recommendations for areas of improvement.

In Singapore, we hold mandatory refresher training and monthly new joiner training related to the Group Code of Business Conduct. These cover multiple topics including conflicts of interest and fraud awareness. To reinforce our stance on the importance of good business conduct and our core values, the mandatory refresher training is conducted twice a year for all employees.

In 2022, we continued to work together with our stakeholders to keep abreast of regulatory changes and to ensure we uphold responsible business practices. Non-compliance with laws and regulations is at odds with our stance to act with integrity in everything we do. Being non-compliant also puts us at greater risk for potential lawsuits, financial liabilities and reputational damage.

Our internal Policy on Incident and Compliance Breach Reporting and Management Process acts as a guideline on the requirements for reporting of internal incidents and delineates how regulatory breaches are monitored and identified. This helps us to address these types of incidents appropriately and efficiently. Our effective risk policies and control systems, along with our emphasis on sound corporate governance practices, have led to zero significant instances of non-compliance with laws and regulations through the actions of Prudential Singapore during the current reporting period.

Anti-bribery and corruption

We are committed to conducting business in a fair and responsible manner and take a zero-tolerance approach to bribery and corruption. Having responsible business practices safeguards us against fraud and corruption, protects shareholders' interests and maximises the long-term value of our business. Bribery and corruption impede business growth, escalate costs and pose serious legal and reputational risks. They also undermine fair competition and distort development priorities. Hence, having robust anti-corruption measures and practices is critical to protecting our business reputation and ensuring organisational resilience.

We have set out policies to detect, report and prevent bribery and corruption based on the Group Anti-Bribery and Corruption (ABC) policy and standards. These form part of our Group Governance Framework, and we also abide by all laws relevant to countering bribery and corruption. This has been communicated to all our employees and business partners.

We continue to take preventive steps against bribery and corruption by conducting an annual enterprise-wide ABC Risk Assessment which is reviewed and approved by the Board of Directors. We also continue to report ABC metrics to the local Risk and Audit Committees on a quarterly basis.

All employees and financial consultants are enrolled in a mandatory ABC training annually with 100% completion rates. This training ensures that they understand their responsibility to prevent and report any instances of bribery or corruption. Employees who are deemed to be in higher-risk functions, such as those who authorise payments, are in claims adjudication or in decision-making roles, are also required to attend an annual advanced ABC training.

In 2021, we implemented enhanced controls within our procurement system which automatically reject expense claims that lack proper supporting documentation or the required managerial approvals. Due to these improved procedures, we saw a reduction in the incidence of non-compliant declaration submissions in 2021 and 2022.

There were no incidents of corruption reported in 2022. During the annual enterprise-wide ABC risk assessment, no significant risks related to corruption were identified. We aim to maintain zero incidents of corruption and will continue to educate and support our employees to prevent its occurrence.

Ethics and responsible business practices

The ethical culture at Prudential continues to support our sustainable business conduct and reinforce the trust of our stakeholders. Through ethics, we communicate the standards of conduct that are expected of our employees and managers in their day-to-day roles while also demonstrating to our external stakeholders how we proactively mitigate the risk of misconduct. When these expectations are clearly communicated, employees are less likely to compromise on standards, which maintains our high quality of service and reinforces our good standing with our customers and regulators.

Our Code of Ethics, based on the Group Code of Business Conduct and our company values, provides overarching guidance while identifying our stakeholder groups and the ethical responsibilities borne by our employees, managers and Board when dealing with them. We also expect our business partners to have high ethical standards, and our Supplier Code of Conduct spells out these expectations.

In early 2023, we further amended our Code of Ethics to provide greater clarity of expectations using scenarios

Agency Leader recipients of the inaugural Prudential Ethics and Conduct Award and highlighting the potential impacts of positive and negative conduct on different stakeholder groups. The Ethics Committee (EC), chaired by the CEO, continues to track and evaluate the initiatives and programmes that support our ethical culture, and reviews all related policies and guidance documents including the Code of Ethics.

In 2022, we continued our annual company-wide ethics training which examines the importance of ethics to our business and where supporting resources can be found. We have built upon our efforts to expand ethics engagements to our agency distribution which started in 2021 through post-induction training for new financial consultants. In 2022, we began to engage directly with agency groups to provide in-person ethics briefings. The EC and Chief Distribution Officer were consulted regarding these training initiatives and provided valuable feedback on the implementation.

As a company that emphasises high standards of conduct, we established the first Prudential Award for Ethics and Conduct, which recognises agency leaders and financial consultants who go above and beyond to raise compliance and conduct standards. We believe that driving a positive ethical culture must include incentivising the right behaviours. Nominees for the award had a minimum of three years of service, no adverse records or market conduct sanctions in the preceding two years and an A grade or above on their Balanced Scorecard (BSC) which evaluates their adherence to regulatory standards and auditing. These nominees were interviewed by the EC regarding their values and practices, and a final group of six agency leaders and six financial consultants were selected. Due to the positive feedback received internally and from our regulator, this award will continue in 2023 and beyond.

The Prudential Ethics team works in collaboration with several other departments including HR, Customer and Distribution Learning and Development, to encourage the integration of ethics into daily business activities and planning. These teams have developed integrated sessions for onboarding employees and PRUFaculty learning events which explored the importance of ethics in our business relationships with different stakeholder groups. Our Ethics Advisors programme, comprising of volunteers from across the organisation, continued to provide guidance to employees who are experiencing an ethical dilemma or need assistance in filing a report of misconduct.

We encourage our employees and agency distributors to report incidences of observed misconduct through our available reporting channels which include both our local DORight reporting channel and the global Prudential Speak Out channel. These channels are communicated during annual ethics training sessions, monthly orientation and are also posted throughout our office spaces. Our commitment to facilitating the reporting of misconduct is supported by our non-retaliation policy which takes a zero-tolerance approach to retaliatory behaviour and serves to create a streamlined and safe reporting environment. Reports of misconduct received are routed to the appropriate department for investigation. The People Disciplinary Committee (PDC) will review the presented evidence and decide on the course of action. For cases involving our agency distributors, the Sales Force Disciplinary Committee (SFDC) presides over case reviews and appeals.

Since 2019, we have conducted an annual Ethical Culture Survey to measure the effectiveness of our initiatives. In 2022, we continued the trend of year-on-year improvement, with a record score of 87, a four-point increase over 2021 and exceeded the benchmark score of other companies of comparable size and revenue. Improvements were seen across all pillars of the survey, with increases of over five per cent regarding organisational justice as well as observing and reporting misconduct. In 2023, we plan to engage with individual divisions via outreach sessions to discuss issues that were raised by their employees and provide targeted solutions.

Prudential Singapore Ethical Culture Survey Results

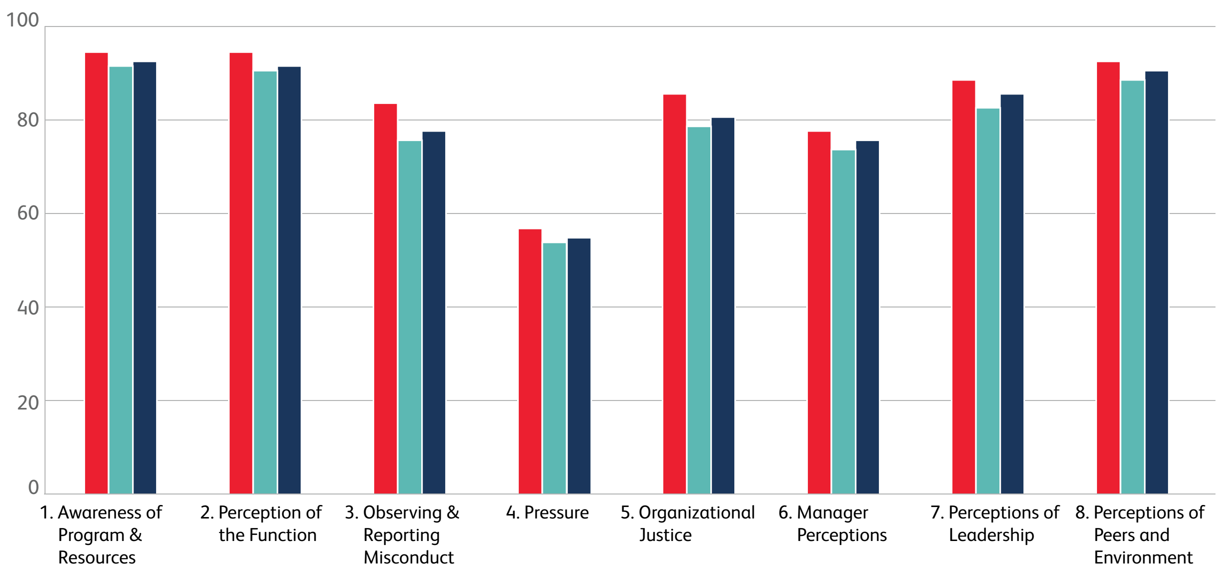
Overall Survey Performance

87.4
2022 Prudential Culture Quotient

83.2
2022 Benchmark Culture Quotient

83.6
2021 Prudential Culture Quotient

Performance by Cultural Pillar



Responsible procurement practices

As a company that relies on external third parties to provide goods and services, we recognise the importance of how our selection of suppliers can impact our business performance and reputation with our broader stakeholders. We avoid dealing with companies who engage in unsustainable environmental practices or exploitative/unsafe labour conditions at all costs. Failure to exercise due diligence during the selection process could inadvertently lead to our financial support of companies who operate irresponsibly and could lead to negative impacts on the environment, economy and people.

Our Group Third Party Supply and Outsourcing (GTPSO) policy is a core part of our governance system which specifies our position on supply chain management, setting out our approach on due diligence, selection criteria, contractual requirements and ongoing monitoring of our suppliers' relationships. The Responsible Supplier Guidelines that sit within this policy explain the supplementary factors that we consider regarding the ESG practices of a supplier.

In January 2022, our Sustainable Procurement Policy and Guidelines were replaced by the GTPSO policy. Our approach to promoting and maintaining a sustainable and ethical supply chain is a key component within these governance documents. In order to determine their compliance with our policies, we conduct due diligence checks during the onboarding or renewal process where vendors are required to complete a questionnaire that analyses their sustainability policies.

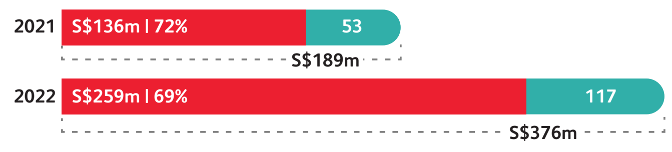
Responsible supplier guidelines

- ESG transparency and disclosure of regulatory non-compliance;
- Environmental protection, including carbon emissions, resource efficiency and waste management;
- Labour practices, anti-slavery, fair pay and health and safety; and
- ESG governance and measures to ensure adequate management.

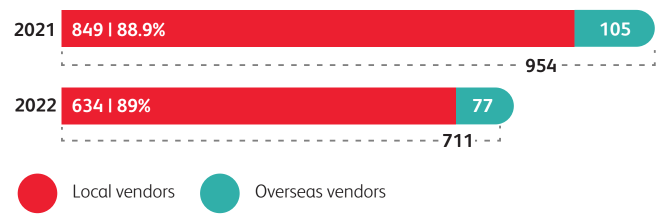
To support new and existing suppliers with this new requirement, our Procurement team provides hands-on assistance to guide them through the enhanced due diligence questionnaire and supporting documents. The responses to the questionnaire provide insight into the priorities of the company and assist us in determining their suitability. To date, we have not received any responses that led to the exclusion of a potential supplier. We continue to collect these responses for future review to gain insights on our supplier base.

In 2022, Prudential had 711 suppliers in our supplier base covering the provision of goods, services, activities and processes across several categories, including IT infrastructure, advertising and marketing, communications services, contingent workforce and travel and events hosting. Combined spending on all third-party supply and outsourcing amounted to S$376 million. The increase in spending compared to 2021 is partially due to a greater spend on in-person events and engagements.

Total spend on local vs. overseas vendors

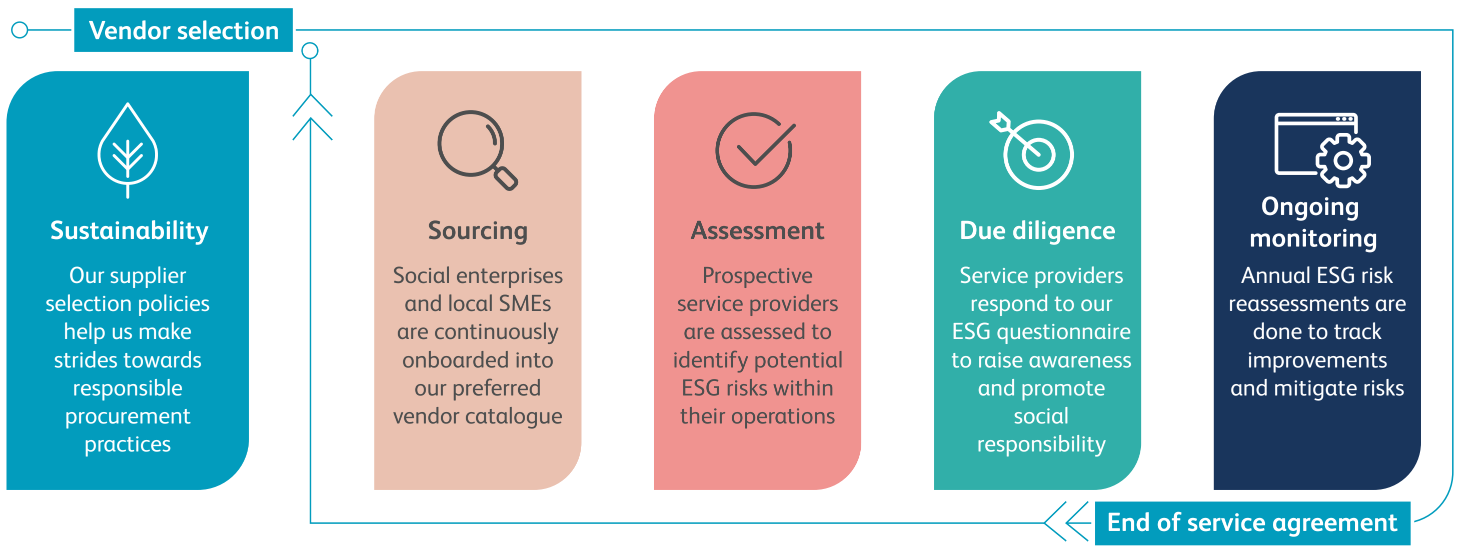


Number of local vs. overseas vendors



We continued to prioritise the use of local suppliers to further stimulate the local economy in a post-pandemic era. In 2022, 89 % of our total supplier base consisted of companies located in Singapore, accounting for 69 % of our total procurement spending. Over S$259 million was spent locally, which is nearly S$154 million more than 2021.

We continue to operate our procurement and vendor payment systems in a paperless manner. By administering our order and invoicing documents electronically, we eliminate resource consumption related to printing and mailing. In 2022 alone, we processed over 5,400 purchase orders and more than 11,000 invoices using our paperless system, saving almost 332,000 litres of water and 700 litres of oil while reducing carbon emissions by over 850 kg.



Customer Fair Dealing

Customer centricity remains a vital component of our business practices. Fair Dealing, characterised by a commitment to transparency and honesty, is core to our corporate culture and incorporated in every aspect of our organisation to ensure that we meet customer needs and exceed their expectations. When we treat customers fairly, this is likely to have a positive impact on customer satisfaction and retention, leading to sustained business performance over the long term. Fair Dealing can also assist us in ensuring that our products and services are suitable for the intended customer. When we ensure that our representatives are competent in providing quality advice and recommendations, we are also likely to see an improvement in customer awareness and confidence. On the other hand, if Fair Dealing is not prioritised, we risk a loss of reputation and a decline in customer satisfaction and loyalty.

Our Customer Commitments Policy guides us in satisfying our customers' needs and covers five main areas:

1. Treat customers fairly, openly and honestly;
2. Provide and promote a range of products and services that meet customer needs, are clearly explained and deliver real value;
3. Maintain the confidentiality of our customer information;
4. Provide and promote high standards of customer service; and
5. Act fairly to address customer complaints and any errors.

Our Fair Dealing Charter, developed around the five core principles and outcomes of the MAS Guidelines on Fair Dealing, contains 12 promises:

Fair Dealing Charter

Core principles	Promises
Corporate culture: Making Fair Dealing a central principle in our company culture and how we serve our customers	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: Offering products and services that are appropriate for our customers' needs, and distribute them responsibly	3. **We promise** to ensure that every product is designed appropriately for the needs of the intended customer segment.
Competent representatives: Providing our customers with quality advice and suitable recommendations	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 so 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 and timely information: Being clear and timely in all our interactions with and communications to them, so that they can make informed financial decisions	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: Responding to customers' complaints in an independent, effective and prompt manner	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.

At Prudential, we have initiatives in place to address each of the five core principles.

- Regarding corporate culture, one of our anchor initiatives is the annual Fair Dealing awareness campaign, which has been implemented since the introduction of Fair Dealing. This includes Prudential Fair Play, an interactive learning experience hosted by the Customer team to further engage with employees and agency distributors by exploring the Fair Dealing principles from our customers' perspective. Additionally, a mandatory training module is included in the onboarding process for new hires, and annual refresher training is completed by all eligible employees and financial consultants.
- To better address customer segments, we refreshed our market research on the high net worth individuals, first jobbers and pre-retiree segments to ensure we understand how their needs have evolved over time. With these insights, we enhanced existing products to improve relevance to our customer's needs and introduced new products such as PRUVantage Wealth to support them with legacy planning.
- To strengthen our staff of competent representatives, Prudential continues to support our financial consultants in achieving accreditation from the Institute of Banking and Finance (IBF). We have also identified a group of Private Wealth Consultants who undergo specialised training to serve the needs of our high net worth customers.
- To deliver clear, relevant, and timely information, we continued to invest in simplifying our communications in the areas of claims and policy servicing. We also trained our customer-facing teams in PRUSpeak, a customer communications framework we developed to enable frontliners to communicate more effectively with our customers.
- We have a robust complaint handling framework and in 2022, we saw a 25 % reduction in complaints from 2021.

The Fair Dealing Committee, led by our Head of Customer Experience, is responsible for the overall implementation of our Fair Dealing outcomes. The committee, which reports to the Customer Steering Committee, is responsible for engagement efforts that support the prioritisation of Fair Dealing by our employees and agency distributors. It tracks all initiatives against the 12 promises of the Fair Dealing charter through a dashboard quarterly. This progress is reviewed annually by the Board to verify that appropriate efforts are in place to promote Fair Dealing outcomes in the organisation.

Customer satisfaction

Customer centricity is a major area of focus for us as a business and it is important that we continue to ensure customer satisfaction throughout the entire customer experience journey with Prudential. Customer satisfaction is vital given the competitive market landscape that we operate in, and it contributes to greater customer retention, higher lifetime value, and a stronger brand reputation.

One of the positive impacts of customer satisfaction on the economy is that it drives consumption expenditure. When customers are satisfied, they are more likely to continue with subsequent spending, therefore contributing to economic output[29]. Customers who are dissatisfied are likely to lose trust in organisations and create reputational damage for brands. For organisations, this could result in unnecessary allocation of time and resources to investigations.

At Prudential Singapore, we are guided by our Group Customer Commitments Policy and Fair Dealing principles, both of which help us drive customer satisfaction. When it comes to any customer dissatisfaction, we have a robust customer management infrastructure in place to handle any customer grievances with care and to the best of our ability.

At the core of our business is an always-on Voice-of-Customer Touchpoint Satisfaction Programme (PRUVoice) that keeps a pulse on the state of customer satisfaction with each of our customer interaction touchpoints. PRUVoice allows us to obtain feedback on the levels of our customer service, have a firmer grasp on our customers' needs and preferences and take relevant action. It has also helped us to pre-empt sources of negative interactions or triggers of frustration so that we can work towards resolving them before they result in any adverse business impact. When episodes of customer dissatisfaction arise, our professional team of Customer Service and Customer Management personnel are on hand to assist affected customers with their concerns.

Apart from PRUVoice, we continued to conduct an annual Customer Satisfaction Benchmark Survey to establish the overarching state of our health as an organisation, as well as where we stand against our competitors within the insurance industry and the financial services sector at large. These programmes have enabled us to effectively keep tabs on the state of customer satisfaction with our extensive suite of customer interaction touchpoints, while keeping abreast of industry developments and progress among our competitors, of which inputs will be critical to our continued success as a business.

PRUVoice has grown from strength-to-strength since it was set up in 2018. Aside from the annual assessment scope reviews, we continue to enhance its performance dashboards and ensure all new customer interaction touchpoints are integrated into the programme.

In 2022, PRUVoice was expanded to include the Video Servicing touchpoint, which was instituted to offer our customers another means of contacting us. We now measure the satisfaction of customers who interact with our Customer Centre staff remotely through video servicing. While we have received a lot of positive feedback from customers, we continue to seek their suggestions, which allows us to finetune our offerings to ensure our customers receive the best-in-class service.

29 Customer satisfaction a strong predictor of consumer spending

The external survey on our Pulse app has been rescheduled to 2023 and we continue to make available to employees the Customer Experience Feedback Survey in 2022.

In 2022, we continued to engage with internal stakeholders at the start of the year to evaluate the survey assessment scope for each PRUVoice touchpoint, and any changes to the scope will subsequently be implemented. For each customer interaction touchpoint, we conduct a monthly review with each touchpoint owner to track its performance. Where appropriate, corresponding action plans are developed, implemented and tracked on an ongoing basis. Any insights and findings from this process along with data points collected are shared with our Group and leadership team monthly.

One of the initiatives we are proud of was assisting our counterparts in Malaysia and Thailand to establish the PRUVoice programme in their respective markets. In 2022, Prudential Singapore was also involved in the implementation of the annual measure of customer propensity to recommend Prudential to others as part of our Group's rollout of the Bain Net Promoter Score (NPS) Prism Programme.

PRUVoice Customer Satisfaction Scores*

Agency Force – Measures the sales experience as accorded by the Financial Consultants: 99%

Bancassurance – Measures the sales experience as accorded by the Standard Chartered Bank Financial Services Consultants: 99%

Bancassurance – Measures the servicing experience as accorded by the Standard Chartered Bank Financial Services Consultants: 89%

Customer Service Centre: 97%

Contact Centre: 89%

Claims Submission Experience: 83%

Claims Decision Experience: 88%

Policy Services Usage Experience: 82%

PRUAccess Usage Experience: 69%

Video Chat Usage Experience: 99%

*Average satisfaction score per touchpoint for the period January to December 2022.

Bain NPS Prism Programme

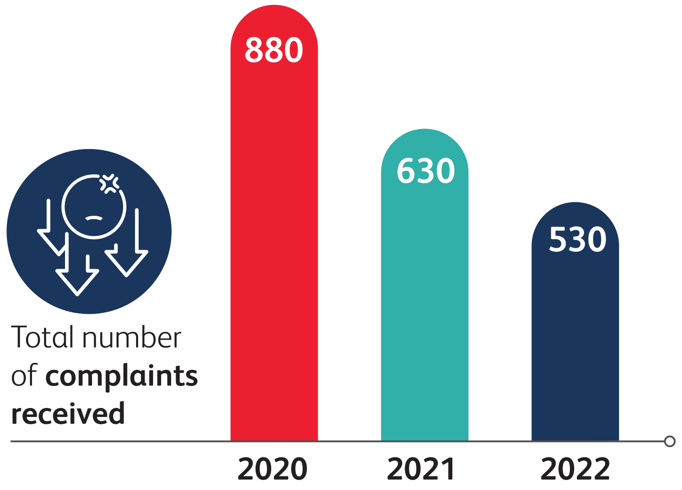
Group instituted the rollout of the Bain NPS Prism Programme in 2022 as our annual performance measure, based on the measurement of Customers' Propensity to Recommend Prudential to others (NPS Score). This programme replaced the CSISG Benchmark Research, which we conducted in 2020 and 2021.

Customer complaints

In 2022, the MAS updated its Regulations for Complaints Handling and Resolution to lower the expected turnaround time (TAT) for resolving escalated complaints, excluding complex cases, from 30 days to 20 days. We managed to resolve 72% of escalated complaints within the new TAT, exceeding our target set in 2021 of at least 70%.

Compared to 2020, the total number of complaints received has seen significant reductions over a three-year period, dropping by 40% in 2022. One of the reasons for this improvement can be attributed to a cross-functional collaboration involving our Customer Management, Agency Distribution, Customer Experience and Risk and Compliance teams to solve common pain points with customers.

In 2022, we established a new framework for handling servicing complaints made against agency distributors to ensure a fairer outcome for both our customers and financial consultants. Regarding training, our Customer Management and Learning and Development (L&D) teams worked closely on topics for the Mandatory 2022 Technical Knowledge Assessment (TKA) to include common issues arising from complaints received. The quarterly sharing of complaints with L&D is an ongoing initiative. Relevant issues are covered in the Financial Consultant Induction Programme (FCIP) and other training programmes.



CUSTOMER COMPLIMENTS

I am writing to compliment the underwriters in Prudential Business Centre, for their hard work in the past year. The work of the underwriters is sensitive and complicated, yet I feel that our underwriters have professionally excelled in work. I would like to give special thanks to underwriter Sook Wan, with whom I have the honour to work closely with. Sook Wan is a very dedicated and responsible individual who takes pride in her work. Her level of support given to the agency force is exceptional, where she will go all out to help underwrite cases and provide detailed next steps to Agency Leaders on the required follow ups needed to get the cases incepted.

— Louis Ong, Senior Financial Services Manager

I was attended by Vivian Tay and she was the most lovely and patient customer service agent I've met over the years. She addressed my doubts with clear explanations, went the extra mile to make sure that I understood and helped me a lot. Had a great time there and waiting time was reasonable too.

— J Chen, Student

STRATEGIC ENABLER:

COMMUNITY ENGAGEMENT AND INVESTMENT

"I love seeing the impact of volunteering on our people and how it brings our employees and financial consultants together as one Prudential."

Brindabella Neo
Community Investment Specialist

As economies recover from the Covid-19 pandemic, the current climate of geopolitical tensions, rapid inflation and increasing interest rates have resulted in a widening of the social gap, with Singapore's poorer and middle-class feeling the squeeze. Growing inequality has a negative impact on society, such as reduced purchasing power, educational opportunities and social mobility[30]. All these can limit economic growth.

At Prudential Singapore, we are committed to building an inclusive community to address our society's most pressing needs. Our community efforts are focused on providing aid to low-income households, children, and seniors in the areas of health and financial literacy. Some positive impact of community engagement and investment in the economy and society include more educational and job opportunities for vulnerable groups and their children. This can result in a more skilled and healthy society with higher purchasing power that will drive economic growth. Additionally, in view of longer life expectancies, our investment in promoting active ageing can contribute to a more inclusive society that prevents social isolation in the elderly and empowers them to live independent, active lives.

We **focus on two key areas** that are relevant to Singapore:

123 Education

Promoting financial literacy knowledge and skills tochildren through the Cha-Ching programme; and

Health

Promoting the importance of early childhood development through Healthy with KidSTART and supporting active ageing for seniors through our Seniors' Wellbeing Masterclass (SMW) programme.

We are guided by our Group Community Investment (CI) policy and ESG strategy. Our Group CI strategy focuses on health, education, and community resilience. Regular reviews of our CI strategy are conducted by Prudence Foundation, the Group's community investment arm. We have a CI Steering Committee – comprising our Chief Executive Officer and representatives from Customer, Distribution, Human Resources, Compliance and Operations divisions – that provides advice and direction on the local strategy and reviews our programmes quarterly.

In 2022, we continued to build close working relationships with government agencies and our community partners to understand the changing societal needs and to ensure the successful implementation of our CI programmes. This is aligned with the Singapore government's efforts to 'support lower-income groups, seniors and young families amid early signs that society is becoming more stratified[31]'.

30 Singapore families dismayed over rising inequality as inflation barely dents luxury home sales
31 S'pore looking at more measures to address income inequality: DPM Wong

Promoting financial literacy through Cha-Ching

Cha-Ching is a globally recognised financial literacy programme developed by Prudence Foundation to help children learn basic money management concepts. For more information on how we promote financial literacy, please see the *Making health and financial security accessible* section.

Promoting early childhood care and development with KidSTART

Cultivating healthy eating habits from young is important in ensuring that children receive the essential nutrients to support their growth and development. In 2022, we continued our partnership with KidSTART Singapore (KidSTART) on the Healthy with KidSTART programme. Through this programme, we seek to raise awareness on the importance of early childhood nutrition among low-income households. This is aligned with both KidSTART's mission of supporting early childhood development and Prudential's goal in bridging the health gap in our community.

We support this programme through both volunteering and funding. Our employees and financial consultants have joined forces with KidSTART to pack and distribute fresh produce to all the families on the programme. We also funded the procurement and delivery of fresh produce packs for up to 1,100 families in 2022.

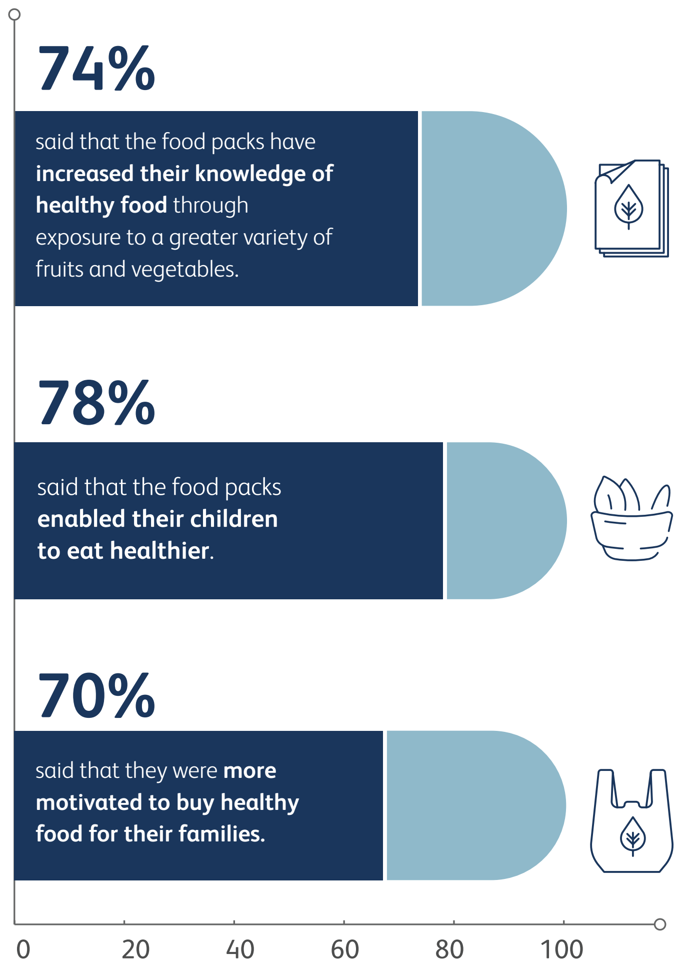
We have stepped up efforts to educate our beneficiaries on how to cook and eat more healthily following their feedback to include more engaging and relevant educational health content. In 2022, we transformed our nutrition workshops into an online webinar series. Titled, 'What's for Lunch?', the pilot three-part series featured Mazlan Boyamin, a professional chef and committee member of the Singapore Halal Culinary Federation, who showcased simple ways to prepare nutritious meals. The episodes were streamed live to a select group of close to 50 families, who had received the ingredients and cooking instructions in advance, which allowed them to cook along during the livestream. The episodes were later made available on demand for all KidSTART families and was also syndicated to the Ministry of Social and Family Development's 'Year of Celebrating SG Families' initiative, a movement that encourages people, public and private sectors to celebrate families and nurture a family-friendly ecosystem.

In 2022, we ran a pilot that involved the provision of My Healthy Plate to approximately 70 pre-school children from PCF Sparkletots. My Healthy Plate depicts the recommended proportions of major food groups in an ideal meal for young children and is currently provided to children on the Healthy with KidSTART programme. To date, 1,500 My Healthy Plates have been provided to KidSTART families. By extending them to pre-schools, we are leveraging the learning environment that educational institutions provide to instill healthy eating habits in the early childhood stage.

To measure the effectiveness of the Healthy with KidSTART programme, we have been working with Soristic, a research agency, since 2021 to determine the programme's impact. In the assessment, we studied a selected group of the beneficiaries who received monthly packs of fresh produce. The beneficiaries had to complete a pre- and a post-programme survey after participating in the programme for at least a period of four months.

Prudential Singapore employees packing fruits and vegetables for distribution to families by Healthy with KidSTART

The key findings from our survey with 129 respondents are as follows:



In 2022, we set a target to reach a total of at least 5,000 families in the KidSTART programme by 2025, in line with KidSTART's strategy and expansion plans. To date, over 1,300 families have benefitted from the programme. From an impact perspective, our goal for 2022 to 2025 is to have at least 75% of the families reached to report having more motivation and encouragement to adopt healthier eating habits. Based on this, we are slightly below target at 70% but will endeavour to make improvements in the future.

Supporting an ageing population with Seniors' Wellbeing Masterclass

According to the Population in Brief 2022 publication[32] by the National Population and Talent Division, Singapore's population is ageing rapidly. The proportion of citizens aged 65 and above have risen by 7.3% in the past decade, and it is estimated that a quarter of the citizen population will enter the post-65 age group by 2030. Meanwhile, the proportion of people aged 20 to 64 is projected to be on a decline from 2022 to 2030.

With Singapore's ageing population in mind, we implemented the Seniors' Wellbeing Masterclass (SWM) programme which aims to empower seniors to learn new skills, gain knowledge and take charge of their wellbeing. The programme spans four to six weeks and is co-curated with our community partners. At its inception in 2021, the programme covered three main topics, namely Arts, Nutrition and Digital Literacy. We continued with the SWM programme in 2022, working with our current partners – the Ang Mo Kio Family Service Centre Community Services, Goodlife!, Lions Befrienders, and Tembusu Senior Activity Centre – as well as a new partner in Care Community Services Society Singapore, enabling us to reach more senior beneficiaries. In addition to growing the programme's reach, we have also expanded its curriculum. In May 2022, we introduced a fourth pillar - Financial Literacy - to the existing pillars of Art, Nutrition and Technology. With reference to guidance from the Ministry of Health's Ageing Planning Office (MOH APO), this new pillar was added to make basic financial knowledge accessible to seniors in their golden years. The course curriculum was developed and is currently delivered by Tsao Foundation, a non-profit family foundation. It teaches seniors how to manage a personal budget and introduces them to concepts such as Lasting Power of Attorney, Advance Care Planning and Will Creation. More than 280 seniors have benefited from the SWM programme in 2022.

Qualitative feedback received from the programme:

'The variety of fruits and vegetables are appreciated! There were even some which we haven't eaten before, so this gave a good opportunity to try. My family finished it all in less than a week.'

– Hirdayu, KidSTART family

32 Population in Brief 2022

The impact assessment for the SWM focuses on the quality of life of our senior beneficiaries after undergoing the six-week programme.
The assessment results for 2022 are as follows:

- 90% of seniors reported they were satisfied with their quality of life;
- 95% of seniors reported adopting healthier eating habits; and
- At least 75% of seniors reported an increase in their knowledge of financial planning.

Our goal is for the programme to benefit 1,000 seniors by 2024 since its inception in 2021. To date, we have reached 420 seniors. We are currently working with our research partner to develop impact metrics for this programme which will be disclosed in our next report.

Prudential Longevity Pledge

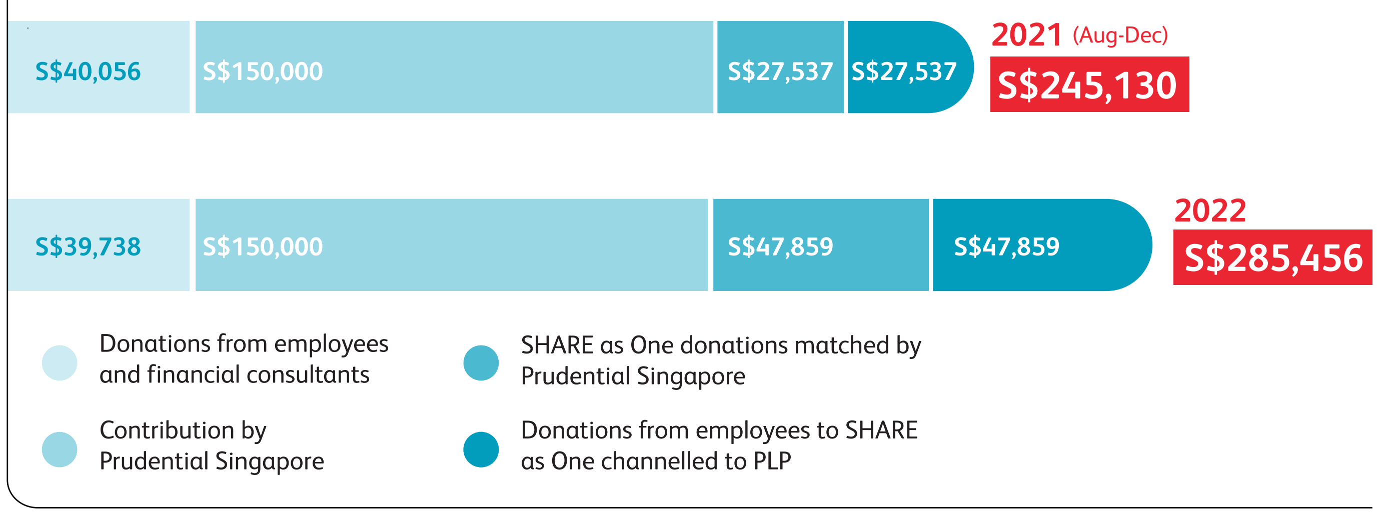
The Prudential Longevity Pledge (PLP) is a fundraising programme set up for our employees and financial consultants to provide support for the vulnerable groups in the community. Established in partnership with Community Chest (ComChest) in 2021, the funds raised go towards enabling continued support for our Healthy with KidSTART and SWM programmes, thus creating a more long-term and meaningful impact in our beneficiaries' lives.

For the donations related to SHARE as One, the amounts raised in 2022 have increased. This is partly because our 2021 figures only covered a five-month duration from August to December.

Volunteerism

We believe in creating a culture of sustained volunteering efforts among our colleagues, financial consultants and customers. Employees at Prudential Singapore are granted five days of volunteer leave annually to instill a habit of giving back to the community and contribute to the UN SDGs. In doing so, our volunteers can cultivate a greater sense of purpose and belonging at work, and bond with one another by doing good.

The amounts raised for the Prudential Longevity Pledge are as follows:



	2020	2021	2022
Volunteering hours	**5,300** hrs Volunteering hours	**5,200** hrs Volunteering hours	**9,600** hrs Volunteering 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 **≈1,000** families from the KidSTART programme	**7,300** individuals and **1,100** families from the KidSTART programme

BOARD OF DIRECTORS

Mark FitzPatrick CA

Chairman and Non-Executive Director
(Appointed 17 November 2022)

Mark is the Group Chief Executive Officer of Prudential plc, having previously served as Group Chief Financial Officer since joining the Board in July 2017. He was appointed as the Chairman of the Board of Directors and a member of the Nomination and Remuneration Committee of Prudential Singapore in November 2022. Mark was previously also Chief Operating Officer from July 2019 to March 2022.

Mark leads Prudential's life and health insurance and asset management businesses across Asia and Africa, where Prudential has been providing familiar, trusted financial security for almost 100 years. He has a strong background across financial services, insurance and investment management, encompassing wide geographical experience relevant to the Group's key markets.

Mark previously worked at Deloitte for 26 years, building his industry focus on insurance and investment management globally. During this time, Mark was Managing Partner for Clients and Markets, a member of the executive committee and a member of the board of Deloitte UK. He was a Vice Chairman of Deloitte for four years. Mark previously led the Insurance & Investment Management audit practice and the insurance industry practice.

Mark is a Director of Prudential Services Limited which is a wholly-owned Prudential subsidiary. He also holds the position of Director at Prudential Corporation Asia Ltd, the British Heart Foundation, and Scottish Mortgage Investment Trust PLC, in the United Kingdom. He is also a Director of Eastspring Investments Group Pte Ltd Singapore since August 2022. Mark also serves as co-Chair of the Prudential Diversity and Inclusion Council and the Chair of the Group ESG Committee.

Mark holds a Master of Business Administration, a Bachelor of Commerce (Honours) Degree in Accounting, and a Postgraduate Diploma in Accounting from the University of Cape Town, South Africa.

Lilian Lup-Yin Ng

Chairman and Non-Executive Director
(12 August 2015 to 15 November 2022)

Lilian Ng is the Managing Director, Strategic Business Group, and a member of the Group Executive Committee of Prudential plc. She is responsible for the insurance operations covering mainland China, Hong Kong and Taiwan; and the Group-wide customer, distribution and marketing strategy across the network of insurance businesses.

She spearheads the Group-wide customer strategy and the corresponding strategic frameworks for customer segmentation and proposition, distribution, marketing and customer care to deliver customer success and drive customer advocacy.

Lilian is the Chairman and Director of Prudential Hong Kong Limited. She is also Director at CITIC-Prudential Life Insurance Company Limited, Prudential BSN Takaful Berhad, and Pulse Ecosystem Pte. Ltd.

She has been part of the Prudential family for over 20 years and has held a range of leadership roles, including Chief Financial Officer of Prudential Hong Kong, Chief Operating Officer, Insurance, and Chief Executive, Insurance, of Prudential Corporation Asia. She is a Fellow of the Institute of Actuaries of Australia.

Dennis Tan

Chief Executive Officer and Executive Director

Dennis Tan is the Chief Executive Officer of Prudential Singapore. At the Group level, he was also appointed Managing Director of the Strategic Business Group covering Singapore, Thailand and Vietnam, since July 2022. In this role, Dennis is responsible for the business and operational results of the three markets.

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 seven 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.

Dennis is a Director with Prudential Singapore Holdings Pte Ltd since March 2020 and Pulse Ecosystem Pte. Ltd. since December 2020. He is also Deputy President in the Life Insurance Association's Management Committee, Council Member at IBF Singapore, Multilateral Healthcare Insurance Committee Member at Ministry of Health Singapore, Board Director at the Council for Third Age, and Board Member at the European Chamber of Commerce in Singapore.

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.

Annie Koh

Non-Executive Director

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

With effect from February 2022, in addition to being a member on the Audit and Risk committee and Nomination and Remuneration committee, Prof Koh now serves as Chair of the Board and Independent Director of KBS US Prime Property Management. She is also an Independent Director of AMTD IDEA Group since May 2020 and a member of the Audit Committee of AMTD IDEA Group 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. She previously served on GovTech, Singapore's CPF, HMI, K1 Ventures boards and was a member of the World Economic Forum Global Future Council from 2019 to 2022.

Prof Koh also advises privately owned enterprises such as Flexxon Pte Ltd, TOP International, and startups such as Dedoco, Hyperscal Solutions Pte Ltd, Pyxis Maritime Pte Ltd, RABC Holdings Pte Ltd, and non-profits such as Blockchain Association of Singapore, 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 and Asia Food Sustainability Fund since February 2022. Previously held leadership positions at SMU include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education.

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 Machell was appointed as a Non-Executive Director of Prudential Singapore in March 2020 and is Chair of the Board Risk Committee and a member of the Audit Committee and Nomination and Remuneration 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 Chair 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 Chair 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 Chair 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 Chair 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 he is a member of the People and Remuneration Committee and the Audit and Nomination Committee. In April 2021, Simon became a Non-Executive Director and Non-Executive Chair 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 at the Southwest University of Finance and Economics in Chengdu, China.

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 and is Chair of the Audit Committee and a member of the Board Risk Committee and the Nomination and Remuneration 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.

Since 2016, Daniel has been active in non-profit work. He was Chair of the board for a cooperative for ex-offenders from June 2016 to May 2022. He has also served on various other non-profit boards. He was awarded the Minister for Home Affairs National Day Award in 2022 for his service as a Home Team Volunteer.

From 2014 to 2016, Daniel 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.

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 also a Director and Chairman of Audit Committee in RSVP Singapore The Organisation of Senior Volunteers since September 2022, and a member of Finance & Investment Committee with HCA Hospice Limited since November 2022.

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, and is a member of the Audit Committee, Board Risk Committee, and Nomination and Remuneration Committee. She is also a Director and the Chair of Audit and Risk Committee and Member of Nominations Committee of Singapore Pools (Private) Limited and Member of Tote Board Audit and Risk Committee (ARC) since July 2022.

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.

She currently volunteers at various non-profit organisations as Audit and Risk Committee member of the National Kidney Foundation in Singapore, Deputy Chair of the Advisory Committee on Oversight of the United Nations Entity for Gender Equality and the Empowerment of Women (United Nations Women) in New York, and a Board member of Asia Philanthropic Ventures Pte Ltd.

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.

LEADERSHIP TEAM

DT **Dennis Tan**
Chief Executive Officer and Executive Director
Managing Director of Strategic Business Group, Prudential plc

JC **Jackie Chew**
Chief Risk Officer

GTK **Goh Theng Kiat**
Chief Customer Officer

TK **Tomasz Kurczyk**
Chief Information Technology Officer

SP **Sheela Parakkal**
Chief Human Resources Officer
Group Head of Leadership, People Development and Experience, Prudential plc

AR **Andreas Rosenthal**
Chief Financial Officer

VS **Vikas Sinha**
Chief Operations Officer

BT **Ben Tan**
Chief Distribution Officer

JC **John Chow**
Chief Partnership Distribution Officer

RL **Rom Lee**
Chief Agency Officer

LLJ **Liauw Lee Jiat**
Chief Actuary

Dennis Tan

Chief Executive Officer and Executive Director

Managing Director of Strategic Business Group, Prudential plc

Dennis Tan is the Chief Executive Officer of Prudential Singapore. At the Group level, he was also appointed Managing Director of the Strategic Business Group covering Singapore, Thailand and Vietnam since July 2022. In this role, Dennis is responsible for the business and operational results of the three markets.

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 seven 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 is also Deputy President in the Life Insurance Association's Management Committee, Council Member at IBF Singapore, Multilateral Healthcare Insurance Committee Member at Ministry of Health Singapore, Board Director at the Council for Third Age, and Board Member at the European Chamber of Commerce in Singapore.

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.

Jackie Chew

Chief Risk Officer

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

She is a trained accountant who has more than 21 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 Chief Customer Officer at 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 26 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.

Tomasz Kurczyk

Chief Information Technology Officer

Tomasz Kurczyk was appointed Chief Information Technology Officer of Prudential Singapore from 1 August 2022. He is responsible for the information technology functions of the company and leads our efforts to strengthen our digital capabilities.

Tomasz has over 17 years of experience across multiple industries and geographies building and growing business, products, and platforms to deliver tangible impact. He started his career in Poland as an entrepreneur before becoming a technology and strategy consultant. He has spent the last 10 years at AXA Group working across Europe, US and Asia with his last role as Chief Digital and Transformation Officer at AXA Insurance in Singapore.

Tomasz also actively participates in FinTech ecosystem development as Singapore FinTech Association's Executive Committee Board Member and as Chairman of the Audit and InsurTech Committees.

Tomasz is Polish and holds a Master of Business Administration from the Kellogg School of Management, Northwestern University, United States, as well as a Master of Science in Computer Systems from Politecnico di Milano, Italy.

Sheela Parakkal

Chief Human Resources Officer

Group Head of Leadership, People Development and Experience, Prudential plc

Sheela Parakkal is Chief Human Resources Officer at Prudential Singapore. She is also Group Head of Leadership, People Development and Experience of the Prudential Group, a position she has held since June 2022.

At the Group level, Sheela helps pivot the leadership agenda so that our leaders are equipped with appropriate capabilities. She also leads the culture and people experience agenda across our 14,000 employees to help our people Connect, Grow and Succeed at Prudential. Similarly in her role at Prudential Singapore, Sheela leads the People Strategy and focuses on creating and nurturing a values-based organisation.

Sheela started her 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 21 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.

Andreas is also an Advisory Committee Member of Elevandi, a non-profit set up by the Monetary Authority of Singapore to foster an open dialogue between the public and private sectors to advance FinTech in the digital economy.

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.

Vikas Sinha

Chief Operations Officer

Vikas Sinha was appointed Chief Operations Officer of Prudential Singapore from 1 August 2022. He is responsible for the life operations functions of the company including claims, new business and customer operations.

Prior to his appointment as Chief Operations Officer, Vikas led the Operational Excellence function within the Operations Division. As Head of Transformation - Customer Fulfilment, he was involved in delivering major operational transformation programmes including designing and rolling out the new Target Operating Model, digitalisation of operational processes through automation using AI and RPA and driving the culture of continuous improvement through Operational Excellence Academy.

Vikas has over 19 years of experience in the insurance industry working in various markets across Europe and Asia Pacific in the areas of Operations, Transformation and Digital. Prior to joining Prudential Singapore in 2019, Vikas was working with Generali Asia as Regional Head of Transformation and Operational Performance.

Vikas who hails from India, holds a Master's degree in Business Administration in Finance and Bachelor in Computer Application. Vikas also holds a certification in Master Black Belt in Six Sigma from Indian Statistical Institute.

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 26 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 partnership distribution business, particularly the strategic partnerships with UOB and SCB.

John has more than 16 years of partnership distribution 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 as well as an Executive Diploma in board directorship from Singapore Management University – Singapore Institute of Directors.

Rom Lee

Chief Agency Officer

Rom Lee was appointed Chief Agency Officer at Prudential Singapore from 1 September 2022. In his role, he manages our 5,000-strong agency force.

Rom is a Prudential veteran who has contributed to the company's growth in both bancassurance and agency distribution since he joined Prudential Singapore in 2003.

He spent 12 of his 19 years in the company with the agency distribution team. Under his tenure as Head of Business Development and Head of Agency, the team has consistently attained high sales growth and increased agency productivity. He was instrumental in guiding the agency through the pandemic period, ensuring that digital technology such as remote advisory and servicing, new ways of working and safe management measures were adopted so our agency could continue to serve customers safely and effectively.

Rom joined Prudential fresh from school and has been with us ever since. Rom is Singaporean and holds a diploma in Mass Communications from Ngee Ann Polytechnic and is a SMU-AXSI Digital Finance Leader.

Liauw Lee Jiat

Chief Actuary

Liauw Lee Jiat is Chief Actuary at 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.

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. 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 (including his/her attendance as an invitee) throughout 2022.

Board/Committee Meetings and Attendance	Board Meetings (include 1 Adhoc Board Meeting and 1 Strategic Planning meeting)	Board Risk Committee Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meetings (include 2 Adhoc NRC meetings)
Number of meetings held in 2022	6	4	6	4
Chairman				
Lilian Lup-Yin Ng (Note 1)	5	3	5	3
Mark Thomas FitzPatrick (Note 2)	2	-	1	1
Chief Executive Officer				
Tan Thean Oon Dennis	6	3	6	4
Non-Executive Director				
Annie Koh	6	4	6	4
Teo Teow Hock	6	4	6	4
Wan Mei Kit	6	4	6	4
Simon Christopher John Machell	6	4	6	4

Note 1: Stepped down as Non-Executive Director, Board Chairman and Member of Nomination and Remuneration Committee ("NRC") with effect from 16 November 2022
Note 2: Appointed as Non-Executive Director, Board Chairman and Member of Nomination and Remuneration Committee ("NRC") with effect from 17 November 2022

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, Mr Mark Thomas FitzPatrick, 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, sustainability 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 the other responsibilities, the Chairman is tasked with the leadership and the governance of the Board as a whole. The Chairman 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 Annual General Meeting (AGM).

The Nomination and Remuneration Committee comprises Prof Annie Koh (Chairman), Mr Mark Thomas FitzPatrick, Mr Teo Teow Hock, Ms Wan Mei Kit and Mr Simon Christopher John Machell.

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.

Process for Appointment of New Directors

In the process for appointment of new directors, the Nomination and Remuneration Committee considers a variety of factors such as diversity, independence, views of stakeholders and relevant competencies necessary for a director of Prudential Singapore. The Nomination and Remuneration Committee will head towards procuring the Board and Board Committees that are of an appropriate size, and comprise directors who, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

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 2022 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 impacts; 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, ie, 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 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 Prudential Singapore 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 with 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, delegations 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 had 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 the management level.

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

Board Risk Committee

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

- The operation and effectiveness of the independent risk management system for the management of all material financial and non-financial risks faced by Prudential Singapore on an enterprise-wide basis.
- 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 of selected members of the Core Leadership Team (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 and methodologies and processes adopted for identifying and assessing risks.
- Review the material and emerging risk exposures of Prudential Singapore, including market, credit, insurance, operational, liquidity, environmental, and 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.

In 2022, 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, and changes arising 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.

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 the volatility of earnings is consistent with the expectations of stakeholders and earnings are managed properly. The measure used is the 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 in business-as-usual and stressed scenarios.

Solvency: the limits are set to ensure that Prudential Singapore maintains sufficient capital to avoid supervisory intervention in both business-as-usual and stressed conditions. The primary measure used is the Capital Adequacy Ratio (CAR) under the Singapore Risk Based Capital (RBC) requirements.

Operational Risk: 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:

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 in 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 (eg 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 Prudential Singapore's approaches to managing the financial risks are described in note 5 of the Financial Statements.

Risk Culture

Culture is a strategic priority of the Board who recognises the importance of good culture in the way that we do business. Risk culture is a subset of 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. As a further commitment to ensure business sustainability, Prudential Singapore became the first local business unit in the Prudential Group to develop and implement its own Risk Culture Assessment Framework in 2019. As per this framework, a regular risk culture assessment is carried out to identify areas of strength and improvement and 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 Mr Teo Teow Hock (Chairman), Ms Wan Mei Kit, Prof Annie Koh, 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 2022 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 members of the CLT, Appointed Actuary and relevant senior management staff. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

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 Group Chief Internal Auditor (GCIA) who is accountable to the Group Audit Committee through a functional reporting line to the Chair of the Committee. 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

Related party transactions framework is established at the Company. Related parties, their relationships, material transactions and outstanding balances are disclosed in the Section on Financial Statements in this Annual Report.

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FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

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 2022.

In our opinion:

(a) the financial statements set out on pages 135 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 2022 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:

Mark Thomas FitzPatrick (Appointed on 17 Nov 2022)
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

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 retiring auditors, KPMG LLP, will not be seeking re-appointment.

Ernst & Young LLP has expressed its willingness to accept appointment as the auditors of the Company.

On behalf of the Board of Directors

Tan Thean Oon Dennis
Director

Mark Thomas FitzPatrick
Director

17 March 2023

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022
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 2022, 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 135 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 2022 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

YEAR ENDED 31 DECEMBER 2022
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 scepticism 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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2023

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Assets			
Property and equipment	6	57,147	63,654
Intangible assets	7	277,903	279,711
Right-of-use assets	8	72,588	73,162
Investments and loans			
– Equity securities	9	7,832,481	4,345,116
– Debt securities	9	16,494,894	17,531,688
– Collective investment schemes	9	23,918,442	30,410,506
– Derivative financial instruments	9	513,739	195,337
– Loans and receivables	9	693,087	660,695
Reinsurers' share of insurance contract liabilities	10	476,935	426,630
Insurance and other receivables	11	340,028	299,159
Cash and cash equivalents	12	865,678	1,240,416
Total assets		**51,542,922**	**55,526,074**
Liabilities			
Gross insurance contract liabilities	13	44,428,023	48,489,612
Insurance and other payables	14	3,672,849	3,430,136
Derivative financial instruments	15	301,724	118,505
Provision for tax		104,834	122,992
Deferred tax liabilities	16	1,937,901	2,100,650
Lease liabilities	17	76,316	74,221
Total liabilities		**50,521,647**	**54,336,116**
Net assets		1,021,275	1,189,958
Equity			
Share capital	18	526,557	526,557
Reserves	19	23,873	21,721
Retained earnings	20	470,845	641,680
Total equity		**1,021,275**	**1,189,958**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Insurance premiums	22	9,018,826	8,393,565
Reinsurance premiums	22	(435,522)	(205,645)
Net insurance premiums	22	8,583,304	8,187,920
Fees and commission income	23	99,358	147,305
Investment (expense)/income	24	(7,439,641)	1,731,033
Other operating income		4,864	7,848
Net income before claims, benefits and expenses		1,247,885	10,074,106
Gross claims, maturity and surrender benefits		(4,172,650)	(4,182,354)
Decrease/(increase) in gross insurance contracts liabilities during the year		4,096,684	(3,927,680)
Reinsurers' share of contract liabilities, claims and benefits incurred		474,991	134,558
Net claims and benefits written back/(incurred)	25	399,025	(7,975,476)
Commission and distribution costs	26	(931,710)	(871,240)
Staff costs	27	(191,738)	(173,369)
Depreciation of property and equipment	6	(15,024)	(17,979)
Depreciation of right-of-use assets	8	(24,926)	(25,889)
Interest expense	8	(2,041)	(1,973)
Other operating expenses	28	(338,802)	(311,880)
Claims, benefits and expenses		(1,105,216)	(9,377,806)
Profit before tax		142,669	696,300
Tax credit/(expense)	29	32,796	(397,468)
Profit for the year	30	175,465	298,832
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of leasehold property (net of tax)	6	2,152	640
Total other comprehensive income		2,152	640
Total comprehensive income for the year		177,617	299,472

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Revaluation reserve $'000	Retained earnings $'000	Total $'000
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
At 1 January 2022		526,557	21,721	641,680	1,189,958
Total comprehensive income for the year					
Profit for the year		–	–	175,465	175,465
Other comprehensive income					
Gain on revaluation of leasehold property	6	–	2,152	–	2,152
Total comprehensive income for the year		–	2,152	175,465	177,617
Transactions with owner, recorded directly in equity					
Dividends to equity holder	20	–	–	(346,300)	(346,300)
Total transactions with owner		–	–	(346,300)	(346,300)
At 31 December 2022		526,557	23,873	470,845	1,021,275

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		175,465	298,832
Adjustments for:			
Amortisation of intangible assets	7	8,643	2,325
Depreciation of property and equipment	6	15,024	17,979
Depreciation of right-of-use assets	8	24,926	25,889
Equity settled share-based compensation expense	31	922	947
Interest, rental and other investment income	24	(1,097,729)	(991,914)
Gain on disposal of property and equipment		–	(288)
Interest expense on lease liabilities	8	2,041	1,973
Modification or derecognition of lease asset/liabilities		1,965	(996)
Net realised loss/(gains) and fair value changes on financial assets at fair value through profit or loss	24	8,577,568	(779,049)
Tax (credit)/expense	29	(32,796)	397,468
		7,676,029	(1,026,834)
Changes in operating assets and liabilities:			
Loans and receivables and insurance and other receivables		(46,054)	88,695
Reinsurers' share of insurance contract liabilities	10	(50,305)	14,512
Gross insurance contract liabilities	13	(4,061,589)	3,957,423
Insurance and other payables		266,191	131,068
Cash generated from operations		3,784,272	3,164,864
Income taxes paid		(148,111)	(124,203)
Net cash from operating activities		**3,636,161**	**3,040,661**
Cash flows from investing activities			
Dividends received		576,937	551,184
Interest received		493,508	421,411
Proceeds from sale of investments		65,648,985	52,120,073
Proceeds from disposal of property and equipment		17	618
Net purchases of intangible assets	7	(6,835)	(553)
Purchases of investments		(70,322,281)	(55,477,318)
Purchases of property and equipment	6	(6,382)	(19,595)
Rental income received	24	1,194	1,194
Net cash used in investing activities		**(3,614,857)**	**(2,402,986)**
Cash flow from financing activities			
Dividends paid	20	(346,300)	(420,000)
Payment of lease liabilities	17	(24,223)	(23,210)
Interest paid on lease liabilities	17	(2,041)	(1,973)
Net cash used in financing activities		**(372,564)**	**(445,183)**
Net (decrease)/increase in cash and cash equivalents		(351,260)	192,492
Cash and cash equivalents at beginning of the year		970,990	778,498
Cash and cash equivalents at end of the year		**619,730**	**970,990**
Cash and cash equivalents comprise:			
Cash at bank and in hand, including short-term time deposits	12	619,730	970,990
Cash collaterals received	12	245,948	269,426
		865,678	**1,240,416**

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 March 2023.

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 Financial Reporting Standards in Singapore ("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 2022

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 2022:

- Amendment to FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendment to FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendment to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018 – 2020

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 2022

3 Significant accounting policies (continued)

(a) Basis of consolidation

(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 (12) of the 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 2022

3 Significant accounting policies (continued)

(b) Insurance contracts – classification

(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 2022

3 Significant accounting policies (continued)

(b) Insurance contracts – classification

(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 2022

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 long-term medical polices the contract boundary is applied.

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. For contracts with surrender penalty, negative non-unit reserves are allowed up to the surrender value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 3i(i) and 3i(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.

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 2022

3 Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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 2022

3 Significant accounting policies (continued)

(g) 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.

(h) 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 2022

3 Significant accounting policies (continued)

(h) 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

(i) 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 2022

3 Significant accounting policies (continued)

(i) 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 2022

3 Significant accounting policies (continued)

(i) 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.

(j) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

(j) Impairment (continued)

(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.

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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

(k) Leases (continued)

As a lessee (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

(k) Leases (continued)

As a lessor

At inception 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 their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies FRS 115 to allocate the consideration in the contract.

The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received from investment property under operating leases as income on a straight- line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as 'other income'.

(l) 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

(m) Tax (continued)

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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

(n) Other revenue and expenditure recognition (continued)

(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.

(o) 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.

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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

4 Critical accounting estimates and judgements in applying accounting policies

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 each year and adjusted (if necessary) in order to establish contract liabilities which most accurately reflect the Company's long-term estimate of actual development of experience. 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 and wide-ranging lifestyle changes, such as changes in eating, smoking and exercise habits, could result in future mortality experience being significantly different than in the past for the age groups in which the Company has significant exposure to mortality risk. In addition, 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 2022

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	2022 %	2021 %
1 year	3.75	0.60
2 years	2.99	0.88
3 years	2.87	1.13
4 years	2.81	1.27
5 years	2.82	1.37
6 years	2.91	1.47
7 years	2.97	1.55
8 years	3.01	1.60
9 years	3.05	1.65
10 years	3.06	1.71
11 years	3.06	1.77
12 years	3.04	1.83
13 years	3.00	1.89
14 years	2.94	1.93
15 years	2.86	1.97
16 years	2.77	2.01
17 years	2.67	2.03
18 years	2.58	2.06
19 years	2.51	2.09
20 years and above	2.46	2.12

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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	2022 %	2021 %
1 year	4.64	0.38
2 years	4.36	0.73
3 years	4.16	0.97
4 years	4.02	1.15
5 years	3.94	1.27
6 years	3.92	1.37
7 years	3.91	1.44
8 years	3.87	1.47
9 years	3.83	1.50
10 years	3.82	1.53
11 years	3.84	1.58
12 years	3.88	1.64
13 years	3.94	1.71
14 years	3.99	1.77
15 years	4.04	1.83
16 years	4.09	1.88
17 years	4.12	1.92
18 years	4.14	1.95
19 years	4.15	1.97
20 years	4.15	1.98
21 years	4.13	1.97
22 years	4.11	1.96
23 years	4.08	1.94
24 years	4.04	1.93
25 years	4.01	1.91
26 years	3.97	1.90
27 years	3.94	1.90
28 years	3.91	1.90
29 years	3.88	1.90
30 years and above	3.86	1.92

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 3.60 % to 6.75 % (2021: 0.78 % to 4.89 %).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 % (2021: 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 2022 $'000	Change in liability 2021 $'000
Worsening of mortality and morbidity	+10 %	–	–
Lowering of investment returns	-1 %	1,121,617	4,116,177
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 2022

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 2022 $'000	Change in profit/equity 2022 $'000	Change in liability 2021 $'000	Change in profit/equity 2021 $'000
Worsening of mortality and morbidity	+10 %	123,775	(102,734)	121,924	(101,197)
Lowering of investment returns	-1 %	466,865	(387,498)	614,637	(510,148)
Worsening of base renewal expense level	+10 %	6,609	(5,485)	6,440	(5,345)
Worsening of renewal expense inflation rate	+2 %	2,713	(2,252)	3,861	(3,205)
Worsening of lapse rate	-10 %	58,866	(48,859)	66,142	(54,897)

Investment-linked contracts (non-unit reserves)

Variable	Change in variable	Change in liability 2022 $'000	Change in profit/equity 2022 $'000	Change in liability 2021 $'000	Change in profit/equity 2021 $'000
Worsening of mortality and morbidity	+10 %	8,425	(6,993)	6,338	(5,260)
Lowering of investment returns	-1 %	17,309	(14,366)	14,319	(11,885)
Worsening of base renewal expense level	+10 %	4,652	(3,861)	4,089	(3,394)
Worsening of renewal expense inflation rate	+2 %	5,897	(4,895)	5,754	(4,776)
Worsening of lapse rate	-10 %	6,718	(5,576)	4,246	(3,524)

The change in profit/equity takes into account the effect of income tax 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 2022

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 higher intervention level ("HIL") and lower intervention level ("LIL"). Based on MAS Notice 133, the capital adequacy ratio ("CAR") of the Company as at the reporting date is 184 % (2021: 198 %).

Under the Insurance (Valuation and Capital) Regulations, all insurers are required to maintain a minimum fund solvency ratio ("FSR"), Tier 1 capital ratio ("T1R") and CAR above the HIL and 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 2022

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 2022, the minimum condition liability, which includes only guaranteed benefits, is $20.9 billion (2021: $20.8 billion) and is significantly below the policy assets of $33.1 billion (2021: $35.0 billion). The corresponding policy liability, which would include future bonuses at a level which meets policyholders' reasonable expectations, is $29.5 billion (2021: $32 billion). The policy assets in excess of the policy liabilities, amounting to $3.6 billion (2021: $3.0 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 2022

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 long-term 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 2022

5 Capital, insurance and financial risk management (continued)

(c) Financial risk (continued)

(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, profitability position, participating fund internal governance policy and universal life crediting rate policy; and

(e) other considerations such as availability of matching assets, diversification, currency, duration and transaction costs.

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 2022

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 long-term 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 2022

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
2022				
Assets				
Equity securities	–	–	7,832,481	7,832,481
Debt securities	15,129,466	1,365,428	–	16,494,894
Collective investment schemes	–	–	23,918,442	23,918,442
Derivative financial instruments	–	–	513,739	513,739
Loans and receivables	526,076	–	167,011	693,087
Reinsurers' share of insurance contract liabilities	–	–	476,935	476,935
Insurance and other receivables	–	–	340,028	340,028
Cash and cash equivalents	865,675	–	3	865,678
	16,521,217	1,365,428	33,248,639	51,135,284
Liabilities				
Gross insurance contract liabilities	(13,073,460)	(3,475,162)	(27,879,401)	(44,428,023)
Insurance and other payables	(2,750,686)	–	(922,163)	(3,672,849)
Derivative financial instruments	–	–	(301,724)	(301,724)
	(15,824,146)	(3,475,162)	(29,103,288)	(48,402,596)
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	1,240,413	–	3	1,240,416
	18,088,634	1,203,241	35,817,672	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)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 exposures as of the reporting date, in Singapore Dollar equivalents:

	SGD $'000	USD $'000	EUR $'000	HKD $'000	Others $'000	Total $'000
2022						
Assets						
Property and equipment	57,147	–	–	–	–	57,147
Intangible assets	277,903	–	–	–	–	277,903
Right-of-use assets	72,588	–	–	–	–	72,588
Investments and loans						
– Equity securities	1,525,561	3,187,088	224,924	819,582	2,075,326	7,832,481
– Debt securities	9,520,313	6,901,389	24,658	12,335	36,199	16,494,894
– Collective investment schemes	8,961,345	12,366,514	2,109,835	256,372	224,376	23,918,442
– Derivative financial instruments	14,277,573	(14,141,902)	1,015,795	(12,887)	(624,840)	513,739
– Loans and receivables	598,318	91,561	622	164	2,422	693,087
Reinsurers' share of insurance contract liabilities	484,914	(7,979)	–	–	–	476,935
Insurance and other receivables	306,156	30,476	3,137	–	259	340,028
Cash and cash equivalents	379,228	295,629	163,696	1,226	25,899	865,678
	36,461,046	8,722,776	3,542,667	1,076,792	1,739,641	51,542,922
Liabilities						
Gross insurance contract liabilities	(41,139,387)	(3,288,636)	–	–	–	(44,428,023)
Insurance and other payables	(3,375,727)	(292,422)	(3,142)	–	(1,558)	(3,672,849)
Derivative financial instruments	(1,175,195)	3,777,505	(2,067,230)	(2)	(836,802)	(301,724)
Provision for tax	(104,834)	–	–	–	–	(104,834)
Deferred tax liabilities	(1,937,901)	–	–	–	–	(1,937,901)
Lease liabilities	(76,316)	–	–	–	–	(76,316)
	(47,809,360)	196,447	(2,070,372)	(2)	(838,360)	(50,521,647)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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
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 2022

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 2022 $'000	Change in equity 2022 $'000	Change in profit 2021 $'000	Change in equity 2021 $'000
Equity prices				
+10 %	15,225	12,636	12,005	9,964
-10 %	(14,728)	(12,224)	(12,948)	(10,747)
Interest rates				
+10 basis points	(9,385)	(7,790)	(11,182)	(9,281)
-10 basis points	8,033	6,668	9,595	7,964
Foreign currency				
+5 %	98	81	82	68
-5 %	(98)	(81)	(82)	(68)

The change in profit/equity takes into account the effect of income tax on the change in profit.

Variable	Change in investments and loans 2022 $'000	Change in gross insurance contract liabilities 2022 $'000	Change in investments and loans 2021 $'000	Change in gross insurance contract liabilities 2021 $'000
Equity prices				
+10 %	989,708	974,483	1,065,886	1,053,881
-10 %	(989,640)	(974,912)	(1,065,852)	(1,052,904)
Interest rates				
+10 basis points	(198,014)	(188,629)	(230,434)	(219,252)
-10 basis points	197,708	189,675	230,441	220,846
Foreign currencies				
+5 %	445,332	445,234	500,539	500,456
-5 %	(445,332)	(445,234)	(500,539)	(500,456)

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 2022

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 and other unanticipated cash outflows.

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	No stated maturity $'000	Total $'000
2022						
Assets						
Investments and Loans						
– Equities	1,736,428	–	–	–	6,096,053	7,832,481
– Debt securities	763,799	2,759,104	1,722,415	11,249,576	–	16,494,894
– Collective investment schemes	7,263,709	–	–	–	16,654,733	23,918,442
– Derivative financial instruments	5,627	486,079	22,033	–	–	513,739
– Loans and receivables	5,299	151,453	–	–	536,335	693,087
Reinsurer's share of insurance contract liabilities	–	41,626	86,495	348,814	–	476,935
Insurance and other receivables	25,942	312,729	1,357	–	–	340,028
Cash and cash equivalents	82,898	782,777	–	–	3	865,678
	9,883,702	4,533,768	1,832,300	11,598,390	23,287,124	51,135,284
Liabilities						
Gross insurance contract liabilities	9,845,407	1,775,277	7,114,845	25,692,494	–	44,428,023
Insurance and other payables	28,543	3,634,594	9,712	–	–	3,672,849
Derivative financial instruments	9,753	284,484	7,487	–	–	301,724
Lease liabilities	–	24,786	51,530	–	–	76,316
	9,883,703	5,719,141	7,183,574	25,692,494	–	48,478,912

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Capital, insurance and financial risk management (continued)

(c) Financial risk (continued)

(iii) Liquidity risk (continued)

	Unit-linked $'000	Within one year $'000	After one year but within five years $'000	After five years $'000	No stated maturity $'000	Total $'000
2021						
Assets						
Investments and Loans						
– Equities	2,191,462	–	–	–	2,153,654	4,345,116
– Debt securities	847,709	3,467,965	1,710,643	11,505,371	–	17,531,688
– Collective investment schemes	8,431,996	–	–	–	21,978,510	30,410,506
– Derivative financial instruments	11,957	179,799	3,581	–	–	195,337
– Loans and receivables	8,262	121,894	–	–	530,539	660,695
Reinsurer's share of insurance contract liabilities	–	31,408	53,855	341,367	–	426,630
Insurance and other receivables	32,441	264,492	2,226	–	–	299,159
Cash and cash equivalents	147,211	1,093,202	–	–	3	1,240,416
	11,671,038	5,158,760	1,770,305	11,846,738	24,662,706	55,109,547
Liabilities						
Gross insurance contract liabilities	11,618,147	1,288,855	5,907,828	29,674,782	–	48,489,612
Insurance and other payables	48,912	3,365,110	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
	11,671,078	4,787,198	5,977,273	29,676,925	–	52,112,474

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 2022

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
2022						
Debt securities						
– Government bonds	7,658,987	38,216	112,751	122,644	14,845	7,947,443
– Corporate and other bonds	778,358	812,347	3,552,311	3,251,273	153,162	8,547,451
Loans and receivables*	–	–	–	–	693,087	693,087
Reinsurers' share of insurance contract liabilities	–	432,676	–	–	44,259	476,935
Other receivables*	–	11,812	26,404	–	301,812	340,028
Cash and cash equivalents*	–	134,831	730,844	–	3	865,678
	8,437,345	1,429,882	4,422,310	3,373,917	1,207,168	18,870,622

	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

* 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 2022

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 (2021: 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 be able to meet the minimum financial rating requirements before being selected and other internal compliance requirements for onboarding, 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 2022

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
2022				
Forward exchange contracts	15,508,950	6,319,919	500,237	(205,704)
Futures contracts	614,637	3,432,543	5,337	(88,440)
Currency swap contracts	61,549	13,280	898	(181)
Interest rate swap contracts	156,944	209,958	7,249	(7,399)
Warrants	264	–	18	–
	16,342,344	9,975,700	513,739	(301,724)
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)
Warrants	282	–	41	–
	16,952,597	8,285,537	195,337	(118,505)

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 2022

5 Capital, insurance and financial risk management (continued)

(d) Estimation of fair values (continued)

Fair value hierarchy (continued)

Financial assets and financial liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Equity securities	7,694,585	–	137,896	7,832,481
Debt securities	13,036,899	3,457,995	–	16,494,894
Collective investment schemes	19,835,677	3,942,931	139,834	23,918,442
Derivative financial assets	5,355	508,384	–	513,739
Derivative financial liabilities	(88,440)	(213,284)	–	(301,724)
	40,484,076	7,696,026	277,730	48,457,832
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

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed

	Note	2022 $'000	2021 $'000
Cash and cash equivalents	12	865,678	1,240,416
Loans and receivables		693,087	660,695
Other receivables	11	97,647	64,752
Other payables	14	(643,966)	(793,513)
		1,012,446	1,172,350

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Capital, insurance and financial risk management (continued)

(d) Estimation of fair values (continued)

Fair value hierarchy (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 2022	129,971	–	166,633	296,604
Net gains/(losses) included in profit or loss for the year presented in investment income	5,275	–	(41,357)	(36,082)
Purchases	2,365	–	14,358	16,723
Sales	–	–	–	–
Transfers	285	–	200	485
At 31 December 2022	137,896	–	139,834	277,730
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

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 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 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

5 Capital, insurance and financial risk management (continued)

(d) Estimation of fair values (continued)

Offsetting financial assets and financial liabilities (continued)

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
2022						
Financial assets						
Amount due from related companies (non-insurance)	11	10,585	(10,252)	333	–	333
Other receivables	11	74,790	–	74,790	(38,165)	36,625
		85,375	(10,252)	75,123	(38,165)	36,958
Financial liabilities						
Amount due to related companies (non-insurance)	14	(51,761)	10,252	(41,509)	–	(41,509)
Other payables and accrued expenses	14	(295,782)	–	(295,782)	38,165	(257,617)
		(347,543)	10,252	(337,291)	38,165	(299,126)
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)

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 2022

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 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
At 1 January 2022	34,500	5,268	97,811	511	35,867	173,957
Additions	–	137	6,021	–	224	6,382
Disposals	–	(2)	(18)	–	–	(20)
Gain on revaluation	2,152	–	–	–	–	2,152
Reversal of depreciation on revaluation	(652)	–	–	–	–	(652)
At 31 December 2022	36,000	5,403	103,814	511	36,091	181,819
Accumulated depreciation						
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
At 1 January 2022	–	4,476	79,157	332	26,338	110,303
Depreciation charge for the year	652	493	9,540	102	4,237	15,024
Disposals	–	(2)	(1)	–	–	(3)
Reversal of depreciation on revaluation	(652)	–	–	–	–	(652)
At 31 December 2022	–	4,967	88,696	434	30,575	124,672
Carrying amounts						
At 1 January 2021	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
At 31 December 2022	36,000	436	15,118	77	5,516	57,147

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 2022 and 31 December 2021. 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.

$2,152,000 (2021: $640,000) of revaluation gain was credited to the revaluation reserve (note 19).

The approximate carrying amount of leasehold property would have been $12,114,000 (2021: $12,356,000) 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 2021	231,279	29,787	114,477	375,543
Net additions	–	–	553	553
At 31 December 2021	231,279	29,787	115,030	376,096
Net additions	–	–	6,835	6,835
At 31 December 2022	231,279	29,787	121,865	382,931
Accumulated amortisation				
At 1 January 2021	–	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
Net amortisation charge for the year	–	1,489	7,154	8,643
At 31 December 2022	–	19,361	85,667	105,028
Carrying amounts				
At 1 January 2021	231,279	13,403	36,801	281,483
At 31 December 2021	231,279	11,915	36,517	279,711
At 31 December 2022	231,279	10,426	36,198	277,903

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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 3.88 % to 6.89 % (2021: 2.46 % to 5.83 %).

(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 0.69 % to 9.36 % (2021: 0.72 % to 8.00 %)

Others

Others represent amounts paid to third parties under certain distribution agreements and agency development expenses.

Intangible assets are non-current assets.

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	
	2022 $'000	2021 $'000
Balance at 1 January	73,162	72,272
Depreciation charge for the year	(24,926)	(25,889)
Additions to right-of-use assets	25,879	26,779
Derecognition of right-of-use assets	(1,527)	–
Balance at 31 December	72,588	73,162

Right-of-use assets are non-current assets.

Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Lease under FRS 116		
Interest on lease liabilities	2,041	1,973

Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Total cash outflow for leases	24,223	25,183

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 $39,865,000 (2021: $39,780,000).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

9 Investments and loans

	Note	2022 $'000	2021 $'000
Financial assets designated at fair value through profit or loss			
Equity securities			
– Listed equity securities		7,694,871	4,215,145
– Unlisted equity securities		137,610	129,971
		7,832,481	4,345,116
Debt securities			
– Government bonds		7,947,443	8,677,443
– Listed corporate and other bonds		8,171,905	8,472,310
– Unlisted corporate and other bonds		375,546	381,935
		16,494,894	17,531,688
Collective investment schemes		23,918,442	30,410,506
Derivative financial instruments	5(d)	513,739	195,337
Loans and receivables			
Investment income receivables		167,011	140,921
Policy loans		526,076	519,774
		693,087	660,695
Total investments and loans		49,452,643	53,143,342
Current portion		35,440,060	38,778,726
Non-current portion		14,012,583	14,364,616
		49,452,643	53,143,342

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	
2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 %	2021 %
159	201,094	167	206,674	105	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 2022

10 Reinsurers' share of insurance contract liabilities

	2022 $'000	2021 $'000
Reinsurers' share of insurance contract liabilities	476,935	426,630

The movement of reinsurers' share of insurance contract liabilities is as follows:

	2022 $'000	2021 $'000
At 1 January	426,630	441,142
Increase/(decrease) in reinsurers' share of insurance contract liabilities	50,305	(14,512)
At 31 December	476,935	426,630
Current portion	41,626	31,408
Non-current portion	435,309	395,222
	476,935	426,630

11 Insurance and other receivables

	2022 $'000	2021 $'000
Receivables arising from insurance and reinsurance contracts:		
– Due from policyholders	192,795	191,721
– Due from agents	23,723	24,309
– Due from reinsurers	15,691	15,345
	232,209	231,375
Prepayments	10,172	3,032
Other receivables:		
– Amounts due from related companies (non-insurance)	333	403
– Other receivables	74,790	36,733
– Collateral deposits placed with financial institutions	22,524	27,616
	97,647	64,752
	340,028	299,159
Current portion	338,671	296,933
Non-current portion	1,357	2,226
	340,028	299,159

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 (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

12 Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and in hand	179,167	309,473
Short-term time deposits	440,563	661,517
Cash and cash equivalents in the statement of cash flows	619,730	970,990
Cash collateral received	245,948	269,426
Cash and cash equivalents in the statement of financial position	865,678	1,240,416

The effective interest rate on short-term time deposits was 3.56 % (2021: 0.37 %) per annum and the deposits have an average maturity of less than 8 days (2021: less than 7 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	2022 $'000	2021 $'000
Long term insurance contracts:			
– Life insurance par contracts	13(i)	31,367,239	32,911,552
– Life insurance non-par contracts	13(ii)	2,959,627	3,656,701
– Investment-linked contracts			
– Unit reserves	13(iii)	9,845,407	11,618,147
– Non-unit reserves	13(iv)	(45,334)	37,222
		44,126,939	48,223,622
Provision for outstanding claims		301,084	265,990
Total insurance contract liabilities		44,428,023	48,489,612
Current portion		1,775,277	1,288,855
Non-current portion		42,652,746	47,200,757
		44,428,023	48,489,612

Included in the life insurance par contracts is:

– an amount of $864.3 million (2021: $998.9 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 $688.5 million (2021: $627.0 million).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

13 Gross insurance contract liabilities (continued)

Movements in insurance contract liabilities

(i) Life insurance par contracts

	2022 $'000	2021 $'000
At 1 January	32,911,552	28,834,160
Premiums received, net of reinsurance	6,552,921	6,053,975
Claims and surrenders	(2,447,813)	(2,475,324)
Expenses:		
– Operating	(570,652)	(720,844)
– Non-operating	(110,126)	(89,696)
Movements in deferred tax	163,303	(249,321)
Income:		
– Investment income	(5,006,157)	1,763,736
– Other expense	(42,931)	(130,303)
Transfer to shareholders' fund	(82,858)	(74,831)
At 31 December	31,367,239	32,911,552

(ii) Life insurance non-par contracts

	2022 $'000	2021 $'000
At 1 January	3,656,701	3,867,088
Valuation premiums	72,871	68,545
Liabilities released for payments on death and other terminations	(126,548)	(113,388)
Accretion of interest	83,674	68,548
Other movements	(146,442)	(13,176)
New business	70,909	73,200
Change in valuation basis:		
– Discount rate	(651,236)	(296,706)
– Regulatory changes	–	–
– Others	(302)	2,590
At 31 December	2,959,627	3,656,701

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 2022

13 Gross insurance contract liabilities (continued)

Movements in insurance contract liabilities (continued)

(iii) Investment-linked contracts (unit reserves)

	2022 $'000	2021 $'000
At 1 January	11,618,147	11,554,073
Premiums received	903,140	1,073,795
Fees deducted from account balances of investment-linked contracts	(298,150)	(331,060)
Liabilities released for payments on death, surrender and other terminations	(601,422)	(930,018)
Changes in unit prices	(1,770,208)	260,612
Other movements	(6,100)	(9,255)
At 31 December	9,845,407	11,618,147

(iv) Investment-linked contracts (non-unit reserves)

	2022 $'000	2021 $'000
At 1 January	37,222	40,621
Premiums received	711	1,379
Fees deducted from account balances	(16,439)	11,018
Liabilities released for payments on death, surrender and other terminations	1,079	(1,500)
Accretion of interest	(313)	118
Changes in unit prices (within insurance benefits)	8,282	(524)
New business	(66,473)	(3,012)
Change in valuation basis:		
– Discount rate	(9,274)	(10,583)
– Regulatory changes	–	–
– Others	(129)	(295)
At 31 December	(45,334)	37,222

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

14 Insurance and other payables

	Note	2022 $'000	2021 $'000
Payables arising from insurance and reinsurance contracts:			
– Insurance contract payables		2,761,050	2,550,604
– Reinsurance payables		267,833	86,019
		3,028,883	2,636,623
Other payables:			
– Provision for agency expenses		25,664	25,023
– Share-based payment liability	31	35,063	43,430
– Amount due to related companies (non-insurance)		41,509	12,100
– Cash collateral received	12	245,948	269,426
– Other payables and accrued expenses		295,782	443,534
		643,966	793,513
		3,672,849	3,430,136
Current portion		3,663,138	3,414,022
Non-current portion		9,711	16,114
		3,672,849	3,430,136

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	2022 $'000	2021 $'000
Derivative financial instruments	5(d)	301,724	118,505
Current portion		294,237	114,826
Non-current portion		7,487	3,679
		301,724	118,505

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

16 Deferred tax liabilities

	Note	2022 $'000	2021 $'000
At 1 January		2,100,650	1,852,787
Net provision made during the year	29	(162,749)	247,863
At 31 December		1,937,901	2,100,650

Deferred tax (assets)/liabilities, determined after appropriate offsetting, are attributable to the following:

	Assets		Liabilities		Net	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Short-term timing differences	(5,613)	(6,691)	–	–	(5,613)	(6,691)
Capital allowances for property and equipment	–	–	1,557	1,962	1,557	1,962
Tax on future distributions	–	–	1,941,957	2,105,379	1,941,957	2,105,379
Deferred tax (assets)/liabilities	(5,613)	(6,691)	1,943,514	2,107,341	1,937,901	2,100,650

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

	2022 $'000	2021 $'000
Current portion	24,786	22,426
Non-current portion	51,530	51,795
	76,316	74,221

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

17 Lease liabilities (continued)

Reconciliation of movements in liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Total $'000
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 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
At 1 January 2022		
Changes from financing cash flows		
Payment of lease liabilities	(24,223)	(24,223)
Interest paid	(2,041)	(2,041)
	(26,264)	(26,264)
Other changes – liability-related		
Recognition of lease liabilities	26,318	26,318
Interest expense	2,041	2,041
	28,359	28,359
At 31 December 2022	76,316	76,316

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

18 Share capital

	2022 No. of shares ('000)	2021 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.

19 Reserves

	2022 $'000	2021 $'000
Revaluation reserve	23,873	21,721

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 FSR and CAR in excess of HIL and LIL as specified in MAS Notice 133 or otherwise prescribed by MAS.

Dividends

The following dividends were declared and paid by the Company:

	2022 $'000	2021 $'000
Interim dividends		
$0.66 (2021: $0.80) per qualifying share	346,300	420,000

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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
2022							
Financial assets							
Investments and loans							
– Equity securities	9	7,832,481	–	–	–	7,832,481	7,832,481
– Debt securities	9	16,494,894	–	–	–	16,494,894	16,494,894
– Collective investment schemes	9	23,918,442	–	–	–	23,918,442	23,918,442
– Derivative financial instruments	9	–	513,739	–	–	513,739	513,739
– Loans and receivables*	9	–	–	693,087	–	693,087	693,087
Other receivables*	11	–	–	97,647	–	97,647	97,647
Cash and cash equivalents*	12	–	–	865,678	–	865,678	865,678
		48,245,817	513,739	1,656,412	–	50,415,968	50,415,968
Financial liabilities							
Other payables	14	–	–	–	(643,966)	(643,966)	(643,966)
Derivative financial instruments	15	–	(301,724)	–	–	(301,724)	(301,724)
		–	(301,724)	–	(643,966)	(945,690)	(945,690)
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)

* 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
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22 Net insurance premiums

	Insurance premiums 2022 $'000	Insurance premiums 2021 $'000	Reinsurance premiums 2022 $'000	Reinsurance premiums 2021 $'000	Net insurance premiums 2022 $'000	Net insurance premiums 2021 $'000
Life insurance par contracts	6,743,360	6,057,520	(190,439)	(3,546)	6,552,921	6,053,974
Life insurance non-par contracts	1,372,326	1,262,249	(236,910)	(194,319)	1,135,416	1,067,930
Investment-linked contracts	903,140	1,073,796	(8,173)	(7,780)	894,967	1,066,016
	9,018,826	8,393,565	(435,522)	(205,645)	8,583,304	8,187,920

23 Fees and commission income

	2022 $'000	2021 $'000
Fee income	26,358	21,893
Reinsurance commission income	73,000	125,412
	99,358	147,305

24 Investment (expense)/income

	2022 $'000	2021 $'000
Interest income		
– Debt securities	483,768	410,698
– Loans and receivables	27,877	30,530
– Cash and cash equivalents	5,057	1,333
Dividend income	579,833	548,159
Rental income	1,194	1,194
	1,097,729	991,914
Net realised (loss)/gains and fair value changes on financial assets at fair value through profit or loss	(8,577,568)	779,049
Exchange gains/(losses)	40,198	(39,930)
	(7,439,641)	1,731,033
Life insurance par contracts	(4,960,083)	1,724,843
Life insurance non-par contracts	(682,892)	(224,810)
Investment-linked contracts	(1,787,183)	234,026
Investment income from insurance operations	(7,430,158)	1,734,059
Shareholders' fund	(9,483)	(3,026)
	(7,439,641)	1,731,033

25 Net claims and benefits (written back)/incurred

	2022 $'000	2021 $'000
Long-term insurance contracts		
Life insurance par contracts		
Net claims, maturity and surrender benefits	2,447,813	2,475,323
(Decrease)/increase in liabilities during the year	(1,544,313)	4,077,393
Reinsurers' share of movement in liabilities during the year	(191,727)	(1,767)
Life insurance non-par contracts		
Net claims, maturity and surrender benefits	638,810	567,035
(Decrease)/increase in liabilities during the year	(697,074)	(210,387)
Reinsurers' share of movement in liabilities during the year	139,595	16,359
Investment-linked contracts		
Net claims, maturity and surrender benefits	661,250	990,735
(Decrease)/increase in liabilities during the year	(1,855,296)	60,674
Reinsurers' share of movement in liabilities during the year	1,826	(81)
Shareholders' fund claims expenses		
Net claims, maturity and surrender benefits	91	192
	(399,025)	7,975,476

26 Commission and distribution costs

	2022 $'000	2021 $'000
Commission expenses	745,443	693,046
Other acquisition costs	186,267	178,194
	931,710	871,240

Included in commission expenses is $9,748,000 (2021: $7,061,000) of the share-based compensation expenses.

27 Staff costs

	2022 $'000	2021 $'000
Salaries and benefits in kind	168,425	154,761
Employer's contributions to Central Provident Fund	14,674	13,288
Share-based compensation expenses	8,639	5,320
	191,738	173,369

NOTES TO THE FINANCIAL STATEMENTS
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28 Other operating expenses

Included in other operating expenses are the following:

	2022 $'000	2021 $'000
Administrative expenses	44,010	46,186
Operational expenses	59,551	37,563
Advertising and promotional expenses	26,092	25,023
Investment expenses	154,587	143,575

29 Tax (credit)/expense

	Note	2022 $'000	2021 $'000
Current taxation expense		130,415	149,605
Current year		(462)	–
Adjustment for prior period		129,953	149,605
Deferred taxation expense			
Origination and reversal of temporary differences	16	(162,749)	247,863
Total income tax (credit)/expense		(32,796)	397,468

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.

	2022 $'000	2021 $'000
Reconciliation of effective tax (credit)/charge		
Profit before tax	142,669	696,300
Income tax using domestic corporation tax rate of 17% (2021: 17%)	24,254	118,371
Taxation relating to insurance funds	(55,649)	283,022
Non-deductible expenses	4,832	3,689
Adjustment for prior period	(462)	–
Non-taxable income	(10,835)	(12,691)
Others	5,064	5,077
	(32,796)	397,468

NOTES TO THE FINANCIAL STATEMENTS
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30 Profit for the year by fund

	2022 $'000	2021 $'000
Life insurance par contracts	82,863	74,839
Life insurance non-par contracts	34,695	190,883
Investment-linked contracts	117,349	95,331
Shareholders' fund	(59,442)	(62,221)
	175,465	298,832

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
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31 Share-based payment transactions

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:

	2022 Number of share awards	2021 Number of share awards
Awards outstanding		
At 1 January	3,105,824	3,164,783
– Granted	425,543	361,776
– Vested	(641,177)	(410,601)
– Withdrawn	(31,293)	(10,134)
At 31 December	2,858,897	3,105,824

Fair value of share awards

	Note	2022 $'000	2021 $'000
Share-based compensation expenses			
– Amount accounted for as cash settled		9,748	7,061
– Amount accounted for as equity settled		4,775	5,929
Carrying value at 31 December of liabilities arising from share-based payment transactions	14	35,063	43,430

NOTES TO THE FINANCIAL STATEMENTS
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32 Commitments

Capital commitments

	2022 $'000	2021 $'000
Contracted at the reporting date	14,872	4,056

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:

	2022 $'000	2021 $'000
Charges for life administration and operation services rendered by related corporations	8,956	8,098
Charges for management services provided to immediate holding company	166	164
Charges for management services rendered by a related corporation	34,635	22,767
Recovery of expenses by a related corporation	80,729	56,495
Investment management fees (net) paid to a related corporation	67,482	57,635
Recovery of expense from related corporations	4,854	2,406
Salaries and other short-term employee benefits to key management	13,256	12,275

34 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

(i) Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current*

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments.

NOTES TO THE FINANCIAL STATEMENTS
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34 New standards and interpretations not adopted (continued)

(ii) FRS 117 Insurance Contracts and Amendments to FRS 117 *Insurance Contracts*

FRS 117 'Insurance Contracts' became effective on 1 January 2023 and replaces the FRS 104 'Insurance Contracts'. The Company is adopting FRS 117 on its mandatory effective date on 1 January 2023, alongside the adoption of FRS 109.

Overview of FRS117

FRS 117 requires liabilities for insurance contracts to be measured as the total of:

– fulfilment cash flows, comprising the best estimate of the present value of future cash flows within the contract boundary that are expected to arise and an explicit risk adjustment for non-financial risk; and

– a contractual service margin (CSM) that is representing the deferral of any day-one gains arising on initial recognition.

Losses are recognised directly into the income statement. For measurement purposes, contracts are grouped together into contracts of similar risk, profitability profile and issue year, with further divisions for contracts that are managed separately.

The establishment of CSM on the Company's in-force business and transition approach

Transition refers to the determination of the opening balance sheet for the first year of comparative information presented under FRS 117 (ie at 1 January 2022). The future cash flows and risk adjustment are measured on a current basis in the same manner as they would be calculated for subsequent measurement. The key component of transition is therefore the determination of the CSM.

The standard requires FRS 117 to be applied retrospectively (the "fully retrospective approach") unless impracticable. If a fully retrospective approach is impracticable there is an option to choose either a modified retrospective approach or a fair value approach. The Company is using both fully retrospective approach and fair value approach for CSM at transition.

Profit for insurance contracts under FRS 117

FRS 117 introduces a new measure of insurance revenue, based on the delivery of services to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement.

Profit for insurance contracts under FRS 117 is represented by the recognition of the services provided to policyholders in the period (release of the CSM), release from non-economic risk (release of risk adjustment) and the excess of the actual investment return in the period over the effect of the unwind of the rate used to discount the General Measurement Model liabilities. CSM is released in line with coverage units that are a measure of the quantity of benefits provided under a contract and the period over which coverage is provided.

NOTES TO THE FINANCIAL STATEMENTS
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34 New standards and interpretations not adopted (continued)

(ii) FRS 117 Insurance Contracts and Amendments to FRS 117 *Insurance Contracts (continued)*

Under FRS 117 insurance contracts are measured under either the General Measurement Model (GMM), the Variable Fee Approach (VFA) for contracts with direct participating features or the simplified Premium Allocation Approach (PAA). The Company uses the VFA and GMM, depending on the specific characteristics of the insurance contracts. Reinsurance contracts held are measured under the GMM.

The CSM at transition calculated under the VFA relates to the participating products and the investment linked products. The remaining CSM at transition calculated under the GMM relates to non participating products and investment linked policies with a high proportion of protection riders.

The fulfilment cash flows comprise the best estimate of the present value of future cash flows within the contract boundary that are expected to arise and an explicit risk adjustment for non-financial risk. The discount rate applied to derive the present value of future cash flows is determined on a bottom-up basis, starting with a liquid risk-free yield curve and adding an illiquidity premium to reflect the characteristics of the insurance contracts. The risk adjustment reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts, using a confidence level approach.

The fulfilment cash flows are updated each reporting date to reflect current conditions. For contracts with direct participating features which are accounted for under the VFA, the CSM represents the variable fee to shareholders and it is adjusted to reflect the effect of economic and non-economic experience variances and assumptions changes relating to future services. For contracts accounted for under GMM, the CSM is accreted using the locked-in discount rates and only adjusted to reflect the effect of non-economic experience variances and assumptions changes relating to future services. The adjustments to the CSM are determined using the locked-in discount rates.

Expected impact on transition (1 January 2022)

The Company is adopting FRS 117 retrospectively to its 2022 comparatives as required by the standard. As permitted by FRS 109, the Company is not planning to restate the 2022 comparatives on initial application of FRS 109 but the Company is taking advantage of the classification overlay for selected assets as described in the FRS 109. Changes from FRS 109 have an immaterial impact on the Company's financial statements.

The adoption of FRS 117 and the FRS 109 classification overlay are estimated to increase the Company shareholders' equity at 1 January 2022 principally driven by the effects of FRS 117 adoption. The overall net impact of the FRS 109 classification overlay at 1 January 2022 is insignificant given the vast majority of the Company's financial investments will continue to be carried at fair value through profit or loss under FRS 109, as currently applied under FRS 39.

The Company is yet to complete production and audit of its 2022 comparatives. In addition, FRS 117 remains subject to developments in market practice. Therefore, the impacts discussed above are subject to change prior to finalisation of the Company's financial statements for the year ending 31 December 2023.

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34 New standards and interpretations not adopted (continued)

(iii) FRS 109 *Financial Instruments*

FRS 109 'Financial instruments: Classification and measurement'

FRS 109 became mandatorily effective for the annual periods beginning on or after 1 January 2018, with early application permitted and transitional rules apply. The Company met the eligibility criteria for temporary exemption under the Amendments to FRS 104 from applying FRS 109 and has accordingly deferred the adoption of FRS 109 until the date when FRS 117 'Insurance Contracts' is expected to be adopted upon its current mandatory effective date.

The Company is eligible as its activities are predominantly to issue insurance contracts based on the criteria as set out in the amendments to FRS 104. The required disclosure of the fair value of the Company's financial assets, showing the amounts for instruments that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria but do not meet the definition of held for trading and are not managed and evaluated on a fair value basis separately from all other financial assets, is provided below.

The Company is implementing this standard in conjunction with FRS 117 as permitted. When adopted, FRS 109 replaces the existing FRS 39 'Financial Instruments – Recognition and Measurement' and will affect the following areas:

The classification and the measurement of financial assets and liabilities

FRS 109 redefines the classification of financial assets. Based on the way in which the assets are managed in order to generate cash flows and their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest'), financial assets are classified into one of the following categories: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). An option is also available at initial recognition to irrevocably designate a financial asset as at FVTPL if doing so eliminates or significantly reduces accounting mismatches.

Under FRS 39, majority of the Company's financial investments are valued at FVTPL and the vast majority of its investments will continue to be classified as such under FRS 109. The existing FRS 39 amortised cost measurement for financial liabilities is largely maintained under FRS 109. For financial liabilities designated at FVTPL FRS 109 requires changes in fair value due to changes in the entity's own credit risk to be recognised in other comprehensive income.

The calculation of the impairment charge relevant for financial assets held at amortised cost or FVOCI

A new impairment model based on an expected credit loss approach replaces the existing FRS 39 incurred loss impairment model, resulting in earlier recognition of credit losses compared to FRS 39. This aspect is the most complex area of FRS 109 to implement and will involve significant judgements and estimation processes. The Company has assessed the scope of assets to which these requirements will apply and expects that the majority of assets will be held at FVTPL to which these requirements will not apply.

The fair value of the Company's directly held financial assets and cash flows that are solely payments of principal and interest (SPPI) as defined by FRS 109 at 31 December 2022 and 2021 are shown in Note 5(d).

(iv) Others

The following amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*