Public Disclosure

For the Financial Year Ended

31 December 2022

Contents

China Taiping Insurance (Singapore) Pte. Ltd. (Co. Reg. No. 200208384E)
3 Anson Road #16-00 Springleaf Tower Singapore 079909 6389 6111 6222 1033 www.sg.cntaiping.com

1 Company Profile

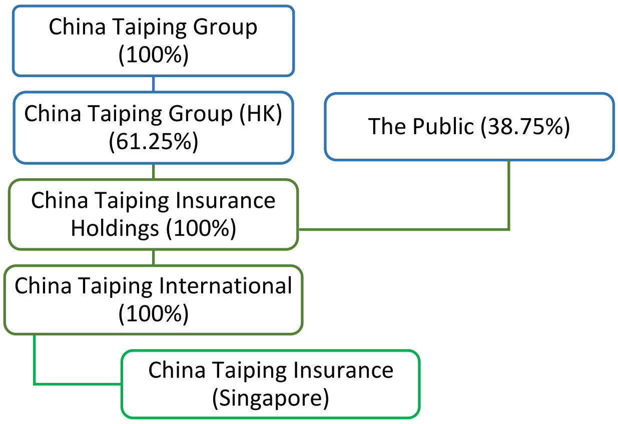
Since its establishment in 1938, China Taiping Insurance (Singapore) Pte. Ltd ("we", "us", "our") has provided quality general insurance products and services. In August 2018, we have obtained life insurance license and commenced life insurance business in December 2018.

As a testament to our reputation and financial strength, we have been awarded a financial strength rating of "A-" by S&P and "A" (Excellent) and long-term issuer credit rating of "a" by A.M.Best. As of April 2020, our paid-up capital has grown to S$210 million and will continue be strengthened as our business grows.

We are wholly owned by China Taiping Insurance Holdings Company Limited ("China Taiping Holdings") which was listed on the Hong Kong Stock Exchange in 2000, making it the first Chinese-funded insurer listed overseas.

China Taiping Insurance Group Limited is a large transnational financial and insurance group with more than 500,000 employees, 24 subsidiaries and total assets RMB 1,260 billion as of December 2022 worldwide. Its business network covers Mainland China, Hong Kong, Macau, North America, Europe, Oceania, East and Southeast Asia. The brand has gained international recognition over the years and successfully made the rankings in the "Global Fortune 500 Companies" since 2018.

As a subsidiary of China Taiping Holdings, we leverage on the investment expertise and systems of the China Taiping Insurance Group. China Taiping Holdings is a financial holding company incorporated in February 2000 under the Hong Kong Companies Ordinance and headquartered in Hong Kong. China Taiping Holdings was listed on the main board on the Hong Kong Stock Exchange in June and its controlling shareholder is China Taiping Insurance Group Co. Ltd. (formerly known as "China Taiping Insurance Group Corporation") ("China Taiping Group"). China Taiping Holdings is a holding company whose business is carried on by various independent subsidiaries. The organisational structure of China Taiping Insurance (Singapore) Pte. Ltd is shown below.



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2 Business Strategy

Our vision is to be an international and state-of the-art financial and insurance group with global competitiveness; set with a mission to build a safe, healthy, and wealthy life for all.

We adopt the following strategies to achieve our business goals:

- Customer Focus
  With our customers' financial well-being at heart, we are a composite insurer providing a one-stop insurance solutions for personal and business needs. We aim to continuously enhance our customer experience through improving our infrastructure capability and service standard.

- Innovative Products
  We are committed to delivering a full suite of insurance solutions to our customers. We continuously innovate products to service a wide range of insurance needs and offer more financial flexibility for our customers.

- Sincerity in our Services
  We aim to be trusted partners to our distributor and policyholders through honest communication and sincere service. As a fundamental of our service philosophy, we are always committed to providing an ease of doing business to secure a lasting relationship with them.

3 Our Products and Distribution Overview

As a composite insurer, we offer a wide range of insurance products for the personal and business segments.

Our general insurance products include a spectrum of protection products covering both the personal lives and businesses. We offer travel insurance, motor insurance, domestic maid insurance, home protection, hospitalization cover, marine insurance, fire insurance, contractor all risks cover, performance bonds and worker injury compensation.

Our "Savings" products offer attractive returns to customers including 3-year single premium endowment plans sold on tranche basis and limited pay endowment plans with yearly cash backs. Our protection products comprise of whole life plans with immediate guaranteed coverage and optional additional critical illness benefits; and term insurance plans with benefits covering death, optional additional critical illness and refund of premiums. We offer competitive Group Term insurance death and critical illness covers to employers who are looking to expand the benefits they offer to their employees.

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In the High-Net-Worth segment, we offer insurance solutions targeting wealth protection and accumulation needs of our customers.

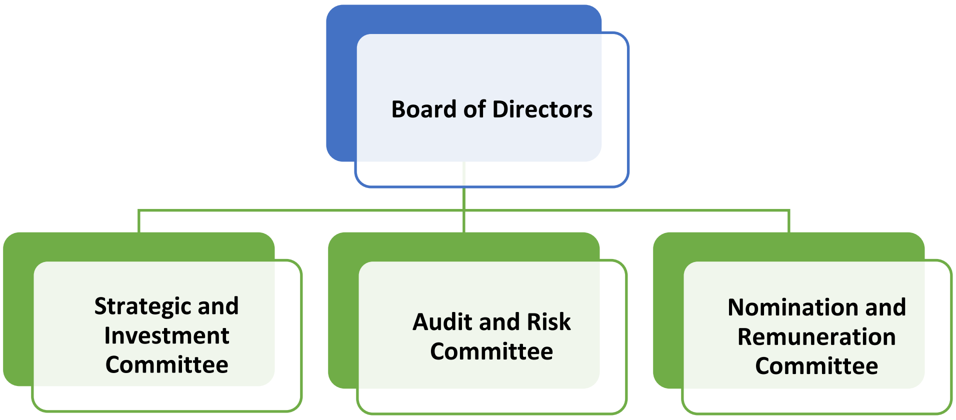
Our products are sold through licensed financial advisers, banks and international brokers.

The full range of our products is available from our website.

4 Corporate Governance

We committed ourselves to establish good standards of corporate governance practices and emphasize our philosophy to create values through diligent management. Our Board of Directors ("Board") reviews its corporate governance practices from time to time with its commitment to excellence and to ensure its compliance with regulatory standards.

Board Committee Structure



The Board is collectively responsible for overseeing the management of the business affairs and formulates the overall strategy for the Company. The Board ensures the adequacy of our risk management, external audit and internal audit functions; and reviews the Senior Management Team ("Management")'s performance. The Board has established Strategic and Investment Committee ("Board SIC"), which aims to support the Board to enhance the company's strategic and scientificalness of the company's strategic decision. The Board has established the Audit and Risk Committee ("Board ARC"), with clear terms of reference to assist it to effectively carry out oversight on risk management and audit matters. The Board delegates to the Management the responsibility of the execution of strategic plans and the management of daily operational matters. The Management regularly reports to the Board on the financial performance as well as key business affairs.

The Board has established the Nomination and Remuneration Committee ("Board NRC") with clear terms of reference to support it to review the proposed candidates for Directors and the appointment of the Directors. Board NRC conducts annual performance evaluation for Directors, the Board and Board Committees. In addition, the Board NRC is responsible for the effective oversight to implement the requirements in the Company Remuneration Policy.

Board SIC Committee

The Board SIC aims to support the Board to enhance the company's strategic and scientificalness of the company's strategic decision. The committee deliberates and reviews the company's mid or long-term development strategy and other relevant strategic agenda, as well as to provide professional and specialized input for the Board to make strategic decision.

The key responsibilities of the SIC are:

- Review and comment on the company's annual strategy plan, 3-years' rolling plan and any other mid or long-term development strategy planning;
- Review and comment on the company's significant financial operation, such as merger and acquisition, acquisition and disposal of real estate, public listing and other relevant projects;
- Review and comment on the company's other key strategic agenda; and
- Perform such other functions as may be delegated from time to time by the Board.

Board NRC Committee

The Board NRC evaluates the skills, experiences and qualifications of the directors and review the appointment of the directors.

The key responsibilities of the Board NRC include evaluating the performance of the Board, the Board committees, and each director annually, and reviewing the independence and qualification of our independent non-executive directors, including the composition of the Board and its committees, ensuring that the Board has a balance of adequate expertise, skills, experience and diversity. In assuming its renumeration committee role, the Board NRC proposes the renumeration packages for our independent directors. Board NRC's role extends to reviewing the renumeration structure for the Management from 2023 onwards. The remuneration packages take into consideration factors such as salaries paid by comparable companies, time commitment, responsibility and employment conditions elsewhere in the Group. Performance-based remuneration is reviewed and approved by reference to the corporate goals and objectives.

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Board ARC Committee

The Board ARC provides oversight of the Management's handling of the business in terms of governance, risk management including liquidity and Technology Risk Management ("TRM"), and capital solvency management. In addition, Board ARC provides oversight over both external and internal audit assignments, and their outcomes. The Board ARC reviews significant related party transactions and oversee financial reporting.

The key highlights of the Board ARC meetings in 2022 are reviewing the outcomes of the external and internal auditors' findings, the annual Own Risk Solvency Assessment' ("ORSA") Stress Test results, adequacy of the liquidity and capital position, the company's risk appetite and risk profile, approving of risk policies and ensuring the effectiveness of the risk management framework.

More information on our corporate governance is available from our latest available Corporate Governance Report.

5 Enterprise Risk Management

We have an Enterprise Risk Management ("ERM") framework, which embrace a company-wide approach to identify, assess, measure, monitor, control and mitigate risks that arise from our business activities.

The Board is ultimately responsible for the ERM framework. The Management oversees the functioning of the framework, and establishes risk management objectives, risk appetite and risk tolerance statements. Our Risk Management Committee ("RMC") periodically reviews all risks identified by the business units, ensures adequate controls are in place to mitigate them, and monitors the adherence to established risk limits.

Our ERM framework comprises of various risk policies and guidelines and sets out the tolerance and limits that we are willing to take on for the different risks, and this sets the boundaries to our exposure to financial risk, insurance risk, operational risk and strategic risk.

Our risk management process includes: i) Risk Identification, ii) Risk Assessment and Measurement, iii) Risk Controls and Mitigation, and iv) Risk Monitoring and Review.

We adopt three lines of defence model in our risk management framework.

The three lines of defence are:

- First line defence – Business Units' primary responsibility is to identify, assess, measure, and control risks affecting their day-to-day business. They evaluate the risks arising from their processes and report to Management on matters in the daily

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business operation.

- Second line defence – Risk Management and Compliance department reviews risk assessment outcomes by first line and review whether internal controls are adequate and effective to mitigate the relevant risks. The department also monitors the risk exposure against the Company's risk tolerance or limits and reports to Management on the overall company risk profile.

- Third line defence – Internal Audit performs independent evaluation and inspection on the business operations, internal control and risk management of the company.

The ERM framework is embed in the key's functional areas such as business planning, capital planning and management, pricing and product development, sales and operational processes. We conduct a periodic own risk and solvency assessment ("ORSA"), and assess the adequacy of our risk management processes, current and projected future solvency capability.

We approach our asset-liability management holistically. Different approaches are taken up for the general insurance and life insurance business in consideration to their different nature. We adopt the RBC2 regime as a basis to measure assets and liabilities for asset-liability management purposes.

6 Internal Control and Risk Management

We have established robust operational risk and controls under our ERM framework. The Board exercises overall responsibility for the Company's internal control and its effectiveness. The Board, supported by the Board ARC and management, ensures that the practices and controls we have in place are adequate to safeguard policyholder's and shareholder's interests and company's assets.

The framework sets out clear senior management ownership and accountability of all the material risks and controls in place. All business units will conduct continuous assessments on the adequacy and effectiveness of their operational processes and internal controls to ensure their compliance with the applicable rules and requirements. The risk management and compliance department consolidates the results to the RMC. The RMC reviews the results before submitting the results to Group Audit and Board ARC. In addition, a review of the effectiveness of controls is conducted by Group Audit and external auditors, with recommendations provided to the Board ARC. The Board ARC ensures that the recommendations are adopted, and issues resolved in a timely manner.

The Board ARC recognises the company's ERM framework focuses on managing and minising risk exposures rather than eliminating risks completely. On this note, the Board ARC is given assurances from Group Audit, external auditors and the RMC that the internal controls and risk management systems are effective and adequate to address the relevant and materials risks to our operations.

7 Insurance Risk Exposures

We are exposed to different types of insurance risks arising from general insurance and life insurance products.

The key insurance risks for general insurance contracts arise from the uncertainty in the timing and amounts of claims. We manage these risks through putting in place underwriting and reinsurance strategies where the underwriting guidelines and authority limits set are strictly adhered to. This ensures we have the appropriate risk selection within the portfolio of business we have underwritten. As a mitigation of our insurance risks, we reviewed our terms and conditions for our annual contracts at renewal. We monitor the financial strength of the reinsurers and the reinsurance arrangements periodically. We also monitor and react to changes in the general economic and commercial environment that we operate in.

The risks inherent in the life insurance policies are generally long term in nature and comprise of mortality, longevity and persistency risks. We have implemented and established guidelines and procedures to manage such risks through underwriting and claims management as well as ensuring adequate reinsurance coverage. Our reinsurers are selected based on strong credit rating and technical expertise, and retention limits are set to limit our insurance liabilities exposure.

Our General Insurance Underwriting, Reinsurance and Claims Committee (“GIURCC”) and Life Insurance Underwriting, Reinsurance and Claims Committee (“LIURCC”) reviews and approves the reinsurance programs in place for the general insurance and life insurance respectively. The Board approves the Reinsurance Strategy and Reinsurance Management Policy which provides the principles behind selecting reinsurers, reviewing the retention limits and administering of reinsurance arrangement.

In underwriting insurance policies, we undertake to provide benefits to our customers in return for receiving premiums. We need to ensure that the amount of claims payment or benefits are appropriately allowed for by the amount of insurance provision set aside. Prudent estimates coupled with additional adverse provisions are adopted, and regular review of actual experiences will be performed to ensure that provisions are adequate.

8 Financial Risk Exposure

We are exposed to a range of financial risks through our investment and business activities. These risks include market risk, credit risk, concentration risk and liquidity risk. These risks are managed and controlled through the policies and processes in place to address the existing and emerging concerns.

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Market risk

The key market risks associated with our portfolios arise from the losses in our financial investments caused by adverse price changes. These include changes in equities prices, interest rate risk and foreign currency risk.

Stocks prices will often rise or fall depending on market forces. We managed our equity exposures through ensuring our equities mix in our investment portfolio is within the acceptable range.

The interest-rate risk comes from the interest-earning financial assets in the insurance funds and our obligations of the guaranteed policy liabilities in those funds. The interest-rate risks arise from not holding assets that match policy liabilities fully. As the policy liabilities in the insurance funds are longer dated than the assets, policy liabilities will potentially change more than the value of the assets when interest rates fluctuate. We aim to match the guaranteed liabilities of insurance funds' tenures with assets' tenures as much as possible.

As we engage in foreign currency denominated transactions, we are exposed to unfavorable movements in foreign currency exchange rates. We use forward exchange contracts and cross currency swaps to hedge against such exposures.

Credit risk

Credit risk refers to the risk that the counterparties we deal with fail to fulfil their contractual obligations. The counterparties include security issuers, derivatives transactional counterparties, policyholders, reinsurers, brokers and other intermediaries.

The Credit Control Committee ("CCC") reviews the credit extended to our General Insurance's brokers, agents and corporate customers and closely monitors the outstanding balances and major debtors.

In our credit risk guideline, we undertake to identify, measure, monitor and control the material sources of credit risk we are subjected to in our operations. We limit our exposures to investment to the acceptable ranges under our Board approved Tactical Asset Allocation ("TAA") limits. The reinsurance operating guideline sets the limits to reinsurer exposure taking consideration of the credit quality of the reinsurers. The Reinsurance Department and the Finance Department work closely to monitor the recovery from these reinsurers.

Concentration risk

Concentration risk may exist where large losses result from exposures to an individual risk or combination of risks. Such concentrations may come from large individual exposures or significant exposures to groups of counterparties with common underlying factors such as economic sector, geographical or currency. We manage this risk through:

- Utilising suitable reinsurance arrangements;

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- Setting appropriate limits to control our exposure to assets and counterparties; and

- Close monitoring of the exposures to avoid accumulation of such risks.

The general insurance business is primarily in Singapore, and almost all of the life insurance business is written in Singapore. In terms of products focus, our whole life and endowment make up 90% of net life insurance liabilities, and motor, bonds and worker's compensation make up 80% of net general insurance liabilities.

Liquidity risk
We are exposed to liquidity risk when we are unable to meet our benefits payments and operations at a reasonable cost. In addition, we could experience unexpected cash demands from huge amount of life policies' surrenders during adverse market conditions and publicity. Under such events, we may have to sell off our assets to fulfil such obligations. We manage this risk through:

- Maintaining adequate levels of cash and liquid deposits to finance our operations and to mitigate the effects of fluctuations in cash requirements;

- Reviewing our investment portfolio mix to ensure we hold sufficient cash and deposits to meet our expected insurance contracts payments; and

- Monitoring through regular tracking of the liquidity needs of all funds and conducting the funds' ability to withstand adverse circumstances through stress tests.

We have established a contingency fund plan which provides guidance during liquidity emergencies and ensure we can response promptly and recover our liquidity position.

Our short-term endowment plans will mature over the next 3 years, we have put in place assets and reinsurance arrangements to ensure that we can meet these payouts.

To better understand the impact of insurance, market, credit, concentration and liquidity risks to our business, we have performed stress testing on related risks scenarios in our Own Risk and Solvency Assessment ("ORSA") 2022 exercise. The stress tests conducted with reference to past MAS industry-wide stress tests and our company business and investment profile. The exercise assessed the extent that our solvency will be affected by the various shocks applied and we have sufficient management actions to recover under such scenarios. Though our solvency levels drop below our desired level, but management actions can restore them to the level required. The results and recommendations were articulated to the Board.

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9 Determination of Technical Provisions

The technical provisions are set up in accordance with the Singapore's Risk-Based Capital 2 ("RBC2") framework.

The reserve provision for General Insurance comprises of claims and premium liabilities:

- Best estimate of the premium liabilities;
- Best estimate of the claim liabilities; and
- Margins for adverse deviation.

The premium liabilities for fund level will be the higher of: (1) aggregate of the Unearned Premiums Reserves ("UPR") and (2) the Unexpired Risk Reserve ("URR") calculated with an intention to provide a 75% level of assurance of adequacy. The expected loss ratios were applied to the UPR before including assumptions for claims handling and management expenses to calculate the URR.

The claims liabilities include an estimation of the outstanding reported claims ("case reserve"), incurred but not reported ("IBNR") claims for all business written based on past claims experience and trends, adjusted for claims expenses and provision for adverse development. In forming their view on the adequacy of the provisions for claims, our actuaries use a variety of statistical projections techniques like Chain Ladder, Bornhuetter-Ferguson and Expected Loss Ratio methods.

The General Insurance reserve provision is not discounted.

The reserves provision for Life Insurance business is determined by discounting the future cash flows streams. The cash flows are projected using best estimate assumptions about the future experiences on expenses, mortality and morbidity, lapse rates, etc. These best estimate assumptions are derived from internal experience studies and takes into consideration available statistics. Our Appointed Actuary will apply sound, professional judgement and considers various factors such as the actual experience of the company, relevant industry statistics, creditability of the data, likely future trends and interactions and correlations of the data, before signing off the assumptions.

Additional provisions for adverse deviation are included in the reserves. Discount rates used are in accordance with MAS' requirements. In the first few years of operation, we expect the maintenance expenses to be incurred will be larger than the expense loadings implied by the business volume. Therefore, we hold an expense overrun reserve in anticipation for this shortfall. For group life insurance contracts, the provisions include a premium liability

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reserves and a claims liability reserves, similar to the provisions under general insurance contracts.

The table below briefly describes the assumptions used in the valuation of provision for future participating and non-participating benefits in the Life Insurance Par Fund and Life Insurance Non-Par Fund.

Assumptions	
Interest rate	MAS prescribed discount rate for guaranteed benefits with Illiquidity Premium adjustment where applicable, expected long term investment return for non-guaranteed benefits
Lapse/surrender rate	Based on internal lapse experience studies
Management expense & inflation	Based on internal expense studies
Mortality/morbidity (death, TPD, dread disease & other risk)	Adjusted mortality/morbidity table based on internal studies or reinsurance rates, whichever is appropriate
Mortality rate (annuities)	Adjusted mortality table based on internal studies
Group life assumptions	Loss ratios based on pricing of contract. Claims handling expense based on similar "employee benefit" type contracts in General Insurance portfolio.

10 Capital Adequacy and Management

We manage our capital in accordance with our Board approved Capital Management Policy (“CMP”). The CMP sets out the risk tolerance levels and any corresponding management actions to restore capital adequacy which have been triggered by events when our capital positions have been compromised.

We hold adequate capital to meet the key objectives:

- Ensure obligations to policyholders are met with a high degree of certainty;
- Support the business strategy to achieve its commercial objectives; and
- Meet regulators’ expectations on capital adequacy.

Under Singapore’s RBC2 framework, MAS requires licensed insurers to maintain its Fund Solvency Ratio (“FSR”) such that financial resources of the fund are at least 100% of the total risk requirement under each adjusted insurance funds; and its Capital Adequacy Ratio (“CAR”)

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such that financial resources of the insurer are at least 100% of total risk requirement or $5 million, whichever is higher on a company level.

As part of capital management, we monitor our monthly solvency position and project our solvency up to at least the next 6 months. The solvency position is reported to MAS quarterly. Additionally, in 2022 we conducted stress testing exercises as part of our ORSA[1] report and the Group Recovery Report[2], where we analysed the resilience of our solvency and liquidity position to various stress scenarios, as well as assess the effectiveness of potential actions and recovery plans that could be implemented under those circumstances.

As of 31 December 2022, our CAR position was above the stipulated regulatory requirement. The company's 2022 CAR position is available in the Company's audited Annual Return on the MAS website.

11 Pricing Adequacy

Our life product development policy and life product pricing policy set out the internal process and guidelines for pricing new products. The policies are in line with the requirements set out under MAS Notice 302 Product Development and Pricing, MAS Notice 320 Management of Participating Life Insurance Business and MAS Notice 321 Direct Purchase Insurance Products. We ensure all relevant risks are recognized and internal financial criteria are met. We also conduct regular product review for existing products. Premium certificates are filed with MAS for new products, and these are prepared in accordance with the Insurance Act of Singapore.

12 Investment Objectives

Our investment objectives for our funds are to invest in assets:

- Aligned with the nature of the liabilities and overall risk appetite of the Company; and
- Support both guaranteed and non-guaranteed policy liabilities liability to policyholders when they fall due.

For the Life Participating fund and Universal Life ("UL") portfolio, the aim is to invest in assets that can support its guaranteed liabilities with a high degree of confidence; and to maximize

[1] The Own Risk and Solvency Assessment (ORSA) is an annual exercise where we assess and identify the key risks faced by the business and the key factors our solvency is sensitive to.
[2] The "Group Recovery Report" is a special report on our solvency and capital adequacy prepared for our Head Office.

returns for the assets supporting the non-guaranteed liabilities subject to an acceptable level or risk appropriate to the financial strength of the fund.

For the Life Non-Participating Fund (excluding Universal Life) and General Insurance Funds, the investment objective is to achieve a stable and appropriate return while managing investment risk. The Shareholders' Fund is to provide liquidity, capital and solvency support.

Our assets are valued at fair value and the 2022 investment position is available in the Company's audited 2022 Insurance Company Returns on the MAS website.

Sensitivity analysis

We conduct sensitivity tests on the possible movements of the key variables to understand their financial impact.

	Change in variable	Impact on profit or loss (before tax) ($'000)	
		FY2022	FY2021
Equity prices	+10%	10,214	8,092
	-10%	-10,214	-8,092
Unit trust prices	+10%	2,604	1,796
	-10%	-2,604	-1,796
Interest rate	+100bps	5,053	6,044
	-100bps	-5,053	-6,044

13 Investment Policy and Processes

The Investment and ALM Policy sets out the rules and guiding principles that govern the investment management of the Company's capital funds as well as Insurance Fund assets, which comprises the Life Insurance Funds and the General Insurance Funds.

The Board oversees the overall investment management of the Company through the General Manager Office ("Management"). The Investment Committee ("IC") is set up to manage investment matters and reports to the Management. The key responsibilities of the IC are to deliberate and approve investment-related activities in line with the approved investment policy, monitor investment performance, select external fund managers and custodians, review the performance of the appointed external fund manager(s) and assess compliance with the applicable policies and mandates.

The Investment and ALM Policy is established to comply with the prevailing MAS regulation and guidelines. The Board-approved Investment Policy will be reviewed and updated at least annually to ensure that it remains relevant to the Company's circumstances, business environment and regulations.

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14 Financial Performance

Our annual financial statements have been drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore.

Quantitative and qualitative information on our financial position, financial performance, earnings analysis and claim statistics are included in our annual report and insurance returns. The claim development is shown below.

Summary of development of General Insurance's net claims as at 31 December 2022 ($'000)

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of cumulative claims:											
At end of accident year	41,097	45,913	45,672	54,772	63,422	55,445	52,470	46,000	59,378	73,008	
- 1 year later	38,501	45,843	43,067	53,663	68,155	67,115	60,263	44,865	57,418		
- 2 years later	35,805	42,686	36,698	49,362	67,562	62,460	64,228	45,250			
- 3 years later	33,479	39,659	35,203	46,937	72,768	62,544	64,433				
- 4 years later	31,759	37,171	34,144	46,507	73,167	62,634					
- 5 years later	30,559	36,815	34,194	45,994	73,074						
- 6 years later	29,486	36,302	34,282	46,271							
- 7 years later	29,376	36,170	34,399								
- 8 years later	29,369	36,047									
- 9 years later	29,362										
Current cumulative claims incurred	29,362	36,047	34,399	46,271	73,074	62,634	64,433	45,250	57,418	73,008	521,897
Cumulative payments	29,356	36,043	33,589	45,369	69,239	57,913	58,981	37,427	42,268	20,608	430,793
Estimate of claims reserves	7	4	810	902	3,836	4,721	5,452	7,823	15,150	52,400	91,105
Claims expenses											2,446
Estimated claims for prior years and additional provisions											9,117
Total net claims liabilities											102,668

Our annual report is available on [Accounting and Corporate Regulatory Authority] and the insurance returns are available on [Monetary Authority of Singapore Insurance Company Returns].

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Appendix: Environmental Risk Disclosure Report for FY 2022

A1: Our approach to achieve sustainability

China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS")'s shift towards sustainability is an ongoing journey. We are guided by the United Nations (U.N.) Sustainable Development Goals (SDGs).

Our Taiping Group Development Plan Outline indicates relevant goals for addressing climate change. The goals include i) the growth rate of green insurance premiums during the Group Five-Year Plan period will be higher than the growth rate of total premium income; and ii) carbon emissions in operational activities will be reduced year by year until business operations are carbon neutral by 2030. CTPIS intends to reduce the carbon emissions in the investment portfolio until the portfolio achieves net-zero emissions by the timeline in line with Singapore's aspiration to achieve net-zero emissions.

Our disclosure is guided by the recommendations by the Task Force on Climate-related Financial Disclosure (TCFD). TCFD's recommendations are structured around four thematic areas- governance, strategy, risk management, and metrics and targets. These four recommendations are supported by key climate-related financial disclosures.

A2: Task Force on Climate-related Financial Disclosure (TCFD)

a) Governance

Board's oversight

In accordance with CTPIS Environment Risk Policy approved by the Board Audit Risk Committee, the Board has the oversight responsibilities of CTPIS, including supervising the management to effectively manage and control environmental risks.

In addition, the Board approves the environmental risk management framework, assesses and manages CTPIS environmental risk exposures on an ongoing basis. It ensures that environmental risk, where material, is addressed in risk appetite framework, including the setting of qualitative and quantitative measures as appropriate.

Management's role

CTPIS Senior Management develops and implements the Environmental Risk Management framework and policy. It ensures tools and metrics to monitor exposures to environmental risk, including resilience of CTPIS's strategy to different environment risk scenarios.

In addition, the Senior Management assesses and reviews regularly the effectiveness of the framework, policies, tools and metrics and making appropriate revisions, taking into account changes in CTPIS's risk profile and business strategies.

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CTPIS Risk Management Committee reports to the Senior Management. The Committee implements the necessary processes and controls to support the framework and reviews information presented to it and, where necessary, make decisions on handling the environmental risk issues.

b) Strategy

i. Definition of time horizons

CTPIS identified the short horizon as up to three years, medium horizon as between three to ten years, and long term horizon as ten or more years.

ii. Risks, Financial Impacts and Opportunities

<u>Risks and Financial Impacts</u>
Based on our risk assessment on Physical Risk factor, the materiality of climate-related risks would be high as Singapore is vulnerable to the impacts of climate change, such as sea level rise and more frequent and extreme weather events. These risks could have significant impacts on the built environment, infrastructure, and economy of Singapore, all of which are important considerations for the insurance industry.

As the physical risks of climate change increase, such as the frequency and severity of extreme weather events, the market value of insurers' properties and other physical assets may decline. This may also impact on General insurance policy liabilities where they insure corporate clients' assets that are exposed to. This would impact their balance sheet and solvency. We will continue to review this impact on our investment securities, and our general insurance policy liabilities that are exposed to such risks.

Insurance companies that underwrite policies in sectors that are heavily exposed to climate-related risks may face increased credit risk if those sectors experience material financial distress due to climate-related impacts. This could result in higher credit losses for investment securities that exposed to such sectors and high default risks for corporates that we insure for performance bonds. We will continue to review this impact on our investment securities and performance bonds that are in these sectors.

Based on our risk assessment on Transition Risk factor, the materiality of climate-related risks would also be high as the implementation of carbon taxes and other policy measures aimed at mitigating climate change could have material impacts on the financial performance of companies in carbon-intensive industries. We will continue to review our investments in these industries that may be impacted by these changes.

<u>Opportunities</u>
CTPIS has seized the opportunity to launch additional liability insurance coverage for Electrical Vehicle ("EV") Charging Point in Financial Year 2022.

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In addition, CTPIS had underwritten some EVs in 2022. Whilst we embraced the adoption of EVs in Singapore, we are currently taking a prudent approach due to lack of claims statistics in Singapore and visibility on EV repair costs. CTPIS deem that LTA is already working on increasing the charging facilities and providing subsidies for upskilling of EV specialists. As these infrastructures become more developed and the price gap between Internal Combustion Engine and EV narrow further, CTPIS is confident that more car owners will be more willing to switch to a cleaner energy ride.

In addition, we can invest in capabilities and technologies such like data analytics tools that better assess climate risks and develop new risk models that account for changing climate conditions.

In the medium term, we can offer more renewable energy insurance products or developing new products that incentivize climate-friendly practices.

iii. Scenario analysis

CTPIS has considered the scenarios in Networking for Greening the Financial System (NGFS). The NGFS scenarios explicitly consider the potential impacts of climate change and the transition to a low-carbon economy on the financial system, which aligns closely with the insurance industry's focus on managing climate-related risks.

There are 6 NGFS scenarios, namely the Net Zero 2050, Below 2°C, Divergent net zero, Delayed transition, Nationally determined contributions, and Current policies. We intend to adopt the Current Policies, Delayed Transition, and Net Zero 2050 scenarios in our future analysis.

Aspects covered	Scenario provider	Scenarios used
Transition and physical risks	Networking for Greening the Financial System	• Current Policies • Delayed Transition • Net-Zero 2050

The potential impact on the three NGFS categories are shown below.

Orderly transition ***Scenario where global efforts to limit climate change is successful, leading to a gradual transition to a low-carbon economy.***	**Disorderly transition** ***Scenario which global effects to limit climate change are delayed, resulting in a more abrupt transition to a low-carbon economy.***	**Hot House World** ***Scenario in which global warming exceeds 3-4℃, leading to widespread physical damage and disruption***
Mild impact on financial resources and solvency: • The transition to low carbon economy is in a measured and predictable way.	Severe impact on financial resources and solvency: • Sudden and severe shocks to the financial markets, which will lead to a sharp drop in the value of investments and trigger defaults on loans.	Catastrophic impact on financial resources and solvency: • Physical risks (Extreme weather events) • Transitional risks (changes in regulations such as more carbon taxes and stricter environmental standards)
Impact: • Reduced demand for certain insurance products. • Potential losses in investments in carbon-intensive industries. • Increased competition from new entrant offering low-carbon insurance products.	Impact: • Higher levels of policy and regulatory uncertainty. • Higher levels of physical damage and disruption. • Increased claims, potential losses in investment portfolio.	Impact: • Increased claims pay-outs and there a need to raise additional capital to meet solvency requirements. • Potential declines in the value of investments in real estate and infrastructure. • Policyholders unable to pay premiums due to impact on their economic situation.

c) Risk management

We have underwriting processes to undertake an environmental risk assessment of relevant General Insurance customers in the high-risk industries. The risk criteria may include the i) level of greenhouse gas emissions, ii) vulnerability to extreme weather events, and iii) linkages to unsustainable energy practices, deforestation and pollution.

Based on investment post trades, we review for material environmental risk exposures. We will report our investment exposure to high-risk industries in the Risk Management Committee.

Stress-Testing

To better understand the impact of environmental risk to our business, we have performed an environmental risk scenario stress testing exercise in our Own Risk and Solvency Assessment

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("ORSA") 2022. The stress test conducted with reference to MAS Industry Wide Stress Test 2021. The scenario depicted the impact of carbon taxes imposed and raised excise duties for petrol, diesel and compressed natural gas with the aim of aggressively curbing carbon emissions. The exercise assessed the extent that our solvency will be affected by the various shocks applied and we have sufficient management actions to recover under such scenario. In the scenario, our solvency levels drop below our desired level, but management actions can restore them to the level required. The results and recommendations were articulated to the Board.

d) Metrics and Targets

We disclose our key metrics as follows.

Metrics Category			Unit of measure	2022 Figures
Green operations	Energy consumption	Direct Energy Consumption (Petrol) – Scope 1 emission	Metric Tons of CO_2 equivalent	11 t CO_2e
		Indirect Energy Consumption (Office Electricity) – Scope 2 emission	Metric Tons of CO_2 equivalent	194 t CO_2e
	Water consumption	Total water consumption	Cubic metre (m^3)	$116m^3$
	Waste discharge	Non-Hazardous waste	Kilogram (kg)	2,200kg

We target to reduce our consumption to meet our high-level aspirations as mentioned in the section "Our approach to achieve sustainability".

A3: Conclusion

We recognise that environmental risks pose significant challenges for insurers, and we are committed to monitoring and manging these risks to maintain a strong financial position and meet our obligations to policyholders over the long term. These risks have provided us with Environment Risk Management opportunities to invest in sustainable industries and resources in risk mitigation and to explore sustainable insurance products. We believe that these approaches will create long-term value for our stakeholders.

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