Singlife with AVIVA

Climate-related Financial Disclosure 2021

Contents

1 Introduction

Singlife with Aviva (Singlife) is pleased to present our inaugural climate-related financial disclosure. This disclosure aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We recognise the importance of understanding and managing the physical and transition impact of climate change on our business. We see this as a useful framework to guide our reporting on climate impact, and steer our actions to mitigate and adapt to climate change.

As such, we signed up as a supporter of TCFD in 2022 and announced our goal to be a signatory of the United Nations Environment Programme (UNEP FI) Principles for Sustainable Insurance (PSI) by the end of 2022. As we continue to work towards addressing climate change, we look forward to maturing our sustainability approach and sharing more on our progress over the long-term.

About Singlife

We are a leading financial services company offering customers a better way to financial freedom. We give customers control over their financial wellbeing at every stage of their lives. Established through the merger of Singlife and Aviva Singapore on 1 January 2022, we leverage the best of Singlife's digital capabilities with Aviva Singapore's product history and trusted advisory services to provide superior financial products, and professional financial advisory services to our customers in Singapore and the region.

As a financial trailblazer, Singlife offers technology-empowered and customer-centric products and services. We clinched the Singapore Service Experience of the Year – Financial Services Award at Asian Business Review's Asian Experience Awards 2021. Our products and propositions as well as post-sales servicing are designed to simplify and de-mystify the insurance and wealth management process.

In addition to offering a comprehensive suite of insurance products and services in the Life, Health and General Insurance segments, we are also one of the largest providers of employee benefits insurance in Singapore.

The company has been the exclusive provider for group insurance schemes for Singapore's public service officers under our Public Officers Government Insurance Scheme since 2019 and the combined Ministry of Defence and Ministry of Home Affairs Schemes since 1970.

The innovative award-winning mobile-first Singlife Account – with a Singlife Debit Card – allows customers to save, spend, earn and be insured all in one app.

Singlife also offers investment solutions, retailing unit trusts and mutual funds through our subsidiary Navigator, and financial advisory services through two of the largest financial advisory firms in Singapore - Singlife Financial Advisers (SFA) and Professional Investment Advisory Services (PIAS).

Singlife is part of the Singapore Life Holdings Group (the "Group"). The Group has been in the Philippines since 2020, focusing on digital insurance solutions. Singlife Philippines was recently named Dream Employer of the Year in 2021 by Workbean, the Philippines' first and only employer branding platform.

As of 31 December 2021, Singlife has a customer base of over 1.5 million and manages more than S$12 billion in assets.

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About This Report

This is Singlife's first TCFD-aligned report and prepared as part of our commitment to sustainability. It also addresses the Environmental Risk Management Guidelines for Insurers (ENRM Guidelines) published by the Monetary Authority of Singapore (MAS) in December 2020.

Considering the nature, size and complexity of each business entity, we have prioritised the assessment for the activities associated with Singlife to date. We will progressively expand the assessment to cover our other entities and subsidiaries, where applicable.

This report sets out how we identify, assess, and manage climate-related risks and opportunities for Singlife's own business operations, underwriting and investment activities. The disclosure follows four pillars recommended by TCFD:

1. Governance
   Organisation's governance around climate-related risks and opportunities;

2. Strategy
   Actual and potential impacts of climate-related risks and opportunities for the organisation's businesses, strategy and financial planning where such information is material;

3. Risk Management
   How the organisation identifies, assesses and manages climate-related risks;

4. Metrics and Targets
   The metrics and targets used to assess and manage climate-related risks and opportunities where such information is material.

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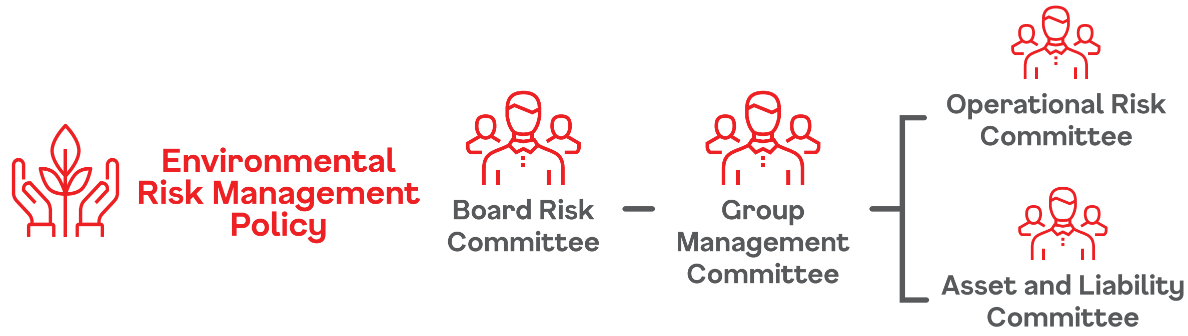
Governance



Board's role

In line with how sustainability is governed at Singlife, the ultimate responsibility for managing environmental risk, including climate risk, lies with our Board.

In Singlife, the management of environmental risk falls within the ambit of the Group risk management framework and policy. As such, the Board Risk Committee (BRC) provides oversight of ENRM on behalf of the Board.

The BRC comprises a majority of independent non-executive directors and is chaired by an independent non-executive director. The BRC is responsible for:

- Reviewing and approving the ENRM Policy to assess and manage our environmental risk exposures on an ongoing basis;
- Approving the Group's environmental risk appetite and ensuring environmental risk is incorporated into strategies and business plans;
- Setting clear roles and responsibilities of the Board and the Group Management Committee (GMC) for their oversight of environmental risk;
- Ensuring the directors have adequate understanding of environmental risk and that the GMC is equipped with appropriate expertise.

The Board has been engaged on several climate-related discussions and decisions, including the approval of our ENRM Policy in Q1 2022. The policy establishes requirements on the management of environmental risks and is detailed in the Risk Management section from page 8.

To better understand our exposure to climate-related risk, we undertook two separate climate scenario analysis exercises in 2021 and 2022. The results and recommendations were articulated to the Board on integrating them into business strategies and planning. Information on the climate scenario analyses and our strategic responses are shared in greater detail from pages 4 to 8.

To ensure the Board and GMC stay informed on environmental and climate developments, the sustainability team provided directors with training, using materials from the Intergovernmental Panel on Climate Change (IPCC), United Nations Conference of the Parties, Sustainable Development Goals (SDGs) and MAS ENRM Guidelines in Q4 2021. The Board and GMC will continue to be provided with training opportunities on sustainability periodically.

4 Governance

Management's role

Under the guidance of the BRC, the GMC is primarily responsible for the overall management and implementation of environmental-related considerations. The GMC will oversee the development of sustainability and climate-related targets and action plans.

The GMC is tasked to:

- Oversee the implementation of the ENRM Policy;
- Oversee the development and implementation of tools, metrics and controls to monitor and manage environmental risks;
- Regularly review the effectiveness of the above policy, tools, metrics and controls;
- Ensure the resilience of the business strategy to different environmental scenarios;
- Establish internal escalation process for managing environmental risk and ensure timely actions are taken to address such risks;
- Allocate adequate resources with appropriate expertise, including through training, to manage environment risk;
- Update the BRC on material environmental risks in a timely manner, as part of the integrated assurance framework.

The GMC has reviewed the ENRM Policy and updated the BRC on the progress of our performance against climate-related risks. The GMC is kept abreast of sustainability developments by the sustainability team through regular updates.

To ensure that environmental risk is addressed throughout the business, the GMC is supported by the Operational Risk Committee (ORC) and the Asset and Liability Committee (ALCO) in the discharge of its responsibilities. The ORC considers environmental factors when considering operational, insurance and reputation risks within our operations. The ALCO oversees the Group's financial risk exposure and considers how environmental risks could affect liquidity, market, credit and other risks within our assets and liabilities.

To support sustainable operations, underwriting and investing activities, Singlife has engaged stakeholders from various functions and business units across the Group to coordinate and implement initiatives towards the achievement of our sustainability and climate-related targets and goals.

We recognise the importance of securing buy-in and commitment and have introduced sustainability-linked key performance indicators for the GMC starting from 2022.

5 Strategy

Recognising the impact of climate change on global communities and businesses, we have signed up as a TCFD supporter. As the community continues to grow in its understanding of how climate change will affect us in various scenarios and time horizons, we are progressively assessing risks and developing plans to address our environmental and climate-related risks, and will refine them accordingly over time.

Our environmental risk appetite for the Group is that we will manage our business in a manner that will ensure that the Group is a positive contributor to the Singapore Government's climate change plan, including achieving net zero carbon emissions aligned to the national target. In addition, the Group and its businesses will comply with the United Nations' Principles for Sustainable Insurance (UN PSI). We have developed a strategy to address three key areas:

1. Business operations:
   - Achieve carbon neutral operations
2. Insurance:
   - Assess and reduce environmental exposure in our underwriting business.
   - Introduce innovative products to reward sustainable behaviour and meet the needs of a decarbonising economy.
3. Investments:
   - Assess and reduce portfolio emissions.
   - Invest responsibly and enable low-carbon transition.
   - Influence and direct external fund managers to improve their environmental metrics.

Climate-related risks and opportunities and their impact

Singlife is exposed to a range of climate-related risks and opportunities, and these manifest differently in different climate scenarios and timeframes.

These risks can be grouped into two categories:

1. Physical risks arising from the impact of weather events or environmental changes and include extreme weather events and chronic shifts in climatic conditions. These can impact human health and property, hence exposing us to insurance and liquidity risks.
2. Transition risks arising primarily from the process of transitioning to a low-carbon economy, and materialising via changing environmental policies, introduction of environmental-positive technology and changes in consumer preferences for sustainable products amongst others. These increase our exposure to operational, market, liquidity and reputational risks.

6 Strategy

Potential environmental risks and associated impacts to Singlife

ENVIRONMENTAL RISK

Physical Risk

Arises from impact of weather events and long-term or widespread environmental changes

- **Acute**: Increased severity and frequency of extreme weather events e.g. cyclones. floods
- **Chronic**: Progressive shifts in climatic and environmental conditions e.g. rising sea levels

Transition Risk

Arises from the process of adjustment to an environmentally sustainable economy, including changes in public policies, disruptive technological developments and shifts in consumer and investor preferences

- **Policy**: Increased pricing of GHG emissions, regulations of existing products and services, exposure to litigations
- **Technology**: Write-off existing assets capital investment in R&D, cost to deploy new process
- **Market**: Shifts in consumer preferences for more sustainable products and services, uncertainty in market signals, and repricng of assets

IMPACT

- **Market Risk**: Increased volatility in investments related to carbon-intensive sectors/contributors to environmental degradation
- **Operational Risk**: Risk of business continuity disruption resulting from severe extreme weather events
- **Insurance Risk**: Climate change, pollution, lifestyle changes, effects on mortality and morbidity
- **Liquidity Risk**: Liquidity assets impacted by weather events, cut back on funding by environmentally conscious investors

REPUTATIONAL RISK

Arises from providing insurance coverage to customers with activities creating negative impact on the environment

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Strategy

The way we conduct our business, and the composition of our underwriting and investment portfolios will determine the impact of these risks. To better understand the potential impact on our operations, insurance and investment activities, we worked with external consultants to undertake a qualitative assessment of relevant environmental risks in line with the TCFD recommendations.

Through discussions with key internal stakeholders including the investment, insurance, risk and finance teams, and with guidance from the TCFD and Network for Greening the Financial System (NGFS), we identified three time horizons for analysis.

The time horizons used are short term (one to three years), medium term (three to 10 years), and long term (10 to 30 years). These were assessed to be appropriate for the average life of our underwriting and investment portfolios. They also align to our internal decarbonisation milestones. We also noted that physical risks are more likely to materialise in the second half of this century and affect long term life insurance policies we provide today. This means that the consideration of climate risks and opportunities taken into account in our business strategy and underwriting processes should be implemented as soon as possible.

Scenario analysis

We have conducted climate scenario analysis to identify the most material areas which require urgent and meaningful response and have identified two scenarios - 2°C and 4°C global warming scenarios. These reference the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration pathway (RCP) 8.5 scenario and the NGFS Delayed Transition scenario, to simulate greatest transition and physical risks respectively. Using these climate scenarios, an assessment was conducted to provide directional guidance on impacted business to bolster business resilience.

Climate-related physical risks

We have assessed that there will be minimal disruptions to our daily business activities due to the nature of our operations. In addition, we

Physical risks
(4°C warming scenario)

Based on the definition provided by the IPCC, the business-as-usual or RCP 8.5 scenario is described as "without additional mitigation efforts beyond those in place today". Global warming by the end of the century will lead to increased frequency, severity and geographical distribution of acute and chronic weather events, such as rising sea levels, rising global temperatures, and water stress.

Transition risks
(2°C warming scenario)

The delayed transition scenario, as described by the NGFS, assumes no new climate policies are introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a reliance on fossil fuel to ride out of the economic crisis brought about by COVID-19 for the next 10 years till 2030. Following which, strong policies are needed to accelerate the transition to a low-carbon economy which is required to limit global warming below the 2°C threshold by the end of the century.

The transition towards a low-carbon economy may limit the severity of physical risks brought about by climate change. However, stringent policies that may be implemented globally may entail extensive policy, legal, technology, and market changes, posing financial and reputational risks.

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Strategy

are primarily operating in Singapore and the Singapore Government's active climate risk management also mitigates against the severe impact of potential sea level rises and flash flooding events.

As a financial services company offering primarily life and health insurance policies, we are cognisant of the potential relationship between higher temperatures and increased morbidity or mortality rates. As such, global rising temperatures is identified as a key physical risk to monitor in the medium to long-term.

As an investor, we are aware that extreme weather events such as cyclones and flash flooding, which are already occurring today in various parts of the world, may present financial risks through revenue losses from business disruptions to our investee companies and capital costs needed to repair damaged assets. We expect that these will increase in frequency over the long term. Chronic environmental shifts resulting in rising sea levels and water stress may present further risks, particularly in the second half of the century. In emerging markets where local climate mitigation or adaptation measures may not be as mature, these risks are likely to result in more significant impact.

Climate-related transition risks

We are subject to environmental regulatory requirements, carbon tax (indirect impact), and changing market sentiments. We consider such risks to be foreseeable and manageable, and thus of limited impact to us. This is largely due to the fact that we have developed a holistic sustainability strategy and are committed in keeping up with sustainability developments. We are also developing sustainable sourcing guidance for material suppliers to reduce our environmental footprint across our supply chain.

Low-carbon transition to green buildings and electric vehicles may mean that related conventional insurance products may be rendered irrelevant in the medium term. We recognise the need to adapt our existing product mix to cater to future protection needs. We also view this as an opportunity to introduce more innovative products.

As an investor, we have assessed transition risks to be of the highest significance to us. Policy and legal risks from the introduction of environmental policies, changing market sentiment and adoption of low-carbon technologies could result in stranded assets and reduction in returns in the short to long term. Investments in carbon-intensive companies and industries will also pose similar risks.

We conducted a stress test in 2021 to assess the impact of disorderly transition with impositions of a carbon tax on our asset exposure. The stress test results show that our capital adequacy position remains resilient and well above our risk appetite and regulatory requirements.

Our assessment of these risks will evolve over time as assessment methodologies mature and the landscape becomes more certain. We are at the beginning of a complex journey and will gradually evaluate these risks and opportunities in greater depth. Taking further guidance from MAS and TCFD, we will continue to conduct more stress tests for other climate scenarios and the relevant environmental risks in 2022 to refine our strategy and approach to sustainability and climate-related risks and opportunities.

Strategy

Climate-related opportunities

Despite the challenges posed by climate change, we also recognise that there are opportunities for us in the transition to a low carbon economy. From developing new insurance products that help customers manage their climate-related risk to investing in businesses that support clean energy and responsible practices, Singlife can grow ourselves sustainably while setting an example for the industry.

Our new insurance products reflect the impact of climate change on human health, such as changes in the incidence and impact of diseases and the emergence of new diseases. Singlife has begun working on sustainable products and aims to continuously deliver innovative products to meet customer needs and help consumers address concerns related to health and longevity.

With the increased adoption of electric vehicles, we recognise a key role we can play. We are planning to launch an insurance product for electric vehicles. This will encourage vehicle owners to make the shift from internal combustion engine vehicles, as we assure their insurance needs are adequately covered.

On investments, Singlife formulates our strategy in anticipation of changing customer behaviour and industry trends. Besides measuring the carbon footprint of our global investment portfolio, we are developing a Responsible Investment Guidance, which will set out principles regarding our approach to sustainable investing and integrating climate-related considerations into investment decision-making.

Singlife also actively seeks responsible investment opportunities and has committed S$230 million towards sustainable investments as at Q1 2022. These include:

- Qblue Global Sustainable Leaders Fund: Launched by Copenhagen-based Qblue Balanced, the fund is a global equity portfolio with a strong environmental, social and governance (ESG) investment profile.
- CI Green Credit Fund: This marks Copenhagen Infrastructure Partners' first debt fund. It was set up to provide private project finance debt supporting renewable energy projects globally.
- Altrium Sustainability Fund I (ASF I): The fund is launched by Azalea Investment Management Pte. Ltd and co-seeded by Singlife. It will invest in ESG-focused solutions that address issues across five main themes – climate, resource management, healthcare, education and financial inclusion. Azalea Group and Singlife have each committed US$50 million to kickstart the fund. Azalea Asset Management is a wholly-owned subsidiary of Seviora, which is in turn owned by Temasek.

In April 2022, Singlife appointed European sustainability data provider Matter to provide a comprehensive view of our sustainability performance. Matter's leading ESG platform will help us understand the sustainability impact and performance of our global investments. Through this industry-leading move, we will be able to monitor key environmental risks to our investments and in future, present more extensive reports to MAS as part of our disclosure requirements.

Risk Management

Singlife's Enterprise Risk Management (ERM) framework supports the identification, assessment and management of material risk, including climate-related risks. In 2021, we included climate-related risk into the framework. A relevant risk appetite statement has also been developed accordingly. Appropriate metrics (e.g. carbon emissions, carbon intensity for investment) will be used as indicators where applicable for measuring and assessing environmental risk.

In 2022, the Group BRC approved the ENRM Policy, which establishes our approach and commitment to managing climate-related risk. Climate-related risk management is integrated into our overall risk framework. Climate-related risks are subject to the same five-stage (identify, measure, manage, monitor and report) risk management cycle. Our Group Chief Risk Officer reviews the ENRM Policy on an annual basis, or when relevant trigger events occur, with ultimate approval from Group BRC.

To implement risk management, Singlife applies the Three Lines of Defence Model. It clearly defines roles and responsibilities - management in the First Line, risk and compliance in the Second Line and internal audit in the Third Line. The Risk Management Function is integrated in each of our business units and provides GMC with a consolidated view of our key risks.

Singlife's Environmental Risk Appetite Statement

The Group will manage its business in a manner that will ensure that the Group is a positive contributor to the Singapore Government's climate change plan, including achieving net zero carbon emissions aligned to the national target. In addition, the Group and its business will comply with the United Nations' Principles for Sustainable Insurance (UN PSI).

The integrated assurance framework is an important management tool in managing material environmental risks effectively.

To identify the potential impact of climate change, we conducted a climate risk scenario as part of MAS' annual industry stress test in 2021. Provided by the MAS, the scenario depicts a disorderly transition with impositions of a global carbon tax, which causes a drag on the world economy. We also qualitatively assessed the potential impact of different climate scenarios, including physical and transition risks on our businesses and strategy, as well as the financial impact on our assets and liabilities.

Singlife continues to raise awareness of climate risk amongst our employees. We engage key stakeholders to ensure that climate change is considered as part of the underwriting and investment processes.

For underwriting activities, we initiated discussions to develop methodologies, metrics and identify platforms to monitor and assess underwriting exposures to climate risk. We are also working to identify areas where we can establish meaningful engagement protocols with our corporate customers on managing environmental risks including their provision of climate and sustainability-related disclosures, where relevant.

For investments, we have measured the carbon footprints of our investment portfolios in 2021 and continue to develop investment capabilities that integrate climate-related risks into investment decision-making. As mentioned earlier, our appointment of sustainability data provider Matter will help us understand the sustainability impact and performance of our global investments and make refinements to our investment strategy.

Metrics and Targets

Our Metrics

Singlife has adopted a phased approach in developing metrics and targets. Key metrics used to assess and monitor climate-related risks exposures include:

- Scope 1[1] and 2 carbon emissions and energy consumption for our operations;
- Carbon emissions and intensity for our investment portfolios.

The environmental data is monitored and reported regularly to enable stakeholders to review the performance against our long term goals.

Our Targets

Singlife is committed to reducing our carbon footprint and achieving Net Zero emissions by 2050 via a phased approach. Our first milestone is to attain carbon neutral operations. We are developing a detailed internal decarbonisation roadmap, including the adoption of a science-based target. We also aim to prioritise energy use reduction prior to considering other options such as renewable energy and carbon offsets.

As we embark on our journey to create long-term sustainable practices and contribute towards Singapore's Net Zero goal, we aim to be a signatory to the UN PSI by end 2022.

METRIC	FY2021
Operational energy consumption/MWh	502
Scope 2 carbon emissions / tonne of carbon dioxide (tCO_2)	205
Portfolio carbon emissions[2] / tCO_2 equivalent (tCO_2e)	10,348,920
Portfolio carbon intensity[3] / tCO_2e per mil dollars in sales	291.5

[1] We have assessed our Scope 1 emissions to be negligible as we do not own or operate company assets such as facilities or vehicles that generate direct emissions.
[2] Emissions cover Q4 2021 and account for 86.8% of our investment portfolio companies managed by Aviva Investors. We are working towards reporting a full year's emissions in our next report.
[3] The carbon intensity corresponds to the carbon emissions reported.

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