

# CORPORATE GOVERNANCE



## 1. Introduction

The AIA Singapore Board (the “**Board**”) and the Executive Committee (the “**Exco**”) 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 Exco 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 a subsidiary of AIA Group Limited, a company listed on the Stock Exchange of Hong Kong Limited, the Company is guided in its practices by all applicable corporate governance regulations and guidelines that authorities may issue from time to time, as well as internal best practices.

## 2. Board's Conduct of Affairs

### (a) Responsibility and Accountability

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 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 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.

### (b) Board Committees

The Board has established the following Board committees: (i) Audit Committee comprising three (3) of its Independent Non-Executive Directors, with its own terms of reference; and (ii) Board Risk Committee comprising five (5) directors (including the aforementioned three (3) Independent Non-Executive Directors), with its own terms of reference.

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

### (c) Meetings

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 2021, the Board met on all four (4) scheduled meetings and held three (3) ad-hoc meetings. The Audit Committee and Board Risk Committee met on all four (4) scheduled meetings in 2021. A Director who is 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 2021 is as follows:

Directors	Board Meetings attended/held	Audit Committee Meetings attended/held	Board Risk Committee Meetings attended/held
Tan Hak Leh	7/7	-	-
Wong Sze Keed	7/7	-	-
Jayne Plunkett	6/7	-	4/4
Mitchell New	7/7	-	4/4
Henry Ho	7/7	4/4	4/4
Ong Sim Ho	7/7	4/4	4/4
Sim Beng Mei Mildred	7/7	4/4	3/4

#### (d) Appointment of Directors

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.

#### (e) Board 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 upon 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 will, 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 2021 included the following:

- Singapore Institute of Directors (“SID”) – ACRA-SGX-SID Audit Committee Seminar 2021.
- SID – Reimagining Your Cyber Security Strategy.
- SID – Valuation - Addressing Challenges in Uncertain Economic Times.
- SID – Director Financial Reporting Fundamentals.
- SID – Leveraging Integrity to Strengthen Your Business.
- SID – Accelerating Your Digital Transformation.
- SID – Managing Corporate Investigations while Securing Stakeholders’ Trust.
- 4th ASEAN Insurance Summit - Building a More Resilient and Sustainable ASEAN.
- AIA Risk Workshop by Ernst & Young (Hong Kong).
- AIA Executive Presence & Presentation Skills Workshop by Arcadia (Hong Kong).
- AIA Group Wide Supervision Training on Group Internal Economic Capital Assessment (Hong Kong).
- AIA Singapore – In-house Workshop conducted by RSM Risk Advisory Pte Ltd -Technology Risk and Cyber Security.

#### **(f) Board Matters**

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.

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.

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.

### **3. Board Composition**

The Board consists of seven (7) members, three (3) of whom are Independent Non-Executive Directors. 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. Their wide experience in leadership and management positions have them in good stead to lead the Company.

#### **(a) Chairman and Chief Executive**

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 Exco, 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 Exco, all day-to-day operations and administration of the Company.

#### **(b) Board Directors**

##### **Mr Tan Hak Leh**

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 operation 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 operation 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**

Ms Wong is the Chief Executive Officer of the Company, and is responsible for overseeing and managing AIA's operations in the market to champion the concept of healthier, longer, better lives for all Singaporeans. Sze Keed 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, Sze Keed 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.

#### **Mr Mitchell New**

Mr New is the AIA Group General Counsel. He is responsible for providing leadership to legal and corporate governance functions within Group Office and the country operations. He also has executive responsibility for the AIA Group's ESG Programme, including acting as Chairman of the Group's ESG Committee. Prior to joining the AIA Group, Mr New was the Senior Vice-President & Chief Legal Officer (Asia) of Manulife Financial. In his over 14-year career with Manulife, Mr New held a number of senior positions with Manulife's Asia and Canadian Divisions, including as Senior Vice-President & Chief Legal Officer (Canadian Division).

#### **Ms Jayne Plunkett**

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**

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**

Mr Ong is an Independent Non-Executive Director of the Company. Mr Ong is a lawyer with more than 19 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, and 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")**

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.

#### **(c) Board Independence**

The Board's determination of the independence of its Directors is aligned with the MAS' regulations and guidelines. 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 also related to each other.

#### **4. Audit Committee**

The Board has established an Audit Committee ("AC") to oversee the internal and external audit processes, review the financial information of the Company, its subsidiaries and branch, 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 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 2021, 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.

Mr Henry Ho (Independent Non-Executive Director) is the chairman of the AC, with Mr Ong Sim Ho and Mrs Mildred Tan as members. A copy of the AC's Terms of Reference is available on the Company's [website](#).

## 5. Board Risk Committee

The Board Risk Committee ("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 Company, its subsidiaries and branch 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.

Ms Jayne Plunkett (Non-Independent Non-Executive Director) is the chairwoman of the BRC, with Mr Mitchell New, Mr Henry Ho, Mr Ong Sim Ho and Mrs Mildred Tan as members. A copy of the BRC's Terms of Reference is available on the Company's [website](#).

## 6. Accountability

As AIA Singapore is a private limited company and directly wholly-owned by AIA Company Limited, it is accountable to its Group Office and provides updates and reports on a regular basis. Updates to the Board on matters such as performance, position, risk management and significant events which have occurred are provided during Board meetings.

## 7. Internal Controls

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.

## 8. 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.