China Life Insurance (Singapore) Pte. Ltd.

PUBLIC DISCLOSURE

For the Financial Year Ended 31 December 2024

Company Profile

Established in 2015, China Life Insurance (Singapore) Pte. Ltd. is a licensed life insurer regulated by the Monetary Authority of Singapore. As part of China Life Insurance (Group) Company ("China Life") which is the largest state-owned financial insurance corporation in China, we are backed by its strong financial foundation and rich heritage. China Life has been a Fortune Global 500 company for 22 consecutive years, ranking 59th in 2024. With a brand value of RMB 501.985 billion[1], it is recognized as an influential global financial brand.

Our parent company, China Life (Overseas), traces its roots back to 1933 and has been serving customers for over 90 years. With the strong support of China Life, China Life (Overseas) has grown into the largest Chinese insurer and institutional investor in Hong Kong. As of February 11, 2025, China Life (Overseas) holds an "A1" insurance financial strength rating from Moody's, and as of December 18, 2024, an "A" long-term local currency issuer credit and insurer financial strength rating from Standard & Poor's.

As a socially responsible company, we are committed to offer value-added financial solutions to customers to fulfil their risk protection, retirement, wealth management, and legacy planning needs. We believe in giving back to society through our corporate social responsibility activities to make a positive impact on the community and our customers.

Business Strategy

We are committed to developing a suite of innovative products to meet our customers' protection, savings, retirement and legacy planning needs. Our goal is to help them plan ahead, be financially protected and to make a difference in their lives as their trusted life insurance partner.

Additionally, we are dedicated to building an efficient distribution network by strengthening our relationships with key business partners and expanding our distribution networks.

Since our establishment, we have continuously reformed, innovated, and strived for self-improvement, all while delivering excellent service to our customers. In recent years, we have placed great emphasis on the importance of technology as the foundation and catalyst for our development. This has led us to explore and transform our business model, injecting new momentum into our growth. In our pursuit of an excellent customer service experience, we remain committed to creating greater value for customers. To achieve this, we are actively promoting digitalization, offering distinctive products and sales channels, and expanding our brand presence.

We are also focused on building a talent pipeline that aligns with China Life's resource planning strategies. Our aim is to attract a diverse pool of global talent, including young talents from

1 Source: Top 500 Most Valuable Chinese Brands 2024 by World Brand Lab

established local and overseas institutions, as well as experienced professionals. This approach will enable us to enhance our capabilities as we gear up for higher growth and internationalisation.

Our Products and Distribution Overview

We adopt a customer-centric approach in our product design and strive to meet our customers' evolving needs at different life stages.

To-date, we have 39 products on the shelf that cater mainly to the mass market segment.

In 2024, our mass market products consist of Term Life plans, Whole Life plans, Critical Illness plans, Personal Accident plans, Hospital Cash plan, Endowment plans and Retirement plans. These products were designed to meet customers' wide range of protection needs, wealth accumulation needs and retirement funding needs at different life stages. Some of these plans also allow customers to participate in the performance of our participating fund in the form of non-guaranteed bonuses.

More information on our products is available at https://www.chinalife.com.sg/

We will continue to develop innovative and relevant solutions to meet our customers' evolving protection and financial needs.

As of 31 December 2024, we have a team of 37 financial advisory representatives, and 25 distribution partners - 2 banks, 17 financial advisory firms and 6 international brokers to distribute our products to customers.

Corporate Governance

As a licensed direct life insurer regulated under the Insurance Act, we are obligated to comply with applicable rules and regulations, including corporate governance guidelines set forth by the relevant authorities.

Good corporate governance is important to us as it serves to protect the interests of our stakeholders and policyholders. Our Board of Directors ("Board") bears the responsibility for ensuring sound governance practices, which is facilitated through various governance committees and our Senior Management Team ("SMT").

As of 31 December, 2024, the Board comprises six Directors, including three Independent Directors and one Non-Executive Director.

Directors

As of the date of this statement, our Directors are as follow:

Director	Other Directorships and Principal Commitments/Appointments
Liu Yuejin Chairman	1. Director; President, China Life Insurance (Overseas) Company Limited
Lin Xiangyang Executive Director	1. Chief Executive, China Life Insurance (Singapore) Pte. Ltd.
Shan Gang Non-Executive Director	1. General Manager of Actuarial Department, China Life Insurance (Overseas) Company Limited
Tan Teck Koon Independent Director	1. CSE Global Ltd， Chairman & Non-Executive Non-Independent Director 2. Q&M Dental Group Ltd， Chairman & Non-Executive Independent Director 3. INEX Innovate， Chairman & Non-Executive Independent Director 4. Trusted Services Pte Ltd， Non-Executive Independent Director 5. Hua & Hua Consulting Pte Ltd， Non-Executive Director 6. Maxburgh Global Venture Pte Ltd， Non-Executive Director & Shareholder 7. Champquest Sdn Bhd, Director&Shareholder
Gu Qingyang Independent Director	1. Non-Executive Director, PCI-Suntek Technology Co., Ltd.
Leong Mun Wai Independent Director	1. Director, Timbre Capital Pte Ltd 2. Director, Seacastle Asset Management Pte Ltd 3. Non-Constituency Member of Parliament, Progress Singapore Party

Meetings and Directors’ Attendance

The Board convenes regularly throughout the year to review the business performance and key activities of the Company, as presented by SMT. It also deliberates on significant business proposals put forth by SMT. All Board members actively participate in discussions, and decisions are made objectively in the best interests of the Company. The Board collaborates with SMT to achieve the Company's stated goals, while maintaining SMT's accountability to the Board. As necessary, the Board and SMT meet annually to review and update the Company’s strategies. In 2024, the Board and Audit and Risk Committee (“ARC”) held a total of 2 meetings, which were attended by all 6 directors.

The contributions of the Directors extend beyond their attendance at meetings. They engage with other Directors and SMT outside of formal meetings to oversee the affairs of the Company.

The Company's Constitution permits meetings of the Board and ARC to be conducted via telephone or video conference. If a Director is unable to attend the meeting physically, they will receive all the relevant papers and materials for discussion. Directors are provided with complete, adequate, and timely information related to agenda items before each meeting.

Access to Information

The relevant materials and information will be circulated to the Directors at least 1 week prior to a Board meeting, allowing them to understand the background details and facts, especially for matters that require their approval. The relevant subject matter experts shall be present at the Board meeting to provide clarification and recommendation in order for the Directors to discharge their duties effectively. In addition, the Directors are free to seek independent professional advice as necessary.

Process for Appointment of New Directors

The Chairman and Non-Independent Directors are selected by China Life (Overseas). The Board members are selected for their character, judgment, business experience and acumen. Where the Director has multiple board representations, the Board will evaluate whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The appointment of any Director is subject to approval by the Board.

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- the geographical spread and diversity of the Company’s businesses;
- the strategic direction and progress of the Company;
- the current composition of the Board; and
- the need for independence.

The Board and ARC are of an appropriate size, and consist of Directors who collectively possess a balanced and diverse mix of skills, knowledge, and experience. This composition is designed to prevent groupthink and encourage constructive debate.

New Directors undergo an induction and training session that encompasses comprehensive briefings on the operations of key businesses within the Company. This enables them to familiarize themselves with the various aspects of the Company's operations.

Board & SMT Responsibilities

The responsibilities of the Board include, but not limited to the following:

- Providing entrepreneurial leadership;
- Setting our culture and values;

- Overseeing investment management;
- Reviewing the nominations for appointment of Directors and key executives;
- Recommending the remuneration framework;
- Ensuring the adequacy of our risk management, external audit and internal audit functions;
- Overseeing the establishment and operation of an independent risk management system; and
- Reviewing the performance of the SMT.

The SMT is responsible for the day-to-day operation of the business and is accountable for the business performance of the Company to the Board.
Information on our SMT is available at
https://www.chinalife.com.sg/about-us#OurManagementTeam

Board Performance
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of the ARC, and individual Directors.

Evaluation Components
Peer Evaluation: Each Director evaluates the Board's as well as the Chairman's performance.
Self-Evaluation: Each director conducts a self-evaluation of their individual performance.

Disclosure on Remuneration
In light of current market dynamics and the potential impact on our competitive landscape, the Board has carefully considered the disclosure of Directors and SMT remuneration. After a thorough review, the Board has determined that such disclosure would not be in the best interests of the company at this time.

The Board will continue to monitor market practices and may revisit this decision in the future.

Whistle Blowing
The Company has established a Whistleblowing Policy to provide a clear and confidential channel for employees and external parties to report any concerns regarding potential misconduct, including financial irregularities or violations of regulations and Company policies. We are committed to fostering a culture of openness and accountability and employees are encouraged to speak up in good faith without fear of retaliation.

Employees are encouraged to report such concerns in good faith and without fear of retaliation. Details of the policy and reporting procedures are outlined in our Code of Ethics and Business Conduct, which is made available to all staff.

To support both internal and external reporting, a dedicated whistleblowing channel has been put in place to facilitate the secure, independent and impartial handling of all whistleblowing notifications.

Related Party Transactions

We did not have any material related party transactions in 2024.

Enterprise Risk Management and Internal Controls

Our Risk Management Framework ("Framework") is aligned with our corporate strategy. It is a structured and consistent manner to achieve our business objectives through robust risk management, and to ultimately create value for our stakeholders.

Our Framework encompasses three major components:

1. Risk Governance
2. Risk Management Approach
3. Risk Management Process

Our Board is responsible to ensure that our SMT maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its shareholders. This expectation is embedded in the 'Risk Governance' component of our Framework.

Risk Governance

Governance refers to the actions and processes by which authority is exercised, and decisions are made and implemented. Risk governance is the application of governance over the identification, assessment, mitigation, and monitoring and reporting of risks.

The figure below shows the risk governance structure of the Company.

1 Raffles Place #46-00 One Raffles Place Tower 1 Singapore 048616 Tel: 6727 4820 Website: www.chinalife.com.sg
Company Registration Number: 201433645N

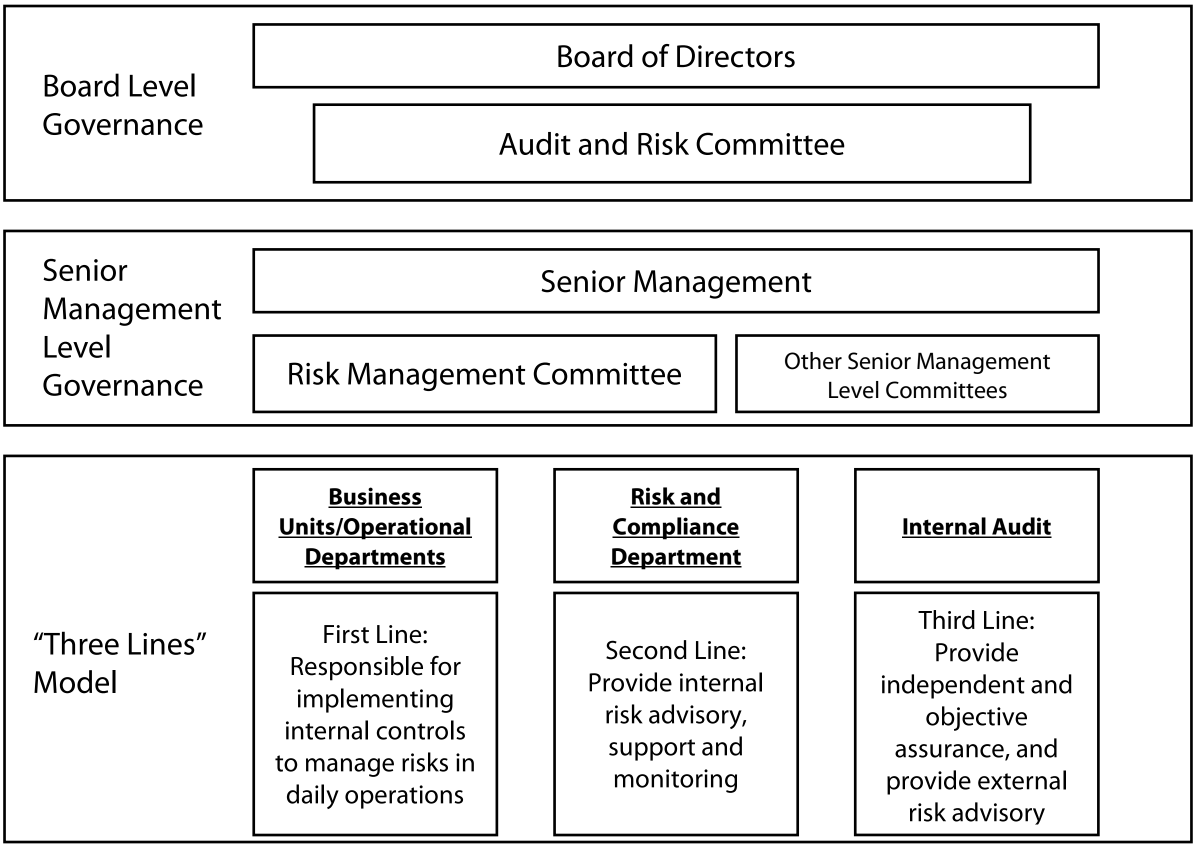


Figure 1 Risk Governance Structure

The Audit and Risk Committee ("ARC") which consists 3 of our board members, plays a critical role in reviewing and ensuring the performance of the Framework and internal controls. The members of the ARC are Independent Directors Mr. Leong Mun Wai, Dr. Gu Qingyang, and Mr. Tan Teck Koon.

The ARC performs the duties of reviewing the adequacy of the Company's risk management framework, ensuring that the Company operates within the parameters of its risk tolerance, and will also review the adequacy, effectiveness and independence of our external and internal audit. The members of the ARC may attend the meeting in person or through video conference. We had conducted 1 ARC meeting in 2024. Other than the standard meeting agenda, special items for deliberation included audit reports of the Company, 2024 ORSA report, our revised risk management policies and our 2024 audit plan. We would also send updates to members of the ARC to keep them abreast of the developments in the Company.

Our SMT provides oversight of risk management activities on the operational level and further delegates risk management responsibilities to other specialised Committees. The Risk Management Committee ("RMC") is formed to manage and report risks associated with the daily operations of the Company on a consolidated basis. The members of the RMC include key representatives from all the departments, and are supported by the relevant subject matter experts. RMC meetings are conducted quarterly to ensure timely and proper communication of risks.

Responsibilities of the RMC include, but not limited to:

1. Overseeing Insurance, Credit, Liquidity, Operational (including Legal & Regulatory), Market, Reputational and Strategic risks
2. Evaluating, monitoring, reporting and controlling risks escalated
3. Determining/devising risk mitigating measures (as appropriate) to manage and/or control risks
4. Making decisions on risk acceptance, transfer or avoidance of risks that cannot be mitigated
5. Deliberating emerging risks

Risk Management Approach

We place great importance in cultivating a 'risk astute' culture so that risks are properly identified and managed within our risk appetite. We adopt the "Three Lines" Model in our approach which also forms the foundation of our Risk Governance structure mentioned above.

The First Line refers to business units that are primarily responsible for implementing effective internal controls to manage risks that may arise from business activities. They are most familiar with their respective work processes and deliverables. As such, business units undertake the responsibility of mapping out key operational processes and corresponding risks for their own department in the annual risk identification and assessment exercise. Business units are also to highlight control inadequacies that can result in risk events.

The Second Line refers to our Risk and Compliance department that independently and objectively assesses the risk-taking activities of the First Line. It also maintains the Framework, relevant policies and processes, and facilitates the risk management process. In addition, it provides advice, training and support to the business units on risk-related matters, serves as a coordinating body to manage risks that overlap and span across business functions, and also monitors material risks to ensure that visibility is maintained over these risks.

Our Internal Audit serves at the Third Line. As an independent party, it provides assurance to SMT and the Board on the effectiveness of the Framework, including the risk management performance of the First and Second Lines.

Risk Management Process

We have established a sound risk management process which consists of the following stages: risk identification, assessment, mitigation, monitoring and reporting.

In order to facilitate identification and assessment of our risks, we conduct an enterprise-wide risk identification and assessment exercise, and a Risk and Control Self-Assessment ("RCSA") at least once a year. The enterprise-wide risk identification and assessment exercise allows us to understand our existing risk profile, and also to anticipate any emerging risks that we may face as we pursue our business objectives. The results of this exercise provides a useful perspective of how our residual risk levels relate to our risk appetite and tolerance framework.

We consider the following risks to be material as they can potentially affect how we conduct our business and create value:

- credit risk
- market risk
- liquidity risk
- insurance risk
- operational risk
- reputational risk
- strategic risk

The RCSA which we conduct is more process-focused. We assess, review and document our key operational processes, risks and controls in order to maintain a sound internal control environment. Details including process flowcharts, potential risks, controls, and residual risk levels are updated and documented in our Internal Control Implementation Manual at least annually, providing a useful guide for both existing and new employees to better understand our key operational processes.

In the occurrence of an unacceptable residual risk level, the responsible department shall reassess and provide mitigating measures within the stipulated deadline, as necessary. Mitigation progress will be monitored, and reported periodically.

Building on our risk management process, we also conduct an annual Own Risk and Solvency Assessment (ORSA) to assess the adequacy of our Framework, and current and projected future solvency positions.

Based on audit conducted on our business activities by our internal and external auditors, and after review by our SMT and Board, our SMT and Board are of the view that our risk profile is manageable and our capital adequacy remains healthy.

Environmental Risk Disclosure

Our environmental risk disclosure is based on the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures ("TCFD").

The TCFD is a framework developed by FSB for more standardised and effective climate-related disclosures, providing more informed business decisions (e.g. investment), enabling stakeholders to understand the Company's exposures to climate-related risks.

We commit to provide detailed and transparent information based on the disclosure recommendations by TCFD that are structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets. These thematic areas are intended to interlink and inform each other.

Governance

The organisation's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks

Metrics and Targets

The metric and targets used to assess and manage relevant climate-related risks and opportunities

<u>Governance</u>

Disclosure of the Company's governance around climate-related risks and opportunities

We strive to contribute to society and make a positive impact on the community we operate in. We believe the ability to mitigate climate-related risk is essential for the implementation of long term and value-adding solutions to our customers in order to fulfil their financial needs.

Climate-related risk is still relatively new to us but we are aware that it can translate to other risk forms (e.g. market risk, liquidity risk and credit risk) which may potentially impact our operations. Therefore, the awareness of climate-related risk needs to be integrated into our day to day business, and when we make decisions on capital allocation, and business strategy and forecasting.

While our Board is overall accountable for climate-related risk management, the board-level ARC is delegated with the responsibilities to manage climate-related risk, including but not limited to approving the Framework that includes management of climate-related risk. We had also commenced climate-related stress tests in our annual ORSA exercise since 2021, and had tabled the results for deliberation by the Board.

On the other hand, our SMT ensures that the Framework, including the relevant policies are adequately developed and implemented, and metrics are in place to monitor climate-related risk exposures as necessary. Our SMT has also allocated adequate resources with appropriate expertise to monitor and manage climate-related risk, and will update material risk issues to our Board as necessary.

With the help of our fund managers, we monitor our assets and take measures to reallocate them in the potential events of significant impairment or devaluation due to adverse impact of climate-related risk. We generally manage our concentration risk by not investing excessively in any geographical area, market, industry sector or counterparty.

Please also refer to the section on "Enterprise Risk Management and Internal Controls" for more information on our risk governance.

<u>Strategy</u>

Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning

Based on the definition of the TCFD framework, climate-related risks can be categorised into two major categories:

- Risks related to the transition to a lower-carbon economy, i.e. transition risk. Transition risk may be further broken down into policy and legal risks, technology risk, market risk and reputational risk
- Risks related to the physical impacts of climate change, i.e. physical risk. Physical risk may be further broken down into acute risk and chronic risk

We identify the need to be aware of, to build capabilities in the areas of climate-related and environmental risk management and aim to incorporate recommendations from the TCFD in the relevant business decisions.

As a life insurer, we do not anticipate material climate-related risk in the short term due to our business nature. The impact of physical risks may only materialise over a much longer term as climate change disrupts economic activities globally, and affects economic growth and spending power of customers.

The impact of gradual transition to a low-carbon economy, coupled with costs to fund this transition, can be significant as we invest in new technology, and adopt more sustainable business models and practices. Unless there is a sudden change in legal or regulatory environment to expedite climate-related risk mitigation effort, we do not expect this transition to be abrupt in the short term future.

Table 1 details the type of physical and transition risks that we have identified and may potentially face.

Description of Potential Climate-Related Risks					
Physical Risks		**Transition Risks**			
Acute	**Chronic**	**Policy and Legal**	**Technology**	**Market**	**Reputation**
Event-driven including increased severity of extreme weather events such as cyclones,	Longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level risk or	Introduction of new climate policies or increase in compliance cost	Increase in cost to transition to a low-carbon economy through technological improvements or innovations	Shift in customer demand, preference or spending power	Negative perception from customers tied to changing customer or community perceptions due to contribution to or detraction from the transition to a lower-carbon economy

hurricanes, or floods	chronic heat waves				

Table 1 Potential Physical and Transition Risks

We subsequently assess the financial impacts of these risks on both our assets and liabilities for different time horizons as shown in Table 2.

As an asset owner, we recognise the potential for physical and transition risks to affect our assets (i.e. investment portfolio), resulting in impaired or stranded assets over the long term. Otherwise, we believe that the impacts to us in other aspects are generally low.

<table>
<tr><th rowspan="2">Time Horizon of Climate Change</th><th rowspan="2"></th><th colspan="2">Physical Risks</th><th colspan="4">Transition Risks</th></tr>
<tr><th>Acute</th><th>Chronic</th><th>Policy and Legal</th><th>Technology</th><th>Market</th><th>Reputation</th></tr>
<tr><td rowspan="2">Short Term Potential Financial Impact (2020-2030)</td><td>Assets</td><td colspan="2">Low
We do not expect to own fixed assets that may have direct exposure to acute or chronic physical risks. Our investment portfolio will be diversified based on our investment strategy and mandate which will consider climate-related risks</td><td colspan="4">Low
Financial institutions may not be incentivised from investing in carbon-intensive sectors, and we may require additional resources for investment research, asset selection and allocation in order to maintain the required investment returns. Market risk and reputation risk should not be relevant since the requirements affect the entire financial industry. The transition speed of how we transform our business model, adopt technology and strategy to reduce our carbon footprint and exposure will be a determining factor in managing transition risks</td></tr>
<tr><td>Liabilities</td><td colspan="2">Low
Despite frequency of extreme weather events may increase, impact on mortality is expected to remain low due to risk diversification</td><td colspan="2">Low
Potential but gradual increase in compliance cost to obtain climate-related data, as well as potential transition cost due to adaptation of new technology to transition to a low-carbon economy</td><td>Low
Demand for insurance products is not expected to be impacted; we continue to underwrite risks based on the protection needs and risk profile of each customer</td><td>Low
We do not expect to have direct reputational impact due to climate-related risk events</td></tr>
<tr><td rowspan="2">Long Term Potential Financial Impact (2020-2050)</td><td>Assets</td><td colspan="6">Medium
We do not expect to own physical assets that may have direct exposure to physical risks. However, our investment portfolio may be exposed to risk of stranded assets which is both a physical and transition risk. On the physical risk side, our investment portfolio may have exposures to assets that are stranded if they are damaged or destroyed by extreme weather events; on the transition risk side, we may be exposed to assets that have become economically not viable if further climate policies and regulations are introduced abruptly in order to mitigate climate change</td></tr>
<tr><td>Liabilities</td><td colspan="2">Low
Global economy may decline and affect consumer spending power; adverse climate change may cause more illnesses due to global warming. However, this may also result in more people getting themselves insured</td><td colspan="2">Low
Potential but gradual increase in compliance cost to obtain climate-related data, as well as potential transition cost due to adaptation of new technology to transition to a low-carbon economy</td><td>Low
Demand for insurance products is not expected to be materially impacted; we continue to underwrite risks based on the protection needs and risk profile of each customer</td><td>Low
We do not expect to have direct reputational impact due to climate-related risk events</td></tr>
</table>

Table 2 Overview of Risk Impacts on Assets and Liabilities

We further identify climate related opportunities and their potential financial impacts as shown in Table 3.

Type	Climate-related Opportunities	Potential Financial Impacts
Products	1. Development of new insurance products that provide protection against weather or climate related diseases 2. Development of 'greener' investment portfolio to meet demand	1. Increase in demand due to gradual manifestation of adverse health impact brought by climate change 2. Shift in customer preference and expectation for greener and more sustainable investments
Reputation/brand name	Support for initiatives towards a lower-carbon economy and to create a positive impact on the community the Company operates in	Positive impact to brand name and reputation, earning loyalty and trust from stakeholders and customers, directly increases competitiveness
Portfolio Resilience	Access to new financial instruments (e.g. green bonds)	1. Increased diversification 2. Long term and more sustainable investment returns
Operational Efficiency	1. Development of greener and more efficient processes to reduce carbon footprint 2. Improvement of the quality and efficiency of digital services to reduce energy consumption	Potential reduction in operating cost leading to sustainable financial success

Table 3 Potential Opportunities and Financial Impacts

Risk Management

Disclosure of the identification, assessment, and management of climate-related risks

We define climate-related risks as an operational risk which is one of our key risks. We have instituted a Risk Management Framework such that these risks can be managed in a structured and consistent manner.

Please refer to the section on "Enterprise Risk Management and Internal Controls" for more information on how we manage our risks.

Metrics and Targets

Disclosure of metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

We look forward to foster responsible behaviour and are committed to be a socially responsible company. We strive to align with the strategies of Singapore's Climate Action Plan to reduce carbon emissions by improving our energy efficiency, and to also contribute to the collective action when responding to climate change as a nation.

In our daily operations, we actively explore ways to improve energy efficiency and to apply low-carbon principles in our all aspects of our operations such as reduction in the use of paper as we continue to enhance our digitalisation effort.

Our workforce has been consistent and our carbon footprint at work is not expected to increase drastically. We continue to enhance employees' awareness of water and energy conservation in office through support for environmental movements such as Earth Hour.

However, we recognise that climate-related risks would likely impact our investment portfolio and we consider reducing carbon footprint in our investment portfolios as the foremost approach to build resilience against future climate-related risk that may exist within them.

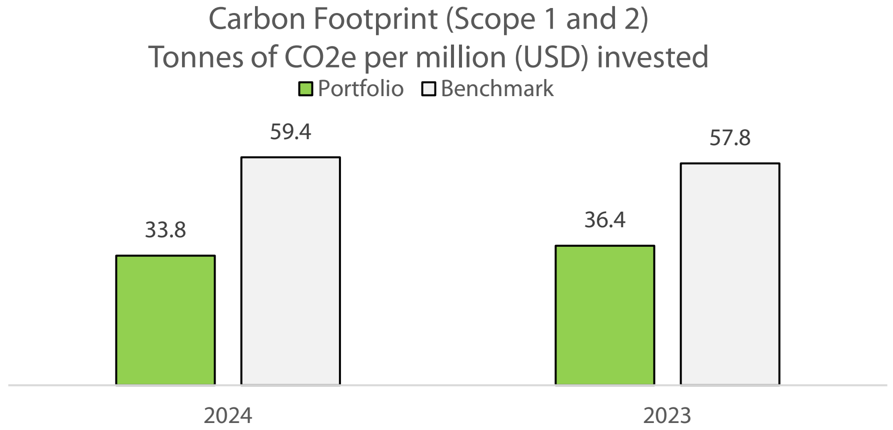
Aligning with our Group, we will as far as possible, integrate ESG factors into our investment management practices to promote responsible investment.

Our fund managers have been assisting us in our disclosure process and we work closely with them to understand the types of industry we invest in, and our exposure to carbon-intensive industries and companies through metrics such as portfolio carbon footprint and weighted average carbon intensity (WACI).

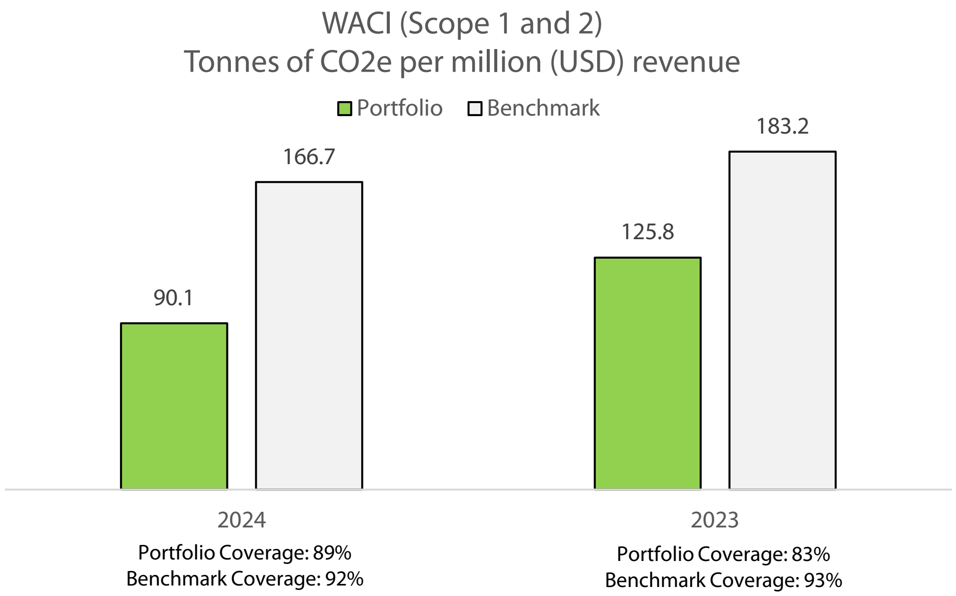
Material[2] information is obtained and disclosed as below.

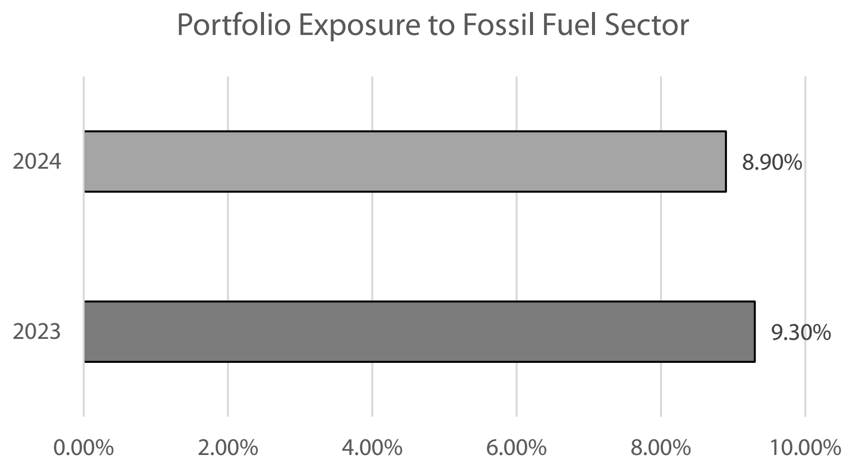
Participating Fund

As of 31 December 2024, the carbon footprint (Scope 1 and 2) of our participating fund was 33.8 tonnes CO_2e per million dollar invested, and its weighted average carbon intensity (Scope 1 and 2) was 90.1 tonnes CO_2e per million dollar sales. In addition, our portfolio exposure to fossil fuel sector amounted to 8.9%.



2 As of 31 Dec 2024, the vast majority of our investments is through our participating fund. Considering materiality in our disclosure process, we assess that information pertaining to our participating fund shall be material for disclosure.





Participating Fund (Surplus account)

As of 31 December 2024, the weighted average carbon intensity (Scope 1 and 2) was 166.31 tonnes CO_2e per million dollar sales. It is an increase as compared to 2023 (149.75 tonnes CO_2e per million dollar sales) due to exposure to carbon intensive industries.

Asset-liability Management

We have an asset-liability management ("ALM") process which takes in due consideration of the Company's risk tolerance level and other related constraints, when we formulate, implement, monitor and revise strategies to adequately manage our assets and liabilities to achieve our financial and business objectives.

We evaluate our assets and liabilities according to the rules that are set out under the Insurance (Valuation and Capital) Regulations 2004 with Amendments Notes in 2018 and 2020.

Detailed information on the maturity profile of our financial assets and liabilities is available in our annual financial statements.

Insurance Risk Exposures

Insurance risk relates to the inherent risks associated with the underwriting activities of life business. Such risks include pricing, reserving, underwriting and reinsurance risks. We have established appropriate guidelines and framework combined with authority limits as part of risk mitigation activities embedded in the business operations.

The principal risk that we face under our insurance contracts is that the actual claims and benefits payment exceed the carrying amount of the insurance liabilities. Our assumptions used in determining the insurance liabilities are based on a combination of industry experiences, external market indices and benchmarks that reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations. Details on key assumptions and sensitivity tests for insurance risk were performed to assess the impact to insurance liabilities which can be found in our annual financial statements.

Concentration of risk may arise where a particular event or a series of events impacts heavily upon our 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. We are exposed to geographical concentrations of risks as most of our contracts originate in Singapore.

Determination of Technical Provisions

Determination of technical provisions, including future cash flow assumptions, choice of discount rates and methodology, will affect the insurance liabilities at the end of the reporting period. Material judgement is required in determining the insurance liabilities and in the choice of assumptions.

Quantitative and qualitative information about the rationale and methodology on which we determine our technical provisions is available in our annual financial statements.

Capital Adequacy

Our source of funding is from our holding company.

Our objectives when managing capital are to:
- comply with the insurance capital requirements stipulated by MAS;
- safeguard our ability to continue as a going concern so that we can continue to protect policyholders; and
- support our growth and expansion plans.

Under the Insurance (Valuation and Capital) Regulations 2004, Insurance (Valuation and Capital) (Amendment) Regulations 2020 and MAS Notice 133 Valuation and Capital Framework for Insurers, licensed insurers are required to meet:
- the minimum fund solvency ratio of 100% of total risk requirement for each adjusted fund; and
- the capital adequacy ratio ("CAR") of at least 100% subject to Financial Resource must not be lower than a minimum amount of SGD5,000,000.

MAS may prescribe different fund solvency requirements or capital adequacy requirements for different classes of insurance business and for different types of insurers. We monitor our capital level regularly to assess whether the prescribed MAS' requirements have been met. We also report to MAS our CAR and fund solvency position quarterly and annually.

As at 31 December 2024, we had met the fund solvency requirements for our adjusted funds and the CAR prescribed by MAS. Our CAR is set out in our annual insurance returns which is available on MAS website.

Pricing Adequacy

We have a product development and pricing policy which sets out our internal approval process for new products as well as our review process for existing products. The policy is in line with the requirements set out under MAS Notice 302 on Product Development and Pricing.

Financial Instruments and Other Investments

Investment Objectives

Our investment objectives are to protect our company's assets and to achieve investment returns to meet our stakeholders' expectations without taking on excessive risks.

Investment Policies and Processes

Our policies and processes are developed with reference to the prevailing MAS regulations and guidelines.

Our management-level Investment Committee exercises oversight on our investment portfolio, including monitoring investment performance and regularly reviewing our investment policy to ensure that it remains appropriate and relevant.

Our Board-approved Investment Policy establishes our overall investment framework, which prescribes the roles and responsibilities of the respective stakeholders, guiding principles, minimum standards of investing, monitoring and reporting requirements, investment approval authority and authority delegation limits.

We have also put in place a Credit Policy and an Investment Limits Policy that govern the management of credit and concentration risks. These are intended to prevent excessive investment exposure to any particular geographical area, market, industry sector, counterparty, currency or credit rating.

Our standard operating procedures ensure that our investment activities are conducted in a manner that is consistent and compliant with our approved policies. Our standard operating procedures also cover the selection, approval, execution and monitoring processes of our investments, as well as the selection and appointment of our external fund managers.

Sensitivity

The methodology used to determine the level of sensitivity to market variables associated with our investments is set out in our annual financial statements.

Our Investments

Details of information on returns on investment assets and components of such returns are available in our annual financial statements.

Investment Risks

We conduct continuous monitoring of investment risks of our investment portfolios, including currency risk, market risk, credit risk, and concentration risk.

As of the end of 2024, most of our assets were in bonds, with a small portion in equities. The vast majority (nearly 90%) of our bonds were investment grade. Our equities exposure was acquired through high quality stocks, exchange traded funds and in diversified mutual funds with low concentration risk.

We closely monitor credit risks of bonds and there were no defaults in 2024.

We have developed the Investment Impairment Policy, which sets out the objectives, criteria and steps that we use to carry out investment impairment. This will help identify assets that might have seen a continual decline in market value.

Our Investment Limits Policy stipulates the control of concentration risks such as country, industry, currency, etc. All indicators were within the threshold as of the end of 2024.

All external fund managers are required to abide by investment guidelines. The guidelines set the amount of risk that different investment mandates are allowed to take.

We also use derivatives to hedge various risk exposures.

Financial Performance

Our annual financial statements have been prepared in accordance with Singapore Financial Reporting Standards.

Quantitative and qualitative information on our financial performance, including our source of earnings, claims statistics, returns on investment assets and liquidity risk management strategies, are set out in our annual insurance returns and annual financial statements.

In addition, Auditor have expressed their opinion that the financial statements prepared and give a true and fair view of the financial position as at 31 December 2024. All the information is available on the Monetary Authority of Singapore and the Accounting and Corporate Regulatory Authority websites.

中国人寿保险(新加坡)有限公司
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