

CORPORATE GOVERNANCE



HEALTHIER, LONGER,
BETTER LIVES

1. Introduction

The AIA Singapore Board (the “**Board**”) and the Management believe that strong corporate governance is essential for delivering sustainable value, enhancing a culture of business integrity and maintaining stakeholder confidence. As such, the Board and the Management are committed to high standards of corporate governance and the implementation of good practices across all functions in the Company.

As a Singapore-incorporated insurer and an indirect wholly-owned subsidiary of AIA Group Limited, a company listed on the Stock Exchange of Hong Kong Limited, AIA Singapore Private Limited (the “**Company**”) is guided in its practices by all applicable corporate governance regulations and guidelines (including the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued by MAS on 9 November 2021 (“**CG Guidelines**”)) that authorities may issue from time to time, as well as internal best practices.

2. Board Matters

Principle 1: The Board's Conduct of Affairs

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

The Board is ultimately responsible for the sustainable performance of the Company, its subsidiaries and branch (together, the “**AIA Singapore Group**”).

The Board's principal role is to govern, rather than manage, the AIA Singapore Group, by ensuring that there is a proper governance framework in place to promote and protect the AIA Singapore Group's interests for the benefit of its shareholders and other stakeholders.

The Directors collectively oversee and appraise the strategies, policies and performance of the AIA Singapore Group, including the achievement of business plans and compliance with statutory and other obligations.

Board Approval

The Board has its own charter and internal guidelines on matters reserved for its decision. Matters requiring Board approval include, but are not limited to, (a) contracts or transactions which are material strategically, or by reason of size, (b) the annual operating and capital expenditure budgets and any material changes to them, and (c) annual financial statements.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and Management to optimise operational efficiency.

Board Committees

The Board has established the following Board committees:

Audit Committee (“AC”)

The Board has established an AC to oversee the internal and external audit processes, review the financial information of the AIA Singapore Group, the financial reporting system and internal control procedures, as well as all related party transactions. As part of the oversight of the external audit process, the AC discusses the nature and scope of the external audit and matters that the external auditor may wish to discuss. The AC also reviews the external auditor's management letter and ensures that the Management will provide a timely response to any issues raised by the external auditor's management letter. The AC acts as the key representative body for overseeing the Company's relationship with the external auditor.

The AC is composed of the Company's four (4) Independent Non-Executive Directors. Mr Henry Ho is the chairman of the AC, with Mr Ong Sim Ho, Mrs Mildred Tan and Mr Ong Lean Wan as members.

Further information of the AC is provided under the section of Accountability and Audit – Audit Committee.

Board Risk Committee (“BRC”)

The BRC is composed of the four (4) Independent Non-Executive Directors and Ms Jayne Plunkett (AIA Group Chief Risk Officer, Non-Independent Non-Executive Director). Ms Plunkett is the chairperson of the BRC, with Mr Henry Ho, Mr Ong Sim Ho, Mrs Mildred Tan and Mr Ong Lean Wan as members.

The BRC has the responsibility to assist the Board in determining the Risk Appetite (including the Risk Appetite Statement), Risk Principles and Risk Tolerances, and to ensure that the AIA Singapore Group establish and maintain an appropriate and effective Risk Management framework, and that sufficient resources are in place for risk management activities.

The BRC is responsible for the review and monitoring of any changes to risk policies, any material breaches and exposures, significant transactions, as well as the results of any future-looking analysis, such as stress and scenario testing.

The BRC is further responsible for establishing and embedding a strong risk culture across the Company, its subsidiaries and branch.

Any material issues noted in the conduct of the BRC's mandate will be escalated to the Board for review in a timely manner. Amongst others, the standing agenda of the BRC meeting also includes an item on significant matters to be escalated to the Group Board Risk Committee.

Updates to the Board on matters such as performance, position, risk management and significant events which have occurred are provided during Board meetings.

A copy of the BRC's Terms of Reference is available on the Company's website at www.aia.com.sg.

Nominating and Remuneration Committees

The Board performs all the functions of the Nominating and Remuneration Committees as required under prevailing regulations.

Directors' Attendance at Board and Board Committee Meetings in 2023

The Board and its Committees are scheduled to meet four (4) times a year. Ad-hoc Board meetings may be called to deliberate and assess corporate proposals or business issues that require the Board's immediate consideration/decision. In the year 2023, the Board met on all four (4) scheduled meetings and held one (1) ad-hoc meeting. The AC met on all four (4) scheduled meetings in 2023. The BRC met on all four (4) scheduled meetings. Directors who are unable to attend any meeting in person may participate via tele-conference. Directors are equipped with electronic tablets that allow secured access to Board and Board Committees' meeting materials.

The attendance of each Director for the meetings held in 2023 is as follows:

Directors	Scheduled Board & Ad-Hoc Board Meetings attended/held	Audit Committee Meetings attended/held	Scheduled BRC Meetings attended/held
Tan Hak Leh	5/5	-	-
Wong Sze Keed	5/5	-	-
Jayne Plunkett	5/5	-	4/4
Henry Ho	4/5	4/4	4/4
Ong Sim Ho	4/5	4/4	4/4
Mildred Tan	5/5	4/4	4/4
Ong Lean Wan	5/5	4/4	4/4

Board Induction, Training and Development

The Directors are appropriately inducted and trained to enable them to discharge their roles effectively. They are also continually updated on the Company's business, major industry, market and regulatory developments, accounting standards, as well as any other relevant information, and they participate in professional development to develop and refresh their knowledge and skills.

Newly-appointed Directors undergo an induction program within 3 months of joining the Company. Senior management executives will conduct briefing sessions for the new Directors on the Company's principal activities, its structure, strategic plans, business operations, risk management and governance matters. A Director's Orientation Kit which includes key information of the Company, Board Charter, the Terms of Reference of Board Committees, duties and obligations of directors as well as rules and regulations is also given to the new Directors.

The Company, from time to time, organizes talks, seminars and presentations both by internal senior executives and external professionals on topics relevant to the insurance industry, relevant new laws, regulations and changing commercial risks. Directors may also attend appropriate courses, conferences and seminars conducted by professional bodies. The Directors are also continually updated on developments affecting the insurance industry via material updates at Board and Board Committees' meetings and circulation of industry-related and topical articles.

The Company will arrange and fund professional development programmes for all Directors as appropriate and maintain a record of the training and development received by the Directors.

Professional development programmes attended by the Directors in 2023 included the following:

- National University of Singapore – Risk Management Conference
- AIA Singapore – In-house training on Business Continuity Management Awareness
- AIA Singapore – In-house training on Security Awareness

Principle 2: Board Composition and Guidance

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

The Company has majority representation of independent directors on its Board.

The Board's determination of the independence of its Directors is aligned with the MAS' regulations and guidelines. An independent director of the Company is one who is independent of any management, business relationship and substantial shareholder with the Company. The Board consists of seven (7) members, four (4) of whom are Independent Non-Executive Directors. They are Mr Henry Ho, Mr Ong Sim Ho, Mrs Mildred Tan and Mr Ong Lean Wan. The other three (3) Non-Independent Directors are AIA-nominated Directors: Mr Tan Hak Leh (AIA Group Regional Chief Executive) and Ms Jayne Plunkett (AIA Group Chief Risk Officer) as well as the Company's Chief Executive Officer, Ms Wong Sze Keed.

None of the Independent Non-Executive Directors of the Company has any significant business or significant financial interests with the Company or its subsidiaries. None of the Directors are related to each other.

The Directors collectively possess a diversity of skills and core competencies such as actuarial, business, finance, insurance, investment and management, as well as knowledge of the Company and financial industry.

A Board Diversity Policy, setting out the approach to ensure diversity of composition and experience of the Board, has been established and is published on the Company's website at www.aia.com.sg. The Company remains committed to non-discrimination in all aspects of its business, including the appointment of Board members. Consideration and selection of candidates for appointment to the Board will be based on merit, including a review of the candidate's integrity, experience, educational background, industry or related experience and general experience.

With that overriding emphasis on merit, the Board (in lieu of the Nominating Committee) shall seek to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience.

Principle 3: Chairman and Chief Executive Officer

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

The roles of the Chairman and Chief Executive Officer are distinct with a clear division of responsibilities, as indicated in the Board Charter.

The Chairman plays the critical role of leading the Board in its responsibilities. With the support of the Chief Executive Officer and the Management, he seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate and reliable information in a timely manner.

He is also responsible for ensuring that good corporate governance practices and procedures are followed.

The Chief Executive Officer reports to the Board and is responsible for the overall leadership, strategic and executive management and performance of the Company, including, with the assistance of the Management, all day-to-day operations and administration of the Company.

The Board has delegated authority to the independent non-executive directors to appoint among themselves a lead independent director who can use the existing process to escalate matters to the shareholder(s) in situations where the Chairman is conflicted and the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Principle 4: Board Membership

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

In performing the functions of the Nominating Committee, the Board reviews nominations for appointment and re-appointment of Directors and relevant senior management roles in accordance with MAS' regulations and guidelines.

In evaluating the appointment of new Directors, the Board's assessment on the candidate includes the candidate's track record, experience, capabilities and skills. To ensure the candidate has the character, experience, integrity, competency and time to effectively discharge his role as a director, the Board will assess the fitness and propriety of the candidate in accordance with the Company's Fit and Proper Policy for Directors, Key Executive Persons, Senior Managers and Material Risk Personnel. The following criteria are considered by the Board:

- Honesty, Integrity and Reputation
- Financial Soundness
- Competence and Capability

The Board will also assess: (i) the results of pre-employment screening checks against Prohibition Orders released by MAS, the MAS Control and Alert List and the Watch List released by the Office of Foreign Assets Control of the US Department of Treasury; and (ii) the results of pre-employment screening checks by appointed vendor to verify employment history, financial status, regulatory compliance, civil litigation, bankruptcy, business interest, directorship etc. to determine if the candidate is fit and proper for the proposed appointment.

In addition, the Board also conducts an assessment to determine whether the Director is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment.

Upon appointment, new Directors are advised of their legal and statutory responsibilities.

In accordance with the Constitution of the Company, newly appointed Directors shall hold office only until the next following Ordinary General Meeting of the Company, and shall then be eligible for re-election.

Board of Directors

Mr Tan Hak Leh (Director & Chairman of the Board)

Mr Tan is the Chairman of the AIA Singapore Board and Regional Chief Executive of the AIA Group, responsible for the Group's businesses operating in Singapore, Brunei, Malaysia, Cambodia, Myanmar, Thailand, Vietnam and Sri Lanka. Prior to his appointment as Regional Chief Executive, Mr Tan was the Chief Executive Officer of AIA's operations in Thailand. He has more than 25 years of experience in the insurance industry encompassing a broad range of leadership roles. Prior to becoming Chief Executive Officer of AIA's operations in Thailand, Mr Tan was Group Chief Risk Officer and before that he was Chief Executive Officer of AIA Singapore and Brunei.

Ms Wong Sze Keed (Director & Chief Executive Officer)

Ms Wong is the Chief Executive Officer of the Company, and is responsible for overseeing and managing AIA's operations in Singapore to champion its brand promise of helping people to live healthier, longer, better lives. She has more than 30 years of experience in the financial services industry in Singapore and has held a broad range of senior management roles during her career. Prior to being appointed as Chief Executive Officer of the Company, she was the Chief Distribution Officer of the Company where she was responsible for the overall direction of sales and distribution across all tied channels – tied Agency and tied Financial Advisory platforms.

Ms Jayne Plunkett (Director)

Ms Plunkett is the AIA Group Chief Risk Officer responsible for the Group's risk and compliance functions. Prior to joining the AIA Group, Ms Plunkett was with Swiss Re, where she was most recently Chief Executive Officer, Reinsurance Asia, Regional President Asia and member of the Group Executive Committee.

During her time with Swiss Re, she had held several senior positions including Head of Casualty Underwriting for Asia and Division Head Casualty Reinsurance. Prior to that, she was with GE Insurance Solutions.

Mr Henry Ho (Independent Non-Executive Director)

Mr Ho is an Independent Non-Executive Director of the Company. He started his career with Citigroup and was with the group for 20 years in various capacities including Country Risk Officer at Citibank Malaysia, Chief Executive Officer at Citibank Thailand and General Manager at Saudi American Bank based in Riyadh. He had a brief tenure with Temasek Holdings Pte Ltd as Managing Director of Special Assets in the Investment unit. Mr Ho was also the President Director and Chief Executive Officer of PT Bank International Indonesia (January 2004 – March 2009) and subsequently, PT Bank Danamon Indonesia (March 2010 – February 2015).

Mr Ong Sim Ho (Independent Non-Executive Director)

Mr Ong is an Independent Non-Executive Director of the Company. Mr Ong is a lawyer with more than 25 years of private practice experience specialising in the areas of tax and trust law. He is also a Fellow Chartered Accountant in Singapore, an Accredited Tax Advisor with the Singapore Institute of Accredited Tax Professionals and a member of the Singapore Institute of Directors. Prior to being in private practice, Mr Ong was a legal counsel with the Inland Revenue Authority of Singapore. Mr Ong was an Independent Director of Prudential Assurance Singapore Limited from July 2006 to July 2007. He subsequently joined the boards of Tokio Marine Life Insurance Singapore Ltd and Tokio Marine Insurance Singapore Ltd, and was appointed non-executive chairman of Tokio Marine Life Insurance Singapore Ltd from 2009 until mid-2016.

Ms Sim Beng Mei Mildred (“Mrs Mildred Tan”) (Independent Non-Executive Director)

Mrs Mildred Tan is an Independent Non-Executive Director of the Company. She is currently the Chairman of Tote Board and Singapore University of Social Sciences Board of Trustees. She was the former Managing Director of Ernst & Young Advisory Pte Ltd and has over 30 years of experience in business management and advisory. Mrs Mildred Tan was appointed as a Justice of the Peace in 2008 and awarded the Public Service Medal in 2007 and the Public Service Star in 2014. She was a Nominated Member of Parliament from 2009 to 2011. Active in community work, Mrs Mildred Tan also serves in various community organisations.

Mr Ong Lean Wan (Independent Non-Executive Director)

Mr Ong is an Independent Non-Executive Director of the Company. He has over 30 years of experience in insurance, investment, wealth management and technology from his career which spanned the UK, Australia, China and Singapore. Mr Ong was formerly the General Manager of China Taiping Pension Company and later the Chief Executive Officer of The Great Eastern Life China. He was an Independent Non-Executive Director of AIA Financial Advisers Pte Ltd before joining the board of the Company.

The listed company directorships and principal commitments of each director are available on the Company’s website at www.aia.com.sg.

Principle 5: Board Performance

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

On an annual basis, the Board will perform an assessment of the effectiveness of the Board and Board Committees and contribution by each Director. Each director evaluates the performance of the Board and Board Committees as a whole by way of self-assessment questionnaires which are made against the pre-established criteria. The results of the performance evaluation will be shared with the Board on a consolidated basis. The consolidated results will also be tabled at a Board meeting for the Board’s review.

Directors may serve on a number of other boards, and are expected to set aside adequate time for their oversight of matters relating to the Company.

3. Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

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

The Company does not have a Remuneration Committee. The Board perform the functions of the Remuneration Committee. The remuneration policies and practices of the Company, including employee share schemes, are guided by the AIA Group.

On remuneration disclosures, the Board considers them to be disadvantageous to the Company’s interests, given the sensitivity, competitive pressures locally and regionally, and unique disparities in compensation practices in the financial industry.

The Board is involved in the deliberations regarding the general remuneration framework as well as the specific remuneration for each Executive Officer. No Director is involved in deciding his or her own remuneration.

The Company uses salary surveys conducted by external compensation consultant Willis Towers Watson for the purpose of benchmarking employee salaries. Willis Towers Watson and their consultants are independent and are not related to the Company. The Company is not aware of any business or personal relationship between Willis Towers Watson and the Company’s Directors and key senior management executives.

Principle 7: Level and Mix of Remuneration

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

The remuneration of the Executive Officers is reviewed annually by the Board based on the general remuneration framework that was approved by the Board. In such annual reviews, the Board takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with specific job function undertaken, individual performance and contribution and the overall performance of the organisation. Risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operational performance.

The Board also takes into account the time horizon of risks that the organisation is exposed to, including ensuring that some variable compensation payments shall not be fully drawn-down over short periods when risks are realised over longer periods.

The AIA-nominated directors, Mr Tan Hak Leh, Ms Jayne Plunkett and Ms Wong Sze Keed, do not receive any remuneration for their directorships.

The Company periodically conducts benchmarking reviews of the fees payable to its independent non-executive directors' ("INEDs") to ensure these are appropriate, according to their level of contribution, and competitive, to attract, retain and motivate the INEDs to provide good stewardship of the Company for the long term.

An external consultant was engaged to review the INEDs' fees structure in 2023. Based on such recommendations, the increase of INEDs fee was approved by the Company's Board and its shareholders. The revised fees' structure for the INEDs is as follows:

Annual retainer fees		1 Jan to 30 Jun 2023	From 1 Jul 2023 onwards
Board	Member	S\$60,000	S\$65,000
Board Committees	Chairman: Audit Committee	S\$50,000	S\$55,000
	Member: Audit Committee Board Risk Committee	S\$30,000	S\$32,500

Principle 8: Disclosure on Remuneration

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

To ensure that the remuneration packages are competitive, the Company reviews salary and benefits levels annually based on market data provided by recognised consultants who conduct surveys on comparative groups in the insurance sector.

The remuneration packages for Executive Officers comprise basic salary, variable performance bonus, allowances, deferred share awards and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company and the Group. The remuneration of the Executive Officers is reviewed and approved annually by the Board.

The remuneration policies and practices of the Company, including employee share schemes, are guided by the AIA Group. The Independent Non-Executive Directors receive fees at market rates, and the Directors do not have immediate family members who are employees of the Company and whose remuneration exceeds S\$100,000 during the year.

4. Accountability and Audit

Principle 9: Risk Management and Internal Controls

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

The Board oversees and appraises the strategies, policies and performance of the Company, including the achievement of business plans and compliance with statutory and other regulatory obligations. This includes overseeing internal control and accountability arrangements, capital structure and financial integrity, as well as adequacy and effectiveness of risk management, compliance, internal control policies and procedures. The Board also oversees major capital projects, investments, acquisitions and disposals.

The Board receives on an annual basis the assurance from the Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and that the Company's risk management and internal control systems are effective.

Principle 10: Audit Committee

The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC reviews and monitors the effectiveness of the Internal Audit ("IA") function. Within the context of the Company's control framework, the IA function is an independent risk assessment function and is responsible for providing assurance to the Board

regarding the adequacy and effectiveness of management's systems of internal controls. The AC ensures that the IA function has adequate processes in place to ensure that recommendations raised in the reports are dealt with in a timely manner. The AC is of the view that the IA function is independent, effective and adequately resourced.

For the financial year ended 31 December 2023, the AC reviewed the amount of fees paid for audit and non-audit services provided by the external auditor, as well as length of tenure, and was of the view that it was appropriate and would not compromise the independence of advice given.

As whistle-blowing arrangements are centralized at Group Office, this is reviewed by the AIA Group Audit Committee.

A copy of the AC's Terms of Reference is available on the Company's website at www.aia.com.sg.

5. Shareholder Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company is a private limited company and is a wholly-owned entity of AIA Company Limited, whose ultimate holding company is AIA Group Limited, a company listed on The Stock Exchange of Hong Kong Limited. Both immediate holding and ultimate holding companies are incorporated in Hong Kong.

The general meetings of the company are conducted pursuant to Section 179(6) of the Companies Act 1967.

6. Managing Stakeholders Relationships

Principle 13: Engagement with Stakeholders

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

The Board is accountable to stakeholders for the affairs of the Company. It meets these obligations by ensuring high standards of governance and setting the strategic direction for the Company. The Board maintains appropriate levels of review, challenge and guidance to Management. It is also the ultimate decision-making body for all matters considered material to the Company and provides leadership through the Chief Executive Officer, who has been delegated to act on behalf of the Board in the executive management of the Company.

The Company maintains a corporate website, www.aia.com.sg to communicate and engage with stakeholders.

7. Related Party Transactions

The Board regularly reviews all related party transactions to ensure that they are undertaken on an arm's length basis, in accordance with MAS' regulations and guidelines.

Details of the Company's related party transactions during financial year 2023 are set out in the Notes to the Company's Financial Statements for the financial year ended 31 December 2023 which can be obtained from www.acra.gov.sg.